June 1, 2016

To the Company's shareholders

Notice Regarding Partial Modification of Wording, etc.

This notice is to inform you that the Company has made partial changes of the wording in the "Notice of the 65th Ordinary General Meeting of Shareholders" announced by the Company on May 30, 2016, to increase the accuracy and the adequacy of the expressions, as stated below.

In addition, as certain changes have been made to the format of the text as a whole, the page numbers have also changed and it is the new page numbers that are listed in this notice. We ask your kind understanding.

Details

< Parts changed >

1. From page 9 to page 11

In "(1) Status of Directors and Audit & Supervisory Board members (as of March 31, 2016)" and "(3) Matters concerning External Directors and Audit & Supervisory Board members" of "IV. Directors and Audit & Supervisory Board members", Mr. Shun-ichi Nakagawa's position and columns that refer to it were changed deleting "Associate Senior Vice President" and entering "Director" only.

2. Page 22

In "C. Accounting standards for major allowances" of "3. Matters concerning accounting methods" in "Notes to Consolidated Financial Statements (Notes on the Basic Important Points for Preparing the Consolidated Financial Statements of This Term)", there was an entry reading "c. Allowance for bonuses to directors and Audit & Supervisory Board members:", but as the Company has discontinued bonuses for Audit & Supervisory Board members, the phrase "and Audit & Supervisory Board members" was deleted leaving "c. Allowance for bonuses to directors:" only.

3. Page 25

In the beginning of "(1) Policy Initiatives for Financial Instruments" of "1. Matters concerning the state of financial instruments" in "Financial Instruments", the phrase "The Group operates performs fund management by operating with…" was changed to "The Group manages funds with…"

4. Page 26

The phrase "Notes on Important Later Event" was changed to "Notes on Significant Events Subsequent to the Fiscal Year-end".

5. From page 43 to page 47

In "Item 2: Appointment of Twelve (12) Directors" in "Reference Materials for the General Meeting of Shareholders", in "Reasons for appointment" of Candidates no.1 to 9, the original Japanese word "kantoku" (supervision) was translated as "auditing", and in the phrase "… the decision-making and auditing functions of the Board of Directors through his participation in the auditing of consolidated-management policymaking…" we have changed "auditing" to "supervisory" and "supervision" respectively, resulting in "…the decision-making and supervisory functions of the Board of Directors through his participation in the supervision of consolidated-management policymaking…"

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

NOTICE OF THE 65th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Stock Code: 8150
June 3, 2016

Dear Shareholder:

You are cordially invited to attend the 65th Ordinary General Meeting of Shareholders of Sanshin Electronics Co., Ltd. (the "Company"), which will be held at 10:00 a.m. (reception starts at 9:00 a.m.) on Friday, June 24, 2016, in the Conference Room on the 10th floor of the Company's headquarters, at 4-12, Shiba 4-chome, Minato-ku, Tokyo.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the Internet. Please review the attached reference materials and send us your vote no later than 5:10 p.m. on Thursday, June 23, 2016, using one of the methods outlined below.

Sincerely yours,

Mitsumasa Matsunaga

Representative Director, Chairman

Sanshin Electronics Co., Ltd.

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

Meeting Details

Agenda:

Items to be reported

1. The Business Report, the Consolidated Financial Statements, and the report of the audit of the consolidated accounts by the Accounting Auditors and Audit & Supervisory Board for the 65th term, from April 1, 2015 to March 31, 2016, will be reported at the meeting.
2. The Non-Consolidated Financial Statements for the 65th term, from April 1, 2015 to March 31, 2016, will be reported at the meeting.

Items to be resolved

Item 1: Payment of year-end dividends of surplus

Item 2: Election of Twelve (12) Directors

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

Item 4: Information on How to Exercise Your Voting Rights

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

Please exercise your voting rights by indicating your approval or disapproval on the enclosed proxy card, and return it to us so that it arrives no later than 5:10 p.m. on Thursday, June 23, 2016.

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

If you choose to vote via the Internet, please check the "Information on How to Exercise Your Voting Rights via the Internet" on page 50, and vote on the Internet at the designated website no later than 5:10 p.m. on Thursday, June 23, 2016.

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

When attending the meeting in person, please present the enclosed proxy card at the reception desk.
If any amendments are made to reference materials for the General Meeting of Shareholders, the business report, and consolidated and non-consolidated financial statements, they will be posted on the Company website at http://www.sanshin.co.jp.

(Attachment)

Business Report

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

I. Matters Concerning the Current Status of the Corporate Group

(1) Business Progress and Results

During the consolidated fiscal year under review, although the global economy maintained a strong recovery in the United States and Europe, the economic slowdown in Asia's emerging and resource-rich countries, such as China, caused the sense of uncertainty about the future of the global economy to keep increasing. Given these economic trends overseas and the instability in exchange rates, the Japanese economy remained at a standstill.
In the electronics industry, the leading smartphone market suddenly slowed down due to the effects of heightened order and price competition, as well as of the market's maturity. Meanwhile, in the domestic IT industry, besides continued strong IT investment especially among large and medium-sized enterprises, there was a growing interest in services applying new technologies such as cloud, big data, or IoT (Internet of Things), which positioned the industry in relatively favorable conditions by the end of the fiscal year under review.
Under these circumstances, we committed to strengthening business power and to improving the management foundation, as well as we strove to improve sales and profitability. However, during the consolidated fiscal year under review, the Company experienced a significant sales drop in the device business that accounts for a large percentage of the Group's total sales, causing an overall downturn in consolidated results: net sales decreased by 9.1% to ¥199,075 million, operating profit fell by 41.3% to ¥1,913 million, ordinary profit was also down by 51.9% to ¥1,500 million, and net profit attributable to shareholders of parent company scored ¥977 million, down by 51.2%, all on a year-on-year basis. The return on equity (ROE) was 1.5% (3.1% in the previous fiscal year).
Consolidated performance by business segment for the term under review is as follows.

[Device segment]

In the device business segment, our leading products are semiconductors (including system LSIs, microcomputers, LCD driver ICs, memories, etc.) and electronic components (including connectors, capacitors, circuit boards, etc.). These products are sold mainly to electronics manufacturers. We also provide technical support, such as software development and module development.
In the consolidated period under review, following a rapid growth in the previous term, sales for social and industrial/vehicle-mounted systems saw a decline, on the same line as sales for digital AV devices. New businesses saw a lackluster performance against the backdrop of a sluggish growth in the smartphone market and the economic slowdown in China, which resulted in a substantial shortfall of sales for the information and communication sector compared to the initial plan.
As a result, segment sales decreased 9.4% year-on-year to ¥183,326 million. The segment loss rose to ¥96 million (compared to a profit of ¥1,470 million in the previous term), following the decline in sales, but also as we recorded foreign exchange losses due to the appreciation of the yen from the second half of the period.
Orders received totaled ¥174,823 million, while order backlog stood at ¥27,137 million.

[Solution segment]

In the solution business segment, we are committed to planning and developing infrastructure with operation of information communication networks at the core, mainly for private companies, government offices and local municipalities, as well as to ensuring its operation and maintenance. Especially, as for our core system, we offer services deriving from provision of package software, such as customization according to individual development. Furthermore, we also provide broadcast stations and production companies with editing and transmission of video content, as well as with distribution systems, centered on products from suppliers abroad.
In the current consolidated fiscal year, sales of embedded systems and portable video transmitters remained solid. However, compared to the previous term, where the replacement demand toward the digitalization of wireless communication for firefighting and emergency services had reached its peak, sales to public institutions were down.
As a result, segment sales decreased by 5.4% year-on-year to ¥15,748 million. Selling, general and administrative expenses rose due to expansion of personnel meant to strengthen our business power. However, the segment profit decreased by 3.0% year-on-year ending at ¥1,597 million, as gross profit margin improved.
Orders received totaled ¥14,274 million, while order backlog stood at ¥3,892 million.

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

(2) Capital Investment Activities

The total amount of facility investments made in this consolidated fiscal year was ¥282 million. The main investments were repair works of buildings and fixture renewal.

(3) Financing Activities

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

(4) Future Challenges

(Basic management policies)
The Company's basic policy is to adhere to the corporate philosophy of "Trust, Principles and Sincerity" in order to earn reputation as "the Chosen" among general electronics trading companies to prove its value based on a wide range of solutions it provides to its customers and suppliers.
In the device business, in order to assist all client companies active in home appliances, automobiles and industrial devices operations in their efforts for globalization, the Company has been striving to establish overseas subsidiaries and provide goods and services, as well as it has been serving as a coordinator for its customers and suppliers through extensive product range and enhanced technological strength for suppliers' product development. Furthermore, in the solution business, the Company has been actively acting as a system integrator with information and communication network at the core of its contributions to clients' business development. Sanshin Electronics will continue to increase the Group's present value proving why customers and suppliers choose us.
In managing its businesses, the Company will continue to fulfill its mission as a good corporate citizen by developing a system that enables diverse personnel to play an active role in the Company, as well as by continuing to reduce the environmental impact of its operations, just to mention a few actions.

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

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

(Medium-term business strategy and future challenges)
The Group has so far been implementing its V66 Medium-Term Management Plan to be closing on March 31, 2017. However, given the severe business results and sudden changes in the business environment, especially considering the need for a fundamental revision of the device business strategies, Sanshin Electronics has decided to formulate the new V70 Medium-Term Management Plan for a period of 5 years to be implemented starting with the 66th term, ending March 31, 2017. This plan aims to improve profitability in the device business segment through transformation of our business portfolio, as well as to establish higher revenue base in the solution business segment through strengthening of the existing businesses and creation of new ones that support the latest technologies, such as cloud computing. In an earnest effort to achieve all these, the Group will tackle the following challenges:

1) Strengthening of business capabilities

a. Rebuilding of revenue base for existing businesses (Device business)

The Company engages in improving profitability in semiconductor and electronic component businesses, by selecting the key products through strategy sharing with suppliers, and by developing a framework for their sale. Sanshin Electronics will also strive to broaden its customer base and build up a revenue base that can withstand the ever-changing business environment.

b. Enhancement of new business initiatives in the pursuit of expansion of business areas (Device business)

The Company will strengthen its commitment to create new businesses, such as system solutions that leverage both its hardware and software engineering capabilities, demonstrating the Group's added value. This way, Sanshin Electronics aims to increase the percentage of these businesses' revenue. As a result, the Company is thorough in selecting the targets for such sales promotion and establishing the selling structure, in developing new attractive products, as well as in building business models focused on market trends/needs.

c. Further enhancement of profitability in the 6 units (Solution business)

The Company divides the solution business into six business units: information communication networks, government offices, firefighting and disaster prevention, embedded systems, application software and image editing. Sanshin Electronics commits to increasing the personnel permanently allocated to these six units, to striving to expand its operations in stock businesses such as maintenance and management support services, and to deepening its relationships with clients across these business units (cross selling). All these initiative will likely establish a strong revenue base for each unit, and thus will enhance the Company's ability to respond to changes in the business environment.

d. Expansion of offerings to include cloud and IoT services (Solution business)

Cloud and IoT technologies have been drawing attention as they provide significant expandability for ICT solutions. Sanshin Electronics will create new offerings to suit progress in cloud computing and IoT services, which will be turned into a new revenue base. Therefore, the Company will allocate the necessary personnel to attain this pursuit, as well as it will continue to collaborate with partners of strong technical capabilities and sales network.

2) Strengthening of management foundation

a. Strengthening of corporate governance

The Company shall set the governance system needed to realize appropriate management decisions and strengthen oversight of operations, which includes increasing the number of external directors and, consequently, reviewing the organization and functions of the Nominal and Remuneration Advisory Committees put in place in February 2016, promoting the separation of the functions of the oversight of business and the execution of business, as well as reviewing the Board of Directors' regulations that stipulate the items subject to resolution and reporting in its meetings.

b. Strengthening of corporate staff members' competitive power to boost earnings

We must cultivate new markets, businesses and suppliers both in the device and solution segments. In this regards, an accurate assessment regarding risks and earnings is required to improve profitability. Consequently, the Company shall work on allocating new personnel, such as legal and accounting staff, in order to enhance the Company's personnel and legal support to new businesses.

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

	62nd Term (From April 1, 2012 to March 31, 2013)	63rd Term (From April 1, 2013 to March 31, 2014)	64th Term (From April 1, 2014 to March 31, 2015)	65th Term (From April 1, 2015 to March 31, 2016)
Net Sales (million yen)	147,963	192,240	219,091	199,075
Operating Profit (million yen)	2,032	2,517	3,260	1,913
Ordinary Profit (million yen)	1,629	2,658	3,117	1,500
Net Profit Attributable to Shareholders of The Parent Company (million yen)	1,131	1,806	2,003	977
Net Profit Per Share (yen)	38.67	63.78	71.11	34.70
Total Assets (million yen)	82,916	93,522	101,672	95,580
Net Assets (million yen)	59,916	62,255	65,619	63,385

(6) Status of Parent Company and Principal Subsidiaries

1. Parent company

Not applicable.

2. Principal subsidiaries

Company Name	Address	Main Business	Capital	Equity Position
SANSHIN ELECTRONICS (HONG KONG) CO., LTD.	Hong Kong	Sales and import/export of semiconductors, electronic components and equipment	12,820 thousand US Dollar	100%
SANSHIN ELECTRONICS SINGAPORE (PTE) LTD.	Singapore	Sales and import/export of semiconductors, electronic components and equipment	1,939 thousand US Dollar	100%
TAIWAN SANSHIN ELECTRONICS CO., LTD.	Taipei, Taiwan	Sales and import/export of semiconductors, electronic components and equipment	160 million Taiwan New Dollar	100%
SANSHIN ELECTRONICS CORPORATION	California, U.S.A.	Sales and import/export of semiconductors, electronic components and equipment	3,000 thousand US Dollar	100%
SANSHIN ELECTRONICS KOREA CO., LTD.	Seoul, South Korea	Sales and import/export of semiconductors, electronic components and equipment	5,000 million Korean Won	100%
SANSHIN ELECTRONICS (THAILAND) CO., LTD.	Bangkok, Thailand	Sales and import/export of semiconductors, electronic components and equipment	100 million Thai Baht	*100%
SANSHIN ELECTRONICS (SHANGHAI) CO., LTD.	Shanghai, China	Sales and import/export of semiconductors, electronic components and equipment	31 million Chinese Yuan	*100%
SANSHIN NETWORK SERVICE CO., LTD.	Tokyo, Japan	1. Design, construction, installation, maintenance, operation, and management of telecommunications systems 2. Design and installation of circuits and telephone equipment in telecommunications systems 3. Sales of equipment and devices related to telecommunications systems	30 million Japanese Yen	100%

Note: 1. The percentages marked with an asterisk (*) include indirect holdings.
2. The Group has no specified wholly-owned subsidiary.

(7) Principal Businesses (as of March 31, 2016)

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

(8) Principal Offices (as of March 31, 2016)

SANSHIN ELECTRONICS CO., LTD.

Headquarters:	4-12, Shiba 4-chome, Minato-ku, Tokyo
Branches:	Osaka Branch, Tachikawa Branch, Sendai Branch, Shizuoka Branch, Nagoya Branch, Takamatsu Branch, Utsunomiya Branch, Suwa Branch, Kyoto Branch, Hiroshima Branch, Tokushima Branch, Nagaoka Branch, Kochi Liaison Office
Other Business Places:	Atsugi Distribution Center, Osaka Distribution Center,

AXIS DEVICE TECHNOLOGY CO., LTD.	Headquarters: Tokyo
SANSHIN NETWORK SERVICE CO., LTD.	Headquarters: Tokyo
SANSHIN MEDIA SOLUTIONS CO., LTD.	Headquarters: Tokyo
SANSHIN ELECTRONICS (HONG KONG) CO., LTD.	Headquarters: Hong Kong
SHANGHAI LIAISON OFFICE, SHENZHEN LIAISON OFFICE,	
PHILIPPINE REPRESENTATIVE OFFICE, DETROIT BRANCH OFFICE	
SANSHIN ELECTRONICS (SHANGHAI) CO., LTD.	Headquarters: China
SANSHIN ELECTRONICS (SHENZHEN) CO., LTD.	Headquarters: China
SANSHIN ELECTRONICS KOREA CO., LTD.	Headquarters: Korea
SANSHIN ELECTRONICS SINGAPORE (PTE) LTD.	Headquarters: Singapore
SAN SHIN ELECTRONICS (MALAYSIA) SDN. BHD.	Headquarters: Malaysia
SANSHIN ELECTRONICS (THAILAND) CO., LTD.	Headquarters: Thailand
TAIWAN SANSHIN ELECTRONICS CO., LTD.	Headquarters: Taiwan
SANSHIN ELECTRONICS CORPORATION	Headquarters: U.S.A.

Note: Tokushima Branch is closed as of April 1, 2016, following business transfer.

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

Business segment	Number of Employees	Change from the End of the Previous Term
Device business	425 (11)	down 2 (+2)
Solution business	185 (7)	up 6 (-1)
Corporate (common)	79 (74)	down 5 (±0)
Total	689 (92)	down 1 (+1)

Notes: 1. The number of employees represents the number of those actually at work.
2. The number of employees in the “Corporate (common)” row includes personnel in administrative departments, such as General Affairs Department, Accounting Department, distribution centers, etc.
3. The annual average number of temporary employees (part-time and entrusted workers) is enclosed in ( ).

(10) Principal Lenders (as of March 31, 2016)

Lender	Outstanding Loan Amount
	(Million yen)
Sumitomo Mitsui Banking Corporation	4,899
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	788
Sumitomo Mitsui Trust Bank, Limited.	338

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

Not applicable.

II. Shares of the Company (as of March 31, 2016)

(1) Number of shares authorized to be issued:

76,171,000 shares

(2) Number of shares issued:

29,281,373 shares

(3) Number of shareholders:

4,122

(4) Major shareholders (Top ten shareholders)

Name of Shareholder	Number of Shares Held (Thousands of shares)	Shareholding ratio (%)
C&I Holdings Co.,Ltd.	2,814	9.99
Matsunaga Eiichi, Ltd.	1,600	5.68
Fuminori Nakashima	1,212	4.31
Japan Trustee Services Bank, Ltd. (Re-trust [entrustment of trust assets] from Sumitomo Mitsui Trust Bank, Limited. and Employee Retirement Benefit Trust of Renesas Electronics Corporation)	1,049	3.72
Sumitomo Mitsui Banking Corporation	1,000	3.55
Minami Aoyama Fudosan Inc.	940	3.34
Japan Trustee Services Bank, Ltd. (Trust Account)	789	2.80
Rebuild Inc.	724	2.57
The Master Trust Bank of Japan, Ltd. (Trust Account)	558	1.98
Japan Trustee Services Bank, Ltd. (Trust Account 9)	493	1.75

(Notes) 1. The Company has 1,102,476 shares of treasury stock, but is excluded from the major shareholders above.

2. Shareholding ratio is calculated with treasury shares excluded.

III. Stock Acquisition Rights, etc.

Not applicable.

IV. Directors and Audit & Supervisory Board members

(1) Status of Directors and Audit & Supervisory Board members (as of March 31, 2016)

Position	Name	Responsibility within the Company	Important Concurrent Roles, etc.
Representative Director, Chairman/CEO	Mitsumasa Matsunaga		
Representative Director, President/COO	Toshiro Suzuki	In charge of Audit Office and General Manager of Corporate Strategy Department	
Director, Senior Vice President	Masashi Akabane	Senior General Manager of Electronic Devices Sales Promotion Division	
Director, Senior Vice President	Mitsuo Kamoshita	Senior General Manager of Solution Marketing & Sales Division	Representative Director and President of SANSHIN NETWORK SERVICE CO., LTD.
Director, Senior Vice President	Yasuhiko Ota	Senior General Manager of Eastern Japan Marketing & Sales Division and in charge of Device Marketing & Sales Administration Section	
Director, Associate Senior Vice President	Fumihide Kitamura	Senior General Manager of International Operations Division	Chairman of the Board of TAIWAN SANSHIN ELECTRONICS CO., LTD.
Director, Associate Senior Vice President	Nobuyuki Hatano	Deputy Senior General Manager of Solution Marketing & Sales Division	
Director, Associate Senior Vice President	Akio Misono	Senior General Manager of Finance & Accounting Division	
Director, Associate Senior Vice President	Koji Sakamoto	Senior General Manager of Administration Division	
Director	Shun-ichi Nakagawa		External Director of Comany Inc.
Audit & Supervisory Board member (Full-time)	Keiji Nishio		
Audit & Supervisory Board member (Full-time)	Shin-ichi Miura		
Audit & Supervisory Board member	Minoru Matsumoto		Certified Public Accountant, External Director of JASTEC Co., Ltd., and External Director of Foster Electric Co., Ltd.
Audit & Supervisory Board member	Shohei Yamamoto		Lawyer, External Director of Narasaki Sangyo Co., Ltd., Audit & Supervisory Board member of MegaHouse Corporation, External Audit & Supervisory Board member of Bandai Co., Ltd., External Audit & Supervisory Board member of Toin Corporation

Notes: 1. Shun-ichi Nakagawa serves as an external director, while Mr. Minoru Matsumoto and Shohei Yamamoto serve as external Audit & Supervisory Board members. Also, the Company has designated all three of them as independent director and auditors as per the provisions of the Tokyo Stock Exchange, and has given notice to this effect to the Stock Exchange.

2. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded contracts with Shun-ichi Nakagawa and Keiji Nishio, Shin-ichi Miura, Minoru Matsumoto and Shohei Yamamoto, which limits their liability for damages prescribed in Article 423, Paragraph 1 of the same Act. The limit on their liability for damages under these agreements coincides with the legally stipulated amounts.

3. Minoru Matsumoto is qualified as a chartered accountant, and has a considerable degree of knowledge about financial and accounting matters.

4. Executive Officer Masafumi Tange serves as the Senior General Manager of Western Japan Sales Division.

5. Pursuant to changes in organization effective as of April 1, 2016, Corporate Planning Department has been incorporated into Finance & Accounting Division. On the same day, Mr. Toshiro Suzuki has become President and COO in charge of Auditing Department.

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

Name	Date of retirement	Reasons for retirement	Title, duties and important concurrent roles, etc., at the time of retirement
Katsuya Sato	June 19, 2015	Expiration of the term of office	Audit & Supervisory Board member Lawyer

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

1. Total compensation for this fiscal year

Post	Number of Officials	Amount to Be Paid
Directors	10	¥161 million
(External Directors)	(1)	(¥4 million)
Audit & Supervisory Board members	5	¥38 million
(External Audit & Supervisory Board members)	(3)	(¥9 million)
Total	15	¥199 million

Notes: 1. The Directors and Audit & Supervisory Board members above include one External Audit & Supervisory Board member who retired at the conclusion of the 64th Ordinary General Meeting of Shareholders held on June 19, 2015.

2. The amount of compensation for Directors does not include the salaries of Directors who concurrently serve as employees.

3. The upper limit on the total amount of compensation to be paid to Directors was set at ¥420 million per year (excluding the employee salaries) at the 56th Ordinary General Meeting of Shareholders held on June 22, 2007.

4. The upper limit on the total amount of compensation to be paid to Audit & Supervisory Board members was set at ¥50 million per year at the 42nd Ordinary General Meeting of Shareholders held on December 21, 1993.

5. As of March 31, 2016, the amount to be paid to current Directors includes ¥24 million in funds set aside as allowances for bonuses to Directors, excluding one External Director. The Company abolished bonuses for Audit & Supervisory Board members in the 54th term.

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

At the 55th Ordinary General Meeting of Shareholders, which was held on June 23, 2006, approval was given for discontinuing payments in line with abolishing the retirement benefit system for directors. Following the resolution, there has been no retirement benefit paid to the retired Audit & Supervisory Board member who resigned at the conclusion of the 64th Ordinary General Meeting of Shareholders held on June 19, 2015.

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

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

Position	Name	Location of Concurrent Post	Duties of Concurrent Post	Relationship with Location of Concurrent Post
Director	Shun-ichi Nakagawa	Comany Inc.	External Director	No special relationship exists
Audit & Supervisory Board member	Minoru Matsumoto	JASTEC Co., Ltd.	External Audit & Supervisory Board member	No special relationship exists
		Foster Electric Co., Ltd.	External Director	
Audit & Supervisory Board member	Shohei Yamamoto	Narasaki Sangyo Co., Ltd.	External Director	No special relationship exists
		MegaHouse Corporation	Audit & Supervisory Board member	
		Bandai Co., Ltd.	External Audit & Supervisory Board member	
		Toin Corporation	External Audit & Supervisory Board member	

2. Major activities in the fiscal year under review

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

	Board of Directors Meetings (a total of 14 meetings)		Audit & Supervisory Board Meetings (a total of 17 meetings)	
	Number of Meetings Attended	Attendance Rate	Number of Meetings Attended	Attendance Rate
Director Shun-ichi Nakagawa	14	100%	—	—
Audit & Supervisory Board member Minoru Matsumoto	14	100%	17	100%
Audit & Supervisory Board member Shohei Yamamoto	11	100%	13	100%

Note: Shohei Yamamoto was newly elected at the 64th Ordinary General Meeting of Shareholders held on June 19, 2015. After the assumption of his auditor position, he has attended 11 meetings of the Board of Directors and 13 meetings of the Audit & Supervisory Board.

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

Shun-ichi Nakagawa provided comments in terms of corporate governance, risk management and other issues based on his experience in corporate management at another listing company as well as his expertise as an external director at another listing company.

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

V. Status of Accounting Auditor

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC.

(2) Amount of Compensation

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

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

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

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

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

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

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

(1) System for Securing Appropriateness of Business Operations

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

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

• The Company shall set the code of conduct in line with the company creed and philosophy where its directors and employees are required to comply with, and ensure that each and every director and employee is thoroughly informed of this code.

• The Company shall set compliance rules and establish a framework for compliance, including an internal reporting (whistle-blower) system.

• When detecting serious legal violation or other important matters concerning compliance, Directors shall immediately notify Audit & Supervisory Board members and report it at a meeting of the Board of Directors or a corporate management meeting without any delay.

• The Company shall set up an internal audit department that is independent from operational divisions and responsible for auditing the operational processes thereof in order to prevent and detect illegal acts and improve the processes.

• Audit & Supervisory Board members shall be allowed not only to attend meetings of the Board of Directors on a permanent basis but also to participate in other important meetings and committee meetings as necessary. In addition, Audit & Supervisory Board members shall regularly hold meetings to seek the opinions of Accounting Auditors.

• The Company shall stipulate explicitly the obligation to break off relations with antisocial forces in the code of conduct. Furthermore, it shall establish a department to handle such antisocial forces and take all necessary measures such as formulating a communication framework to contact the police and lawyers in the case of emergency, collecting and managing information, preparing regulations and manuals, and so on.

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

• Directors shall store and manage documents and other information materials concerning their execution of duties appropriately in accordance with the rules set by the Company.

• Directors, Audit & Supervisory Board members and employees at the internal audit department may access such information at any times.

3) Rules concerning Risk Management

• The Company has established risk management regulations, and clearly states the risks that it faces.

• Under the directions of its General Risk Committee, which is headed by the company president, the Company manages risk for the entire Group.

• As well as clarifying the supervisory department for each risk, the General Risk Committee sets up individual committees as required, and prepares systems for enabling swift and effective responses to be made when risks arise. Also, the Company formulates a Business Continuity Plan (BCP) that assumes the occurrence of a large scale earthquake related disaster.

• The General Risk Committee makes reports to the Board of Directors, as necessary, on the state of responses being made for risks that have arisen.

• Regarding potential risks requiring response, after assessing these, the General Risk Committee reviews the effectives of the risk policies and associated management systems, and then reports on their findings to the Board of Directors.

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

• The Company shall hold a regular meeting of the Board of Directors every month and hold an extraordinary meeting of the Board of Directors as necessary.

• In addition, the Company shall regularly hold a corporate management meeting with the participation of Executive Directors, Full-time Audit & Supervisory Board members and others, for which sufficient deliberations shall be conducted in advance on particularly important matters to be determined by the Board of Directors.

• With regard to the execution of operations based on decisions made at a meeting of the Board of Directors, the divisions and officials in charge thereof as well as the execution procedures shall be determined based on the rules concerning the allocation of operational responsibilities and authorities. Furthermore, by similarly maintaining necessary regulations and providing execution proceedings for each subsidiary, the Company aims to streamline execution of duties by each subsidiary's corresponding director.

5) System for Securing Appropriateness of Operations of the Group

• All companies belonging to the Sanshin Electronics Group shall be required to comply with the Group creed and philosophy, the code of conduct and the compliance rules, and the Company shall ensure that directors and all employees of its subsidiaries are thoroughly informed. Each subsidiary shall maintain necessary regulations for itself based on the above rules.

• The Sanshin Electronics Group as a whole, including subsidiaries, shall implement measures to cope with the serious risks. Each subsidiary shall maintain necessary regulations for itself based on the above rules.

• Subsidiaries are required to obtain prior approval from and submit reports to the Company with regard to important matters as specified in the rules concerning the supervision of subsidiaries and affiliated companies.

• The Company shall regularly provide directors and employees of subsidiaries with opportunities to have the Company's Directors and Audit & Supervisory Board members reporting on the execution of their respective duties.

• Audit & Supervisory Board members shall conduct necessary audits with regard to subsidiaries, too.

6) Systems for Ensuring the Reliability of Financial Reporting

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

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

• Audit & Supervisory Board members shall be given the authority to issue instructions to the internal audit division with regard to matters necessary for their auditing activities.

• Concerning instructions received from Audit & Supervisory Board members with regard to matters necessary for their auditing activities, employees at the internal audit department shall not be bound by the chain of command leading down from Directors.

• The Company shall respect the Audit & Supervisory Board members' opinions with regard to matters related to the appointment, transfer, evaluation, disciplinary actions and so forth, of the employees at the internal audit department.

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

• Audit & Supervisory Board members shall be given the authority to request necessary reports from directors and employees at any time.

• The Representative Directors shall provide the Audit & Supervisory Board members with opportunities to exchange opinions with them regularly.

• The internal audit department shall make sure to submit reports to Audit & Supervisory Board members after conducting audits of operations, etc.

• The Company shall establish an appropriate system for the reporting of matters concerning compliance, such as legal violation, to Audit & Supervisory Board members by setting compliance rules.

• Any disadvantageous treatment given to directors and employees who contribute through reports to audits by Audit & Supervisory Board members, or to directors, corporate auditor and employees of subsidiaries is prohibited.

• When Audit & Supervisory Board members request to the Company the payment in advance for the expenses related to the execution of their auditing duties, the Company shall pay such costs or amortize the liability immediately. Moreover, in order to pay the expenses incurred in the execution of duties by Audit & Supervisory Board members, the Company shall allocate a certain amount of budget each year.

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

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

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

• The Company has established internal reporting regulations which define items including confidentiality of whistle-blowers, prohibition of disadvantageous treatment of whistle-blowers, and prohibition of handling of reported incidents by individuals who are personally involved in said incidents. The Company operates an internal reporting system. Furthermore, in order to strengthen independence from management, the Company will include all Audit & Supervisory Board members in the reporting contact point beginning from the fiscal term under review.

• Audit & Supervisory Board members shall attend the meetings of the Board of Directors. Furthermore, Full-time Audit & Supervisory Board members shall attend management and executive committee meetings, management strategy meetings and other important gatherings on a permanent basis. In addition to holding deliberation with Accounting Auditors at the beginning of the fiscal term under review in order to formulate an audit plan, Audit & Supervisory Board members meet periodically and as necessary, and are present during the performance of accounting audits as necessary.

• The Company has established an Auditing Office as its internal auditing department. Currently, three dedicated staffs are stationed at the Auditing Office as of the date of creation for this business report. After conducting an operational audit, the Auditing Office submits an auditing report to the Representative Directors and to Audit & Supervisory Board members. Furthermore, the Audit & Supervisory Board members and Auditing Office hold meetings as necessary. Audit & Supervisory Board members gather information from the Auditing Office; for example, requesting reports on the status of the internal control system and related auditing results. Audit & Supervisory Board members also provide instruction and recommendations to the Auditing Office. The transfer of employees assigned to the Auditing Office during the fiscal term under review was conducted based on the opinions of Audit & Supervisory Board members.

• The General Risk Committee makes reports to the Board of Directors, as necessary, on the state of responses being made for risks that have arisen. Also, regarding new risks requiring response, after assessing these, the General Risk Committee reports on the effectiveness of the risk policies and associated management systems to the Board of Directors once a year.

• During the fiscal term under review, ordinary meetings where held 13 times, and extraordinary meetings were held once.

• During the fiscal term under review, the Regulations of the Board of Directors were revised and the scope of matters to be resolved by the Board of Directors was narrowed to legal matters and fundamental matters of the Company (corporate code of conduct, corporate philosophy, code of conduct, establishment/revision of basic management policies and management plans, items related to corporate governance, transfer of important personnel such as executive officers, disposal/transfer of important assets, etc.). Other matters shall be delegated to corporate management meetings and executive directors, and action shall be taken in accordance with rules. In regards to the executions of said actions, executive directors shall report to the Board of Directors as necessary. Through these reports, the Board of Directors shall supervise the decision-making and business operation of executive directors.

• Full-time Audit & Supervisory Board members of the Company are concurrently serving as Audit & Supervisory Board members of the Company's subsidiaries, where they perform necessary audits.

• In accordance with the Internal Control Management Regulations, the Internal Control Committee meets once every quarter. In order to evaluate the effectiveness of internal controls at the Company, the Internal Control Committee considers the self-assessment results of self-inspection and the results of independent evaluation by the Auditing Office. Results are reported to the President.

• Representative Directors meet periodically with Audit & Supervisory Board members and an External Director in order to exchange opinions. Furthermore, separate meetings are held between Audit & Supervisory Board members and an External Directors in order to exchange opinions.

CONSOLIDATED BALANCE SHEET
Sanshin Electronics Co., Ltd.
As of March 31, 2016

	Millions of yen
ASSETS	
Current assets:	
Cash and deposits	10,186
Notes and accounts receivable-trade	44,852
Electronically recorded monetary claims	10,272
Merchandise inventories	18,405
Partly-finished work	3
Accrued income	185
Deferred tax assets	778
Others	4,677
Allowance for doubtful accounts	(7)
Total current assets	89,353
Non-current assets:	
Property and equipment	
Buildings and structures	1,728
Land	2,053
Leased assets	129
Others	73
Total property and equipment	3,985
Intangible assets:	345
Investments and other assets:	
Investment securities	1,542
Others	471
Allowance for doubtful accounts	(117)
Total investments and other assets	1,895
Total non-current assets	6,226
TOTAL	95,580

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

CONSOLIDATED BALANCE SHEET
Sanshin Electronics Co., Ltd.
As of March 31, 2016

	Millions of yen
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
Current liabilities:	
Notes and accounts payable-trade	22,282
Short-term loans payable	6,408
Lease obligations	39
Accrued corporate tax, etc.	180
Allowance for bonuses to employees	530
Allowance for bonuses to directors	24
Others	1,885
Total current liabilities	31,350
Non-current liabilities:	
Lease obligations	90
Deferred tax liabilities	1
Net defined benefit liabilities	651
Others	101
Total non-current liabilities	843
Total liabilities	32,194
NET ASSETS:	
Shareholders' equity:	
Common stock	14,811
Capital surplus	15,329
Retained earnings	34,625
Treasury stock	(763)
Total shareholders' equity	64,003
Accumulated other comprehensive income:	
Valuation difference on available-for-sale securities	398
Deferred hedge gains (losses)	(493)
Foreign currency translation adjustments	(158)
Remeasurements of defined benefit plans	(364)
Total accumulated other comprehensive income	(617)
Total net assets	63,385
TOTAL	**95,580**

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

CONSOLIDATED PROFIT AND LOSS STATEMENT
Sanshin Electronics Co., Ltd.
For the year ended March 31, 2016

		Millions of yen
Net sales		199,075
Cost of sales:		186,845
Gross profit on sales		12,230
Selling, general and administrative expenses:		10,316
Operating profit		1,913
Non-operating profit:		
Interest income	14	
Dividend income	29	
Others	77	121
Non-operating expenses:		
Interest expenses	34	
Sales discounts	33	
Foreign exchange losses	371	
Loss on sales of electronically recorded monetary claims	81	
Others	13	533
Ordinary profit		1,500
Extraordinary profits:		
Gain on sales of non-current asstes	0	
Gain on sales of investment securities	0	0
Extraordinary losses:		
Loss on retirement of non-current assets	0	
Loss on sales of non-current assets	0	
Loss on valuation of investment securities	7	8
Net profit before tax and other adjustments		1,493
Corporate, resident and enterprise taxes	420	
Adjustment for corporate tax, etc.	94	515
Net profit		977
Net profit attributable to shareholders of parent company		977

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS` EQUITY
Sanshin Electronics Co., Ltd.
For the year ended March 31, 2016

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2015	14,811	15,329	34,775	(763)	64,152
Changes during the term					
Dividends of surplus			(1,127)		(1,127)
Net profit attributable to shareholders of parent company			977		977
Acquisition of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes during the term	—	—	(149)	(0)	(149)
Balance as of March 31, 2016	14,811	15,329	34,625	(763)	64,003

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred hedge gains (losses)	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income	
Balance as of April 1, 2015	539	72	849	4	1,466	65,619
Changes during the term						
Dividends of surplus						(1,127)
Net profit attributable to shareholders of parent company						977
Acquisition of treasury stock						(0)
Net changes of items other than shareholders' equity	(140)	(566)	(1,007)	(369)	(2,083)	(2,083)
Total changes during the term	(140)	(566)	(1,007)	(369)	(2,083)	(2,083)
Balance as of March 31, 2016	398	(493)	(158)	(364)	(617)	63,385

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

Notes to Consolidated Financial Statements

(Notes on the Basic Important Points for Preparing the Consolidated Financial Statements of This Term)

1. Scope of consolidation

Number of consolidated subsidiaries: 8

Names of companies:

SANSHIN ELECTRONICS (HONG KONG) CO., LTD.
SANSHIN ELECTRONICS SINGAPORE (PTE) LTD.
TAIWAN SANSHIN ELECTRONICS CO., LTD.
SANSHIN ELECTRONICS CORPORATION
SANSHIN ELECTRONICS KOREA CO., LTD.
SANSHIN ELECTRONICS (THAILAND) CO., LTD.
SANSHIN ELECTRONICS (SHANGHAI) CO., LTD.
SANSHIN NETWORK SERVICE CO., LTD.

Number of non-consolidated subsidiaries: 4

Names of companies:

SANSHIN MEDIA SOLUTIONS CO., LTD.
AXIS DEVICE TECHNOLOGY CO., LTD.
SANSHIN ELECTRONICS (SHENZHEN) CO., LTD.
SAN SHIN ELECTRONICS (MALAYSIA) SDN. BHD.

Rationale for exclusion of non-consolidated subsidiaries from the scope of consolidation:

The size of each of the non-consolidated subsidiaries is small, and each company's total assets, net sales and net profit or loss (amount corresponding to equity) and retained earnings (amount corresponding to equity) are small in size and neither does significantly affect the consolidated financial statements.

The standards for judging whether or not the subsidiary has materiality are based on the past five-year average net profit or loss on the part of both the Company and the subsidiaries.

2. Application of equity method

Non-consolidated subsidiaries to which the equity method is not applied

Names of companies:

SANSHIN MEDIA SOLUTIONS CO., LTD.
AXIS DEVICE TECHNOLOGY CO., LTD.
SANSHIN ELECTRONICS (SHENZHEN) CO., LTD.
SAN SHIN ELECTRONICS (MALAYSIA) SDN. BHD.

Rationale for non-application of the equity method:

Based on each of the non-consolidated subsidiaries' net profit or loss (amount corresponding to equity) and retained earnings (amount corresponding to equity) etc., and neither does significantly affect the Company's consolidated financial statements, nor have importance as a whole, even if excluded from the subject of equity method.

The standards for judging whether or not the subsidiary has materiality are based on the past five-year average net profit or loss on the part of both the Company and the subsidiaries.

3. Matters concerning accounting methods

A. Valuation standards and methods for major assets

a. Available-for-sale securities

Other available-for-sale securities

With market value: At market value, using the fair market value at the end of this consolidated fiscal year. (Appraisal differences are dealt with by means of the direct capital influx method, with cost of securities sold calculated by means of the moving average method.)

Without market value: At cost, using the moving average method.

b. Derivatives

At market value.

c. Inventories

Merchandise: Primarily at cost, using the moving average method. (Figures stated on balance sheets are calculated by means of the write-down method based on a decline in profitability.)

Partly-finished work: At cost, using the specific identification method. (Figures stated on balance sheets are calculated by means of the write-down method based on a decline in profitability.)

B. Depreciation method for major depreciable assets

a. Property and equipment: (Excluding leased assets) Primarily the declining-balance method. However, buildings (excluding equipment and installations) are depreciated on the straight-line method. The useful life of buildings and structures is 15 to 50 years; for other property and equipment, it is 3 to 20 years.

b. Intangible assets: (Excluding leased assets) Straight-line method. The estimated useful life of software for internal use is 3 to5 years.

c. Leased assets: Straight-line method using the lease period as the useful life and zero residual value.

C. Accounting standards for major allowances

a. Allowance for doubtful accounts:

Provided at an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the rate of actual collection losses with respect to the remaining receivables.

b. Allowance for bonuses to employees:

Allowance for employees' bonuses is provided at an amount applicable to this consolidated fiscal year based on the estimated amount to be paid in the next year.

c. Allowance for bonuses to directors:

Allowance for directors' bonuses is provided at an amount applicable to this consolidated fiscal year based on the estimated amount to be paid in the next year.

D. Major foreign currency transactions

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the consolidated-fiscal-year-end spot market exchange rates; any foreign exchange gains and losses from transactions are specified in the statement of income. Assets and liabilities of overseas subsidiaries are translated into yen at the exchange rates in effect as of the fiscal year end, and revenues and expenses are translated into yen at the average exchange rates for the fiscal year. The resulting translation adjustments are included in the foreign currency translation adjustment in net assets.

E. Significant hedge accounting

a. Hedge accounting methods:

Primarily the deferred hedge accounting method

Hedge accounting is adopted for foreign currency receivables and payables, etc. on exchange forward contracts.

b. Hedging instruments and hedged items:

Hedging instrument:	Foreign currency forward contracts
Hedged items:	Both payables and receivables, and forecasted transactions denominated in foreign currencies

c. Hedge policy:

The Company uses foreign currency derivatives as a means of hedging exposure to foreign currency risk. Such transactions are all carried out with the finance department of the Company as the lead department, according to Company regulations. The Company does not enter into derivatives for trading or speculative purposes not stated in its regulations.

d. Hedge effectiveness assessment:

Hedge effectiveness is evaluated at least every six months by evaluating whether the cash flow changes in the hedged item and cash flow changes in the hedge instrument cancel each other out at a high level.

F. Accounting standards for net defined benefit liability

Net defined benefit liability is provided in the amount equal to the benefit obligations minus the pension assets based on the projected amount at the end of this consolidated fiscal year, in order to prepare for the allowance for employees' severance and retirement benefits. The retirement benefit obligations are calculated using a payment calculation standard which is a method of attributing projected retirement benefits for the service period up to the current consolidated fiscal year.

The prior service expenses are amortized by the straight-line method for a given number of years (10 years) within employees' average remaining years of service, at the time of occurrence. The actuarial gains and losses are amortized in the year subsequent to their occurrence, by the straight-line method or a given number of years (10 years) within employees'average remaining period of service.

Unrecognized actuarial gains and losses and unrecognized past service expenses are reflected in remeasurements of defined benefit plans in the accumulated other comprehensive income of net assets, after adjusting for tax effects.

G. Consumption tax and similar taxes

Excluded from transaction amounts for the Company and its consolidated domestic subsidiaries.

Notes to Changes in Accounting Principles

(Application of the Accounting Standards for Business Combinations)

We have adopted the "Accounting Standards for Business Combinations" (Corporate Accounting Standards No. 21, September 13, 2013), the "Accounting Standards for Consolidated Financial Statements" (Corporate Accounting Standards No. 22, September 13, 2013), and the "Accounting Standards for Business Divestitures" (Corporate Accounting Standards No. 7, September 13, 2013), effective from the consolidated fiscal year under review. Accordingly, we have made changes in the disclosure of the net profit, as well as in the reporting for minority interests, which appear now as "non-controlling interests."

Notes to Changes in the Presentation Method

(Consolidated Balance Sheets)

"Electronically recorded monetary claims," which had been included in "Notes and accounts receivable-trade" under "Current assets" section until the previous fiscal year, is now reclassified, as its monetary importance has increased during the fiscal year under review.

In this regard, the amount of "Loss on sales of electronically recorded monetary claims" in the previous consolidated fiscal year was 492 million yen.

Notes to the Consolidated Balance Sheets

1. Accumulated depreciation of property and equipment ¥ 5,206 million
2. Liabilities for guarantees

Guarantees for bank borrowings

Employees* ¥46 million

* Of loan guarantees to financial institutions concerning employee's borrowings to acquire housing, the portion to which home loan insurance applies has almost no risk attached and thus is excluded from liabilities for guarantees.

Notes to the Consolidated Statement of Changes in Shareholders' Equity

1. Matters concerning types and numbers of outstanding shares and treasury shares

	No. of shares at the beginning of Fiscal 2015 (consolidated)	Increase in no. of shares during Fiscal 2015 (consolidated)	Decrease in no. of shares during Fiscal 2015 (consolidated)	No. of shares at the end of Fiscal 2015 (consolidated)
Outstanding shares				
Common shares	29,281,373	–	–	29,281,373
Total	29,281,373	–	–	29,281,373
Treasury shares				
Common shares (Note)	1,102,116	360	–	1,102,476
Total	1,102,116	360	–	1,102,476

Note: The Common stock increased by 360 treasury shares due to the purchase of 360 odd-lot shares.

2. Matters concerning dividends

A. Payment of dividends

Resolution	Type of shares	Total amount of dividends (¥million)	Dividends per share (¥)	Record date	Effective date
The Ordinary General Meeting of Shareholders on June 19, 2015	Common shares	845	30	March 31, 2015	June 22, 2015
The Board of Directors Meeting on November 5, 2015	Common shares	281	10	September 30, 2015	December 1, 2015

B. Out of dividends whose record date is within this consolidated fiscal year, those for which the effective date will come after the end of this fiscal year

Resolution	Type of shares	Total amount of dividends (¥million)	Sources of dividends	Dividends per share (¥)	Record date	Effective date
The Ordinary General Meeting of Shareholders on June 24, 2016 (scheduled)	Common shares	845	Retained earnings	30	March 31, 2016	June 27, 2016

Financial Instruments

1. Matters concerning the state of financial instruments

(1) Policy Initiatives for Financial Instruments

The Group manages funds with safe and secure financial instruments, and primarily performs fund procurement through bank loans. Derivatives are used to avoid the risk of exchange rate fluctuations, and we do not perform speculative trading.

(2) Financial instruments, Risks Involved and Risk Management Systems

Notes and accounts receivable, which are operating receivables, are exposed to customer credit risks. Operating receivables in foreign currency, which arise from our efforts to globally expand business, are also exposed to the risk of exchange rate fluctuations. Regarding customer credit risk, in accordance with company regulations, we have established systems for performing term administration and balance management, as well as regularly evaluating major clients' credit statuses. As for exchange rate fluctuation risks, we use forward exchange contracts to offset any risks that these may pose towards our netted position of notes and accounts payable in mainly foreign currency.

Shares, which are investment securities, are exposed to the risk of fluctuations in market values, although these are mainly shares in companies that we have business relations with, and periodically evaluated market values are reported to the board of directors.

Notes and accounts payable, which are business debts, all have a payment deadline of within one year. Although some of these are exposed to exchange rate fluctuation risks, as a result of being derived from imports from overseas and therefore being in foreign currency, we perform risk management for our netted position of operating receivables in the relevant foreign currency.

Loans are mainly funds procured for business transactions. Although floating-rate borrowings are exposed to interest rate fluctuation risks, the Group manages these by distributing repayment dates so that short term loans may be repaid flexibly when there is a financing surplus.

Regarding execution and management of derivatives transactions, the Group complies with company regulations specifying authority to perform transactions, and when using derivatives, in order to reduce credit risk we only deal with high-rating financial institutions.

Business debts and loans are also exposed to liquidity risks. However, the Group manages this through methods such as having each company produce monthly financing plans.

(3) Further Notes on Matters Concerning Market Values of Financial Instruments

Market values of financial instruments include values based on market prices, or, where no market price exists, reasonably calculated values. Because variable factors are incorporated in the calculation of these values, the values may change when different assumptions are used.

2. Items Concerning Market Values of Financial Instruments

Consolidated balances sheet amounts, market values and their differences, as of March 31, 2016, are as outlined below. Items for which it was deemed prohibitively difficult to evaluate market value are not included in the following table. (see Note 2)

Millions of yen

	Amount stated on Consolidated Balance Sheets (*1)	Market value (*1)	Difference
(1) Cash and deposits	10,186	10,186	–
(2) Notes and accounts receivable-trade	44,852	44,852	–
(3) Electronically recorded monetary claims	10,272	10,272	
(4) Accrued income	185	185	–
(5) Investment securities	1,329	1,329	–
(6) Notes and accounts payable-trade	(22,282)	(22,282)	–
(7) Short-term loans payable	(6,408)	(6,408)	–
(8) Accrued corporate tax, etc.	(180)	(180)	–
(9) Derivative transactions (*2)	(721)	(721)	–

*1: Numbers in parenthesis indicate liabilities.

*2: Net credits and debts arising from derivatives trading are displayed as net values.

Notes: 1. Methods used for calculating market values of financial instruments, and items concerning securities and derivatives trading

(1) (1) Cash and deposits, (2) Notes and accounts receivable-trade, (3) Electronically recorded monetary claims and (4) Accrued income

As these are settled quickly, their market value is roughly equal to their book value, and therefore they are determined by the relevant book value.

(5) Investment securities

With these market values, share prices are those given by the Stock Exchange.

(6) Trade notes and accounts payable, (7) Short-term loans payable and (8) Accrued corporate tax, etc.

As these are settled quickly, their market values are almost equal to book values, and therefore they are determined by the relevant book value.

(9) Derivative transactions

Market value is measured by the price or other information provided by client financial institution, etc.

2. Financial instruments for which it is deemed prohibitively difficult to evaluate market value

With unlisted shares (recorded at ¥213 million in the consolidated balance sheet), because there are no market values, and evaluating their value is deemed prohibitively difficult, these are not included in "(5) Investment securities."

Notes on Per-Share Information

Net assets per share ¥2,249.40
Net profit per share ¥34.70

Notes on Significant Events Subsequent to the Fiscal Year-end

Not applicable.

NON-CONSOLIDATED BALANCE SHEET
Sanshin Electronics Co., Ltd.
As of March 31, 2016

	Millions of yen
ASSETS	
Current assets:	
Cash and deposits	5,256
Trade notes	300
Electronically recorded monetary claims	10,272
Trade accounts	40,213
Merchandise inventories	8772
Partly-finished work	3
Advance payment	223
Prepaid expenses	141
Short-term loans receivable to subsidiaries and affiliates	56
Accrued income	314
Deferred tax assets	756
Consumption taxes receivable	4,148
Others	7
Allowance for doubtful accounts	(0)
Total current assets	70,466
Non-current assets:	
Property and equipment:	
Buildings	1,696
Structures	21
Vehicles	0
Tools and fixtures	50
Land	2,053
Leased assets	123
Total property and equipment	3,945
Intangible assets:	
Software	183
Others	85
Total intangible assets	269
Investments and other assets:	
Investment securities	1,431
Stocks of subsidiaries and affiliates	3,416
Guarantee money deposit	58
Other investments	46
Allowance for doubtful accounts	(1)
Total investments and other assets	4,950
Total non-current assets	9,165
TOTAL	**79,632**

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

NON-CONSOLIDATED BALANCE SHEET
Sanshin Electronics Co., Ltd.
As of March 31, 2016

	Millions of yen
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
Current liabilities:	
Trade notes	930
Trade accounts	15,476
Short-term loans payable	6,025
Lease obligations	36
Accounts payable	251
Accrued expenses	191
Accrued corporate tax, etc.	110
Advance received	346
Allowance for bonuses to employees	530
Allowance for bonuses to directors	24
Others	755
Total current liabilities	24,677
Non-current liabilities:	
Lease obligations	87
Deferred tax liabilities	103
Employees' severance and retirement benefits	67
Others	101
Total non-current liabilities	360
Total liabilities	25,037
NET ASSETS:	
Shareholders' equity:	
Common stock	14,811
Capital surplus	15,329
Capital reserve	15,329
Retained earnings:	
Retained surplus	670
Others	24,641
Reserve for dividend payments	600
General reserve	18,680
Retained earnings brought forward	5,361
Treasury stock	763
Total shareholders' equity	54,689
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	398
Deferred hedge gains (losses)	(493)
Total valuation and translation adjustments	(94)
Total net assets	54,594
TOTAL	**79,632**

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

NON-CONSOLIDATED PROFIT AND LOSS STATEMENT

Sanshin Electronics Co., Ltd.

For the year ended March 31, 2016

		Millions of yen
Net sales		157,423
Cost of sales:		148,892
Gross profit on sales		8,530
Selling, general and administrative expenses:		7,474
Operating profit		1,056
Non-operating profit:		
Interest and dividend income	383	
Management consulting fees	346	
Others	76	806
Non-operating expenses:		
Interest expenses	28	
Foreign exchange losses	668	
Loss on sales of electronically recorded monetary claims	81	
Others	14	792
Ordinary profit		1,070
Extraordinary profits:		
Gain on sales of non-current asstes	0	
Gain on sales of investment securities	0	0
Extraordinary losses:		
Loss on retirement of non-current assets	0	
Loss on valuation of investment securities	7	8
Net profit before tax and other adjustments		1,062
Income taxes:		
Corporate, resident and enterprise taxes	223	
Adjustment for corporate tax, etc.	140	363
Net profit		698

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

NON-CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Sanshin Electronics Co., Ltd.
For the year ended March 31, 2016

Millions of yen

	Shareholders' equity									
	Common stock	Capital surplus		Retained earnings					Treasury stock	Total shareholders' equity
		Capital reserve	Total capital surplus	Retained surplus	Other retained earnings			Total retained earnings		
					Reserve for dividend payments	General reserve	Unappropriated retained earnings for the term			
Balance as of April 1, 2015	14,811	15,329	15,329	670	600	18,680	5,789	25,740	(763)	55,118
Changes during the term										
Dividends of surplus							(1,127)	(1,127)		(1,127)
Net profit							698	698		698
Acquisition of treasury stock									(0)	(0)
Net changes of items other than shareholders' equity										
Total changes during the term	–	–	–	–	–	–	(428)	(428)	(0)	(428)
Balance as of March 31, 2016	14,811	15,329	15,329	670	600	18,680	5,361	25,312	(763)	54,689

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred hedge gains (losses)	Total valuation and translation adjustments	
Balance as of April 1, 2015	539	72	612	55,730
Changes during the term				
Dividends of surplus				(1,127)
Net profit				698
Acquisition of treasury stock				(0)
Net changes of items other than shareholders' equity	(140)	(566)	(706)	(706)
Total changes during the term	(140)	(566)	(706)	(1,135)
Balance as of March 31, 2016	398	(493)	(94)	54,594

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

Notes to Non-consolidated Financial Statements

1. Notes to Matters concerning Significant Accounting Principles

A. Valuation standards and methods for assets

a. Valuation standards and methods for available-for-sale securities

Shares of subsidiaries and affiliates:

At cost, using the moving average method.

Other available-for-sale securities:

With market value: At market value, using the fair market value at term-end. (Appraisal differences are dealt with by means of the direct capital influx method, with cost of securities sold calculated by means of the moving average method.)

Without market value: At cost, using the moving average method.

b. Valuation standards and methods for derivatives

At market value.

c. Valuation standards and methods for inventories

Merchandise: At cost, using the moving average method. (Figures stated on balance sheets are calculated by means of the write-down method based on a decline in profitability.)

Partly-finished work: At cost, using the specific identification method (figures stated on balance sheets are calculated by means of the write-down method based on a decline in profitability.)

B. Depreciation method for non-current assets

a. Property and equipment:	Declining-balance method
(Excluding leased assets)	However, buildings (excluding equipment and installations) are depreciated on the straight-line method.
	Estimated useful lives are generally as follows:
	Buildings: 15-45 years
	Structures: 15-50 years
	Vehicles: 4 years
	Equipment: 4-20 years
b.Intangible assets:	Straight-line method
(Excluding leased assets)	The estimated useful life of software for internal use is five years.
c. Leased assets:	Straight-line method using the lease period as the useful life and zero residual value。

C. Accounting standards for allowances

a. Allowance for doubtful accounts:

Provided at an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the rate of actual collection losses with respect to the remaining receivables.

b. Allowance for bonuses to employees:

Allowance for employees' bonuses is provided at an amount applicable to this term based on the estimated amount to be paid in the next term.

c. Allowance for bonuses to directors:

Allowance for directors' bonuses is provided at an amount applicable to this term based on the estimated amount to be paid in the next term.

d. Employees' severance and retirement benefits:

The Company makes provision for the necessary amount of allowance for employees' severance and retirement benefits deemed to accrue during the term, based on the Company's payment obligation and the pension fund balance at the term-end. The retirement benefit obligations are calculated using a payment calculation standard which is a method of attributing projected retirement benefits for the service period up to the current business year.

The prior service obligation is amortized by the straight-line method for a given number of years (10 years) within employees' average remaining years of service.

The actual gain or loss is amortized, from the year following the year in which the gain or loss is recognized, by the straight-line method or a given number of years (10 years) within employees' average remaining period of service.

D. Foreign currency transactions

All foreign-currency-denominated receivables and payables are converted into Japanese yen at the term-end spot market exchange rate; any foreign exchange gains and losses from transactions are specified in the statement of income.

E. Hedge accounting

a. Hedge accounting method

Deferred hedge accounting method

Hedge accounting is adopted for foreign currency receivables and payables etc. on exchange forward contract

b. Hedging instruments and hedged items:

Hedging instrument:	Foreign currency forward contracts
Hedged items:	Both payables and receivables, and forecasted transactions denominated in foreign currencies

c. Hedge policy:

The Company uses foreign currency derivatives as a means of hedging exposure to foreign currency risk. Such transactions are all carried out with the finance department of the Company as the lead department, according to Company regulations. The Company does not enter into derivatives for trading or speculative purposes not stated in its regulations.

d. Hedge effectiveness assessment::

Hedge effectiveness is evaluated at least every six months by evaluating whether the cash flow changes in the hedged item and cash flow changes in the hedge instrument cancel each other out at a high level.

F. Consumption tax and similar taxes

Consumption tax and local consumption tax are excluded from transaction amounts.

2. Notes to Changes in the Presentation Method

(Non-Consolidated Balance Sheets)

"Electronically recorded monetary claims," which had been included in "Notes and accounts receivable-trade" under "Current assets" section until the previous fiscal year, is now reclassified, as its monetary importance has increased during the fiscal year under review.

In this regard, the amount of "Electronically recorded monetary claims" in the previous consolidated fiscal year was ¥492 million.

3. Notes to the Non-Consolidated Balance Sheets

A. Accumulated depreciation of property and equipment	¥ 4,922 million
B. Liabilities for guarantees	
Guarantees for bank borrowings	
Employees*	¥ 46 million
Guarantees for notes and accounts payable-trade	
SANSHIN ELECTRONICS (HONG KONG) CO.,LTD.	¥ 215 million (US$ 1,912 thousand)
TAIWAN SANSHIN ELECTRONICS CO., LTD.	¥ 59 million (US$ 528 thousand)
Total	¥ 321 million

* Of loan guarantees to financial institutions concerning employee's borrowings to acquire housing, the portion to which home loan insurance applies has almost no risk attached and thus is excluded from liabilities for guarantees.

C. Monetary assets and liabilities due from or to subsidiaries and affiliates	
a. Short-term assets due from subsidiaries and affiliates	¥ 9,096 million
b. Short-term liabilities due to subsidiaries and affiliates	¥ 250 million

4. Notes to the Non-Consolidated Statement of Income

Transactions with subsidiaries and affiliates	
a. Sales	¥ 38,764 million
b. Purchases	¥ 1,766 million
c. Transactions other than operating activities	¥ 720 million

5. Notes to the Non-Consolidated Statement of Changes in Shareholders' Equity

Matters concerning type and number of treasury shares

(share)

Type of shares	No. of shares at the beginning of Fiscal 2015	Increase in No. of shares during Fiscal 2015	Decrease in No. of shares during Fiscal 2015	No. of shares at the end of Fiscal 2015
Common shares(Note)	1,102,116	360	—	1,102,476

Note: The Common stock increased by 164 treasury shares due to the purchase of 164 odd-lot shares.

6. Notes on Tax Effect Accounting

(1) Breakdown by cause of deferred tax assets and liabilities:

Deferred tax assets (current)	
Excess of allowance for bonuses over the deductible limit	¥ 163 million
Non-deductible valuation loss on merchandise	¥ 322 million
Deferred hedge gains (losses)	¥ 220 million
Other	¥ 49 million
Subtotal	¥ 756 million
Deferred tax assets (non-current)	
Excess of allowance for doubtful accounts over the deductible limit	¥ 0 million
Non-deductible reserve for directors' and Audit & Supervisory Board members' retirement allowances	¥ 25 million
Employees' severance and retirement benefits	¥ 20 million
Evaluation loss on securities held for investment excluded from expenses	¥ 8 million
Non-deductible loss on valuation of golf club memberships	¥ 3 million
Impairment loss excluded from expenses	¥ 5 million
Non-deductible loss on expenses for development of internal company systems	¥ 42 million
Other	¥ 4 million
Subtotal	¥ 110 million
Valuation reserve	(¥ 41 million)
Total deferred tax assets	¥ 69 million
Deferred tax liabilities (non-current)	
Valuation difference on available-for-sale securities	(¥ 172 million)
Total deferred tax liabilities	(¥ 172 million)
Net deferred tax assets	¥ 652 million

(2) Reconciliation between the statutory income tax rate and the effective income tax rate after the adoption of tax-effect accounting

Statutory effective rate	33.1%
(Reconciliation items)	
Entertainment expenses and others that are permanently non-deductible	2.2%
Dividends and others that are permanently excluded	(10.5%)
Foreign withholding tax	2.4%
Per capita inhabitant's tax	2.5%
Increase/decrease in valuation reserve	0.3%
Downward revision to deferred tax assets at term-end due to changes in the taxation rates	4.2%
Other	0.0%
Effective income tax rate after the adoption of tax-effect accounting	34.2%

(3) Modification to the amount of deferred tax assets and liabilities due to changes in corporate taxation rates

Following the promulgation of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 15/2016) and "Act for Partial Revision of the Local Tax Act, etc." (Act No. 13/2016) on March 29, 2016, the corporate income tax rate will be reduced from the fiscal year started on April 1, 2016. In accordance with this reform, the effective statutory tax rates, which are used to measure deferred tax assets and deferred tax liabilities, shall be reduced from 32.3%, the rate used for calculation in the previous fiscal year, to 30.9% for temporary differences that are expected to be eliminated during the fiscal years started on April 1, 2016 and the fiscal year starting on April 1, 2017, and to 30.6% for those that are expected to be eliminated on or after April 1, 2018.

As a result of this change in the tax rate, the amount of deferred tax assets (the amount of deferred tax liabilities is deducted) decreased ¥48 million, while income taxes-deferred, valuation difference on available-for-sale securities and deferred hedge losses increased by ¥42 million, ¥9 million and ¥15 million, respectively.

7. Notes on Transactions with Related Parties

Type	Company Name	Percentage of Ownership of Voting Rights, etc. (%)	Relationship with Related Parties	Transaction Details	Transaction Amounts (Million yen)	Item	Balance as of the end of fiscal year (Million yen)
Subsidiary	SANSHIN ELECTRONICS (HONG KONG) CO., LTD.	100% directly owned	Mutual supply of some products of the Company and the relevalent companies	Sales of products	18,932	Trade accounts receivable	5,599
				Receipt of business advisory fee	159	Accrued income	28
Subsidiary	TAIWAN SANSHIN ELECTRONICS CO., LTD.	100% directly owned	Mutual supply of some products of the Company and the relevalent companies	Sales of products	14,128	Trade accounts receivable	2,710

Notes: 1. Prices and other terms and conditions are determined through price negotiations, with consideration given to prevailing market conditions.

2. Consumption taxes are not included in the above transaction amounts.

8. Notes on Per Share Information

(1) Net assets per share ¥ 1,937.44

(2) Net profit per share ¥ 24.80

9. Notes on Significant Events Subsequent to the Fiscal Year-end

Not applicable.

Report of the audit of the consolidated accounts by Accounting Auditors

Independent Auditor’s Report

May 11, 2016

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

Deloitte Touche Tohmatsu LLC.

Ken-ichi Iino
Designated and Engagement Limited Partner
Certified Public Accountant

Takeshi Ando
Designated and Engagement Limited Partner
Certified Public Accountant

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, which consist of the consolidated balance sheet, consolidated statement of income, consolidated statement of shareholders’ equity and notes to consolidated financial statements, of Sanshin Electronics Co., Ltd., (the “Company”) for the consolidated fiscal year from April 1, 2015 to March 31, 2016.

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

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

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

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

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

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

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

Report of the audit of the accounts by Accounting Auditors

Independent Auditor’s Report

May 11, 2016

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

Deloitte Touche Tohmatsu LLC.

Ken-ichi Iino
Designated and Engagement Limited Partner
Certified Public Accountant

Takeshi Ando
Designated and Engagement Limited Partner
Certified Public Accountant

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements, which consist of the balance sheet, statement of income, statement of shareholders' equity, notes to non-consolidated financial statements, and detailed statements thereof, of Sanshin Electronics Co., Ltd., (the “Company”) for the 65th fiscal year from April 1, 2015 to March 31, 2016.

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

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

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

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

Auditor’s opinion

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

Interest relationships

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

Report of the Audit & Supervisory Board

Auditors' Report

The Audit & Supervisory Board (the "Board"), having deliberated on the audit reports prepared by the Audit & Supervisory Board members on the performance of the duties of Directors for the 65th fiscal year from April 1, 2015 to March 31, 2016 hereby reports on its audit findings as follows:

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

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

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

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

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

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

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

2. Results of the Audit

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

(a) The business report and its supporting schedules present fairly the status of the Company in conformity with the relevant laws and Articles of Incorporation.

(b) No misconduct or material fact running counter to the relevant laws or Articles of Incorporation has been found with respect to the execution of Directors' duties.

(c) The content of the resolutions of the Board of Directors on the internal control system are fair and reasonable. No item worthy of special mention has been found with respect to the contents of the business report and the execution of Directors' duties concerning the relevant internal control system.

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

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

(3) Results of the audit of consolidated financial statements

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

May 12, 2016

Audit & Supervisory Board

Sanshin Electronics Co., Ltd.

Keiji Nishio, Full-time Audit & Supervisory Board member

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

Minoru Matsumoto, External Audit & Supervisory Board member

Shohei Yamamoto, External Audit & Supervisory Board member

Reference Materials for the General Meeting of Shareholders

Item 1: Payment of year-end dividends of surplus

The Company's basic policy concerning profit allocation is to make decisions with consideration given to expanding profits for returning to shareholders and shoring up internal reserves. Under this policy, we aim to continually provide steady dividends to shareholders, and strive towards increased dividends, with a dividend payout ratio of around 50% of net profit for this consolidated fiscal year. Under this policy, for the year ended March 31, 2016, the year-end dividends that we will offer will be as outlined below.

1. Type of dividends
   Cash

2. Allocation and total of year-end dividends
   We propose to pay a year-end dividend of ¥30 per share, with the total payment of ¥845,366,910.
   (Combined with the already paid interim dividend, annual dividend thus becomes ¥40 per share.)

3. Date of commencement of payment of dividends of surplus
   June 27, 2016.

Item 2: Appointment of Twelve (12) Directors

All 10 Directors' terms of office expire at the closing of this General Meeting of Shareholders.
Therefore, the Company hereby proposes the election of twelve (12) Directors, increased by two (2) External Directors, to further enhance its corporate governance system.

The candidates for the position of Director are as follows:

<table>
<tr><th>Candidate no.</th><th>Name
(Date of birth)</th><th>Brief personal history, title, duty and important concurrent role</th><th>Shares owned</th></tr>
<tr><td rowspan="2">1</td><td>Mitsumasa Matsunaga
(born February 7, 1948)</td><td>Jan. 1980: Joined Sanshin Electronics Co., Ltd.
Oct. 1980: Director, Associate Senior Vice President
Nov. 1983: Director, Senior Vice President
Apr. 1993: Director, Executive Vice President
Jun. 1995: Representative Director, Senior Executive Director
Jun. 1996: Representative Director, President
Jun. 2014: Representative Director, Chairman
Aug. 2014: Representative Director, Chairman/CEO (current)</td><td>147,500</td></tr>
<tr><td colspan="3">[Reasons for appointment]
Mitsumasa Matsunaga has been involved in the management of Sanshin Electronics since 1980, when he was appointed Director. He is gifted with deep knowledge of corporate management as well as strong leadership. Drawing on this wealth of experience and extensive track record, Mr. Matsunaga can be expected to strengthen both the decision-making and supervisory functions of the Board of Directors through his participation in the supervision of consolidated-management policymaking and execution of operations, and is therefore being asked to continue to serve as Director of the Company.</td></tr>
<tr><td rowspan="2">2</td><td>Toshiro Suzuki
(born December 6, 1957)</td><td>Mar. 1982: Joined Sanshin Electronics Co., Ltd.
Apr. 2003: General Manager of General Affairs Department
Jun. 2005: General Manager of Corporate Strategy Department
Jun. 2008: Director, Associate Senior Vice President
Jun. 2014: Representative Director, President
Aug. 2014: Representative Director, President/COO (current)
[Duties]
In charge of Auditing Office</td><td>2,500</td></tr>
<tr><td colspan="3">[Reasons for appointment]
Backed by an enormous reserve of experience and knowledge regarding corporate management and management strategy, Toshiro Suzuki has led the Company as President since 2014. Drawing on this wealth of experience and extensive track record, Mr. Suzuki can be expected to strengthen both the decision-making and supervisory functions of the Board of Directors through his participation in the supervision of consolidated-management policymaking and execution of operations, and is therefore being asked to continue to serve as Director of the Company.</td></tr>
</table>

<table>
<tr><th>Candidate no.</th><th>Name
(Date of birth)</th><th>Brief personal history, title, duty and important concurrent role</th><th>Shares owned</th></tr>
<tr><td rowspan="2">3</td><td>Yasuhiko Ota
(born April 3, 1953)</td><td>Mar. 1976: Joined Sanshin Electronics Co., Ltd.
Oct. 2004: Manager of Tachikawa Branch Office
Oct. 2007: Deputy Senior General Manager of Eastern Japan Marketing & Sales Division
Apr. 2011: Vice President, Deputy Senior General Manager of Eastern Japan Marketing & Sales Division
Jun. 2013: Director, Associate Senior Vice President
Jun. 2014: Director, Senior Vice President (current)
[Duties]
Senior General Manager of Marketing & Sales Administration Division and Senior General Manager of Eastern Japan Marketing & Sales Division</td><td>4,900</td></tr>
<tr><td colspan="3">[Reasons for appointment]
Yasuhiko Ota has worked in the Device business since the day he joined Sanshin Electronics, accruing extensive experience and results in business management. Drawing on this wealth of experience and extensive track record, Mr. Ota can be expected to strengthen both the decision-making and supervisory functions of the Board of Directors through his participation in the supervision of consolidated-management policymaking and execution of operations, and is therefore being asked to continue to serve as Director of the Company.</td></tr>
<tr><td rowspan="2">4</td><td>Fumihide Kitamura
(born September 15, 1957)</td><td>Jan. 1985: Joined Sanshin Electronics Co., Ltd.
Oct. 1995: President (seconded) of SANSHIN ELECTRONICS (HONG KONG) CO., LTD.
Oct. 2007: General Manager of Business Development Department, International Operations Division
Oct. 2008: Deputy Senior General Manager of International Operations Division
Apr. 2011: Vice President, Deputy Senior General Manager of International Operations Division
Jun. 2014: Director, Associate Senior Vice President (current)
[Duties]
Senior General Manager of International Operations Division
[Important Concurrent Role]
Chairman of the Board of TAIWAN SANSHIN ELECTRONICS CO., LTD.</td><td>1,489</td></tr>
<tr><td colspan="3">[Reasons for appointment]
Fumihide Kitamura has served Sanshin Electronics for many years as a manager of overseas subsidiaries. He was a driving force in the Sanshin Electronics Group’s overseas expansion. Drawing on this wealth of experience and extensive track record, Mr. Kitamura can be expected to strengthen both the decision-making and supervisory functions of the Board of Directors through his participation in the supervision of consolidated-management policymaking and execution of operations, and is therefore being asked to continue to serve as Director of the Company.</td></tr>
</table>

<table>
<tr><td>Candidate no.</td><td>Name
(Date of birth)</td><td colspan="2">Brief personal history, title, duty and important concurrent role</td><td>Shares owned</td></tr>
<tr><td rowspan="2">5</td><td>Nobuyuki Hatano
(born November 8, 1954)</td><td colspan="2">Apr. 1983: Joined Sanshin Electronics Co., Ltd.
Apr. 2004: General Manager of 2nd Network Systems Sales Department
Oct. 2012: Deputy Senior General Manager of Solution Marketing & Sales Division (current)
Jun. 2013: Vice President, Deputy Senior General Manager of Solution Marketing & Sales Division
Jun. 2014: Director, Associate Senior Vice President (current)
[Duties]
Deputy Senior General Manager of Solution Marketing & Sales Division</td><td>2,231</td></tr>
<tr><td colspan="4">[Reasons for appointment]
Nobuyuki Hatano has been active in the Solution business since he joined the Company. He possesses solid experience and a sterling track record in the IT industry and the Company’s Solution business. Drawing on this wealth of experience and extensive track record, Mr. Hatano can be expected to strengthen both the decision-making and supervisory functions of the Board of Directors through his participation in the supervision of consolidated-management policymaking and execution of operations, and is therefore being asked to continue to serve as Director of the Company.</td></tr>
<tr><td rowspan="2">6</td><td>Akio Misono
(born June 24, 1959)</td><td colspan="2">Mar. 1982: Joined Sanshin Electronics Co., Ltd.
Apr. 2003: General Manager of Accounting Department
Oct. 2008: General manager of Planning Department
Oct. 2012: General Manager of Finance Department (current)
Oct. 2013: Deputy Senior General Manager of Finance & Accounting Division
Jun. 2014: Director, Associate Senior Vice President (current)
[Duties]
Senior General Manager of Finance & Accounting Division</td><td>900</td></tr>
<tr><td colspan="4">[Reasons for appointment]
Akio Misono is highly knowledgeable in the fields of management planning, accounting and finance, and has deep understanding of and experience in investor relations. Drawing on this wealth of experience and extensive track record, Mr. Misono can be expected to strengthen both the decision-making and supervisory functions of the Board of Directors through his participation in the supervision of consolidated-management policymaking and execution of operations, and is therefore being asked to continue to serve as Director of the Company.</td></tr>
</table>

<table>
<tr><th>Candidate no.</th><th>Name
(Date of birth)</th><th colspan="2">Brief personal history, title, duty and important concurrent role</th><th>Shares owned</th></tr>
<tr><td rowspan="2">7</td><td>Koji Sakamoto
(born February 3, 1960)</td><td>Mar. 1984:
Apr. 2003:
Oct. 2013:

Jun. 2014:

Jun. 2015:
[Duties]
Senior General Manager of Administration Division</td><td>Joined Sanshin Electronics Co., Ltd.
General Manager of Personnel Department
Deputy Senior General Manager of Administration Division
Vice President, Senior General Manager of Administration Division
Director, Associate Senior Vice President (current)</td><td>200</td></tr>
<tr><td colspan="4">[Reasons for appointment]
Koji Sakamoto holds knowledge and experience in personnel strategy, corporate governance and internal controls, and is well versed in business management. Drawing on this wealth of experience and extensive track record, Mr. Sakamoto can be expected to strengthen both the decision-making and supervisory functions of the Board of Directors through his participation in the supervision of consolidated-management policymaking and execution of operations, and is therefore being asked to continue to serve as Director of the Company.</td></tr>
<tr><td rowspan="2">8*</td><td>Yuji Mori
(born May 2, 1957)</td><td>Mar. 1982:
Oct. 2002:

Oct. 2014:

Oct. 2015:</td><td>Joined Sanshin Electronics Co., Ltd.
General Manager of Video System Sales Department (current)
Deputy Senior General Manager of Solution Marketing & Sales Division
Executive Officer, Deputy Senior General Manager of Solution Marketing & Sales Division (current)</td><td>0</td></tr>
<tr><td colspan="4">[Reasons for appointment]
Imaging operations are a pillar of the Company’s Solution business. Yuji Mori has experience and results in this field and is experienced in business management, having served as President of the Company’s subsidiary. Drawing on this wealth of experience and extensive track record, Mr. Mori can be expected to strengthen both the decision-making and supervisory functions of the Board of Directors through his participation in the supervision of consolidated-management policymaking and execution of operations, and is therefore nominated as a candidate for Director of the Company.</td></tr>
</table>

<table>
<tr><th>Candidate no.</th><th>Name
(Date of birth)</th><th colspan="2">Brief personal history, title, duty and important concurrent role</th><th>Shares owned</th></tr>
<tr><td rowspan="2">9*</td><td>Tomoyuki Nagase
(born February 15, 1960)</td><td>Jan. 1984:
Apr. 1996:
Oct. 2006:
Oct. 2012:
Oct. 2014:</td><td>Joined Sanshin Electronics Co., Ltd.
Senior Manager (seconded) of SANSHIN ELECTRONICS (HONG KONG) CO., LTD.
General Manager of the 2nd Marketing & Sales Department
Deputy Senior General Manager of the 1st Marketing & Sales Division
Executive Officer, Deputy Senior General Manager of Eastern Japan Marketing & Sales Division (current)</td><td>0</td></tr>
<tr><td colspan="4">[Reasons for appointment]
Since the day he joined Sanshin Electronics, Tomoyuki Nagase has worked in the Device business, where he established an extensive network of personal connections. Mr. Nagase boasts an enviable track record in expanding the business of overseas subsidiaries. Drawing on this wealth of experience and extensive track record, Mr. Nagase can be expected to strengthen both the decision-making and supervisory functions of the Board of Directors through his participation in the supervision of consolidated-management policymaking and execution of operations, and is therefore nominated as a candidate for Director of the Company.</td></tr>
<tr><td rowspan="2">10*</td><td>Takeshi Uchimura
(born August 16, 1949)</td><td>Apr. 1972:
Jun. 2000:
Aug. 2003:
Jun. 2006:
Jun. 2009:
Jun. 2010:
Jun. 2015:</td><td>Joined Sumitomo Bakelite Co., Ltd.
Director
Manager of subsidiaries in Belgium, Spain and the Netherlands
Director & Managing Executive Officer
Director & Executive Operating Officer
Audit & Supervisory Board Member (full-time)
Senior Adviser (current)</td><td>0</td></tr>
<tr><td colspan="4">[Reasons for appointment]
Takeshi Uchimura meets the Independence Standards required by the Company for the position of External Director, and can be expected to provide extensive suggestions concerning all aspects of the Company’s corporate management, based on his abounding experience in corporate management as Director for listed companies. Furthermore, the Company has judged that Mr. Uchimura can provide extensive suggestions mainly regarding growth strategies for business overseas and the development of a corporate governance system, based on his experience as an Audit & Supervisory Board Member, and his expertise in M&A, subsidiary restructuring, and in IR for foreign institutional investors, as he was in charge of overseas subsidiaries. Accordingly, Mr. Uchimura is nominated as a candidate for Director of the Company.</td></tr>
</table>

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

Notes: 1. The candidates are decided by the Board of Directors based on reports received from the Nomination and Remuneration Advisory Committee. Key members of this Committee are Independent Directors of companies listed on the Tokyo Stock Exchange.

2. Candidates marked with an asterisk (*) are new nominees for Director.

3. None of the above candidates have special vested interests with the Company.

4. Takeshi Uchimura, Minoru Nishino and Tatsuo Takeuchi are candidates for External Director.

5. If the election of Takeshi Uchimura, Minoru Nishino and Tatsuo Takeuchi is approved, pursuant to Article 427, Paragraph 1 of the Companies Act, the Company will enter into a contract with all three of them, which limits their liability for damages prescribed in Article 423, Paragraph 1 of the Companies Act. However, the limit on their liability for damages under these agreements coincides with the legally stipulated amounts.

6. Also, the Company will designate Takeshi Uchimura, Minoru Nishino and Tatsuo Takeuchi as Independent Directors as per the provisions of the Tokyo Stock Exchange, and will give notice to this effect to the Tokyo Stock Exchange.

Item 4: Appointment of One (1) Audit & Supervisory Board Member

As the term of office of Audit & Supervisory Board member Shin-ichi Miura expires at the closing of this General Meeting of Shareholders, the Company hereby proposes the election of one (1) Audit & Supervisory Board member.

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

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

Name (Date of birth)	Brief personal history, title, duty and important concurrent role		Shares owned
Shin-ichi Miura (born July 21, 1956)	Mar. 1980: Oct. 1994: Aug. 2003: Jun. 2012:	Joined Sanshin Electronics Co., Ltd. General Manager (seconded) of SANSHIN ELECTRONICS (HONG KONG) CO., LTD. General Manager of Distribution Center Audit & Supervisory Board Member (full-time) (current)	17,600
[Reasons for appointment] Shin-ichi Miura is widely knowledgeable and experienced in corporate management. He brings to the table a deep understanding of the importance of internal controls. Mr. Miura can be expected to monitor the management of the Company from an objective standpoint and offer suitable advice and recommendations at meetings of the Board of Directors and in other contexts. The Company is pleased once again to recommend Mr. Miura for the position of Audit & Supervisory Board member.			

Notes: 1. The candidates are decided by the Board of Directors based on reports received from the Nomination and Remuneration Advisory Committee. Key members of this Committee are Independent Auditors of companies listed on the Tokyo Stock Exchange.

2. The above candidate has no special vested interests with the Company.

3. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into contract with Mr. Shin-ichi Miura, which limits his liability for damages prescribed in Article 423, Paragraph 1 of the Companies Act. The amount of their liability under this agreement is limited by laws and regulations. If Mr. Miura's election is approved, the Company plans to continue the agreement with him.

Information on How to Exercise Your Voting Rights via the Internet

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

1. About the website for exercising your voting rights

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

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

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

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

2. Handling of votes

(1) When exercising your voting rights via the Internet, please use the "Code for Exercising Voting Rights" and "Password" listed in the enclosed form for exercising your voting rights. Follow the instructions on the screen and enter your approval/disapproval.

(2) The deadline for voting is Thursday, June 23, 2016 at 5:10 p.m. Please exercise your voting rights at your earliest convenience.

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

(4) When using the website for exercising your voting rights, shareholders are responsible for the fees (connection fees, etc.) charged by Internet providers and telecommunications carriers.

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

(1) The Code for Exercising Voting Rights which is listed on the form for exercising your voting rights is only valid for the current General Meeting of Shareholders.

(2) The Password is important information for confirming that the person exercising voting rights is the shareholder himself/herself. Please manage the Password with care.

(3) If the Password is entered incorrectly a certain number of times, it will become invalid. If you would like to have your Password reissued, please follow instructions listed on the screen.

4. System requirements

When exercising your voting rights via the Internet, please confirm the following points regarding the system being used.

(1) When using the PC website

1) The resolution of your monitor screen should be at least 800 x 600 (SVGA).

2) The following applications must be installed.

a. Web browsers: Microsoft® Internet Explorer Ver. 5.01 SP2 or later

b. PDF browsers: Adobe® Acrobat® Reader® Ver. 4.0 or later; Adobe® Reader® Ver.6.0 or later

*Internet Explorer, Adobe® Acrobat® Reader® and Adobe® Reader® are the registered trademarks, trademarks, or product names of Microsoft Corporation and Adobe Systems Incorporated,

respectively, used in the United States and other countries.

*These software programs are distributed free of charge from the respective companies' websites.

3) If you have enabled a pop-up blocker function for your web browser or browser add-in tools, please disable (or temporarily disable) the function. Furthermore, in Privacy settings, please permit the use of Cookies for the website for exercising your voting rights.

4) If you are unable to connect to the website, communication with the Internet may be restricted due to settings for the firewall proxy server or security software. Please check these settings.

5) It is also possible to exercise your voting rights using the full browser function of mobile phones, including smartphones. However, depending on the model, it may not be possible to use the function.

(2) When using the mobile phone website

The mobile phone used must be a model which can use one of the services listed below, and which can perform 128 bit SSL (Secure Socket Layer) encrypted communication.

1) i-mode

2) EZweb

3) Y!mobile

*i-mode, EZweb, and Y!mobile are trademarks, registered trademarks, or service names of KDDI Corporation, Yahoo! Incorporated (USA), and SoftBank Group Corporation, respectively.

*Even when the conditions listed above are fulfilled, when using a full browser application of a mobile phone to access the website, or when using a telephone as a communication device only and accessing the website by PC via a telephone terminal, or when accessing the website via a smartphone, the access will be treated as if you exercised your voting rights on the PC site.

5. Inquiries regarding the operation method for PCs, etc.

(1) If you have any questions regarding the operation method for PCs or mobile phones in regards to exercising your voting rights on the website specified by the Company, please direct your inquiry to the contact listed below.

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

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

(2) Please direct any other inquiries to the contact listed below.

1) Shareholders who have an account at a securities company

Please contact the securities company where you have an account.

2) Shareholders who do not have an account at a securities company (those who have a special account)

Securities Agency Business Center, Sumitomo Mitsui Trust Bank, Limited

TEL.: 0120-782-031 (9 a.m. to 9 p.m., except Saturdays, Sundays and holidays)

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

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