

[Translation for Reference and Convenience Purposes Only]

Please note that the following is an unofficial English translation of Japanese original text of Notice of Convocation of the 104th Ordinary General Meeting of Shareholders of Toyo Seikan Group Holdings, Ltd. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Securities Code: 5901

June 5, 2017

To Our Shareholders:

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

**NOTICE OF CONVOCATION OF  
THE 104th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 104th Ordinary General Meeting of Shareholders of Toyo Seikan Group Holdings, Ltd. (the “Company”). The Meeting will be held as described below.

**If you are unable to attend the Meeting, you can exercise your voting rights in writing or via the Internet. Please review the “Reference Documents for the General Meeting of Shareholders” mentioned below, and exercise your voting rights by 5:15 p.m., Monday, June 26, 2017.**

- 1. Time and Date:** 10:00 a.m., Tuesday, June 27, 2017
- 2. Place:** 2F Meeting Room, Osaki Forest Bldg.  
2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo, Japan
- 3. Agenda of the Meeting:**
  - Items to be Reported:**
    - (1) The Business Report and the Consolidated Financial Statements, and the Audit Reports of the Accounting Auditor and the Audit and Supervisory Board for the Consolidated Financial Statements for the 104th Fiscal Year (from April 1, 2016 to March 31, 2017)
    - (2) The Non-consolidated Financial Statements for the 104th Fiscal Year (from April 1, 2016 to March 31, 2017)
  - Items to be Resolved:**
    - Proposal 1:** Appropriation of Surplus
    - Proposal 2:** Election of Eleven (11) Directors
    - Proposal 3:** Election of One (1) Audit and Supervisory Board Member
    - Proposal 4:** Revision of the Amount of Compensation to Audit and Supervisory Board Members

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

**Reference Documents for the General Meeting of Shareholders**

**Proposals and References**

**Proposal 1: Appropriation of Surplus**

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

Matters concerning a year-end dividend:

By improving business performance of the Toyo Seikan Group, the Company has been continuing its efforts to steadily increase returns to shareholders and share profits. We intend to ensure the distribution of stable and continuous dividends, and target a consolidated payout ratio of 20% or higher.

The Company marks the 100th anniversary of its founding on June 25, 2017. To reward its shareholders for their support over the years, the Company proposes to pay a year-end dividend for the fiscal year under review of ¥12 per share, consisting of an ordinary dividend of ¥7 per share and a commemorative dividend of ¥5 per share to celebrate the 100th anniversary.

(1) Type of dividend property

Cash

(2) Allotment of dividend property to shareholders and its total amount

¥12 per share of the Company's common share (¥7 per share as an ordinary dividend and ¥5 per share as a commemorative dividend for the 100th anniversary of the Company's founding)

Total amount of payout: ¥2,434,355,640

The Company paid ¥7 per share as an interim dividend, and accordingly the aggregate amount of annual dividends for the fiscal year under review will be ¥19 per share.

(3) Effective date of the distribution of surplus

June 28, 2017

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**Proposal 2: Election of Eleven (11) Directors**

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

Therefore, we would like to propose that the number of Directors be increased by two (2) in order to further enhance the Group's management system and ask our shareholders to elect eleven (11) Directors.

The candidates for Directors are as follows:

| Candidate No. | Name              | Current status and area of responsibility at the Company                                                                                                                         |                                   | Attendance at Board of Directors Meetings |
|---------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------------------------------|
| 1             | Takao Nakai       | President and Representative Director<br>Chairman of Group CSR Promotion Committee<br>Chairman of Group Risk and Compliance Committee<br>Chairman of Group Environment Committee | Reelection                        | 14 out of 14 times (100.0%)               |
| 2             | Atsuo Fujii       | Executive Vice President and Representative Director<br>Corporate Strategy and Corporate Administration and Chief Financial Officer                                              | Reelection                        | 14 out of 14 times (100.0%)               |
| 3             | Norimasa Maida    | Senior Executive Officer and Director<br>Chief Technology Officer                                                                                                                | Reelection                        | 14 out of 14 times (100.0%)               |
| 4             | Toshiyasu Gomi    | Senior Executive Officer and Director<br>Secretariat, CSR, General Affairs, Legal, HR and Group Risk and Compliance                                                              | Reelection                        | 14 out of 14 times (100.0%)               |
| 5             | Masashi Gobun     | Senior Executive Officer and Director<br>Accounting, Finance and Group IT                                                                                                        | Reelection                        | 14 out of 14 times (100.0%)               |
| 6             | Mitsuo Arai       | Director                                                                                                                                                                         | Reelection<br>Outside Independent | 14 out of 14 times (100.0%)               |
| 7             | Hideaki Kobayashi | Director                                                                                                                                                                         | Reelection<br>Outside Independent | 12 out of 14 times (85.7%)                |
| 8             | Tsutao Katayama   | Director                                                                                                                                                                         | Reelection<br>Outside Independent | 14 out of 14 times (100.0%)               |
| 9             | Kei Asatsuma      | Director                                                                                                                                                                         | Reelection<br>Outside             | 10 out of 10 times (100.0%)               |
| 10            | Masakazu Soejima  | —                                                                                                                                                                                | New election                      | —                                         |
| 11            | Kazuo Murohashi   | —                                                                                                                                                                                | New election                      | —                                         |

Note: As Director Kei Asatsuma took office at the Ordinary General Meeting of Shareholders held on June 28, 2016, the number of Board of Directors meetings available for him to attend was 10.

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| Candidate No. | Name<br>(Date of birth)                                                                                                                                                                                                                                                                                                                                        | Career summary, status, area of responsibility<br>and significant concurrent positions                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1             | <p>Takao Nakai<br/>(Apr. 1, 1952)</p> <p>Reelection</p> <p>Attendance at Board<br/>of Directors<br/>Meetings:<br/>14 out of 14 times<br/>(100.0%)</p> <p>Number of the<br/>Company's<br/>shares owned:<br/>40,600</p>                                                                                                                                          | <p>Apr. 1975</p> <p>Jun. 2000</p> <p>Jun. 2003</p> <p>Jun. 2005</p> <p>Jun. 2006</p> <p>Jun. 2008</p> <p>Apr. 2013</p> <p>Jun. 2013</p> <p>Jun. 2014</p> <p>Jun. 2015</p> <p>Dec. 2016</p> | <p>Joined the Company</p> <p>General Manager, Material Procurement Department</p> <p>General Manager, Material Procurement Department, Material Procurement &amp; Environment Division</p> <p>Director</p> <p>Operating Officer</p> <p>Head of International Division</p> <p>Executive Officer</p> <p>Senior Executive Officer</p> <p>In charge of International Operations, Marketing and Procurement</p> <p>Executive Vice President and Director</p> <p>Assistant to President</p> <p>President and Representative Director (up to present)</p> <p>Chairman of Group CSR Promotion Committee (up to present)</p> <p>Chairman of Group Compliance Promotion Committee</p> <p>Chairman of Group Environment Committee (up to present)</p> <p>Chairman of Group Risk and Compliance Committee (up to present)</p>                                                                                                                                                                                           |
|               | <p>Reason for appointment as Director candidate</p> <p>Takao Nakai is appointed as a candidate for Director since we believe that he has abundant experience and extensive knowledge and insight accumulated as the Group's corporate executive over many years and he is qualified to lead the management of the Group.</p>                                   |                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 2             | <p>Atsuo Fujii<br/>(Mar. 8, 1952)</p> <p>Reelection</p> <p>Attendance at Board<br/>of Directors<br/>Meetings:<br/>14 out of 14 times<br/>(100.0%)</p> <p>Number of the<br/>Company's<br/>shares owned:<br/>9,900</p>                                                                                                                                           | <p>Jun. 2006</p> <p>Apr. 2008</p> <p>Apr. 2010</p> <p>Apr. 2012</p> <p>Jan. 2013</p> <p>Apr. 2013</p> <p>Jun. 2013</p> <p>Apr. 2015</p> <p>Jun. 2015</p> <p>Jun. 2016</p>                  | <p>Executive Officer and Director of Toyo Kohan Co., Ltd.</p> <p>Head of Strategic Planning Division and General Manager of Strategic Planning Department, Toyo Kohan Co., Ltd.</p> <p>Managing Executive Officer and Director, Toyo Kohan Co., Ltd.</p> <p>Senior Managing Executive Officer and Director, Toyo Kohan Co., Ltd.</p> <p>In charge of CSR, Strategic Planning, Finance, General Affairs, HR and Kudamatsu Plant, Toyo Kohan Co., Ltd.</p> <p>Assistant to President and Director, Toyo Kohan Co., Ltd.</p> <p>Executive Officer of the Company</p> <p>In charge of Group Management Reforms</p> <p>Head of Corporate Administration Division</p> <p>Senior Executive Officer</p> <p>In charge of Corporate Administration</p> <p>Chief Financial Officer (up to present)</p> <p>Director</p> <p>In charge of Corporate Strategy and Corporate Administration (up to present)</p> <p>Executive Vice President</p> <p>Executive Vice President and Representative Director (up to present)</p> |
|               | <p>Reason for appointment as Director candidate</p> <p>Atsuo Fujii is appointed as a candidate for Director since we believe that he has abundant experience and extensive knowledge and insight accumulated at strategic planning and corporate administration divisions over many years and he is qualified to act as the Company's corporate executive.</p> |                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

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| Candidate No.                                                                                                                                                                                                                                                                                                                                                                    | Name<br>(Date of birth)                                                      | Career summary, status, area of responsibility and significant concurrent positions |                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| 3                                                                                                                                                                                                                                                                                                                                                                                | Norimasa Maida<br>(Mar. 3, 1954)                                             | Apr. 2008                                                                           | Executive Officer of Toyo Kohan Co., Ltd.<br>General Manager, Technology Department, Technology Development Division, Toyo Kohan Co., Ltd. |
|                                                                                                                                                                                                                                                                                                                                                                                  | Reelection                                                                   | Apr. 2010                                                                           | In charge of Film Sales Division, Toyo Kohan Co., Ltd.<br>General Manager, Chemical Products Department, Toyo Kohan Co., Ltd.              |
|                                                                                                                                                                                                                                                                                                                                                                                  | Attendance at Board of Directors Meetings:<br>14 out of 14 times<br>(100.0%) | Apr. 2012                                                                           | Operating Officer of the Company<br>In charge of Group Development Strategy                                                                |
|                                                                                                                                                                                                                                                                                                                                                                                  |                                                                              | Apr. 2013                                                                           | Executive Officer<br>In charge of Technology and Business Development                                                                      |
| Apr. 2015                                                                                                                                                                                                                                                                                                                                                                        |                                                                              | Chief Technology Officer (up to present)                                            |                                                                                                                                            |
| Jun. 2015                                                                                                                                                                                                                                                                                                                                                                        |                                                                              | Director (up to present)                                                            |                                                                                                                                            |
|                                                                                                                                                                                                                                                                                                                                                                                  | Number of the Company's shares owned:<br>5,100                               | Apr. 2016                                                                           | Senior Executive Officer (up to present)                                                                                                   |
|                                                                                                                                                                                                                                                                                                                                                                                  |                                                                              | (Significant concurrent position)<br>• Director, Toyo Kohan Co., Ltd.               |                                                                                                                                            |
| Reason for appointment as Director candidate<br>Norimasa Maida is appointed as a candidate for Director since we believe that he has abundant experience and extensive knowledge and insight accumulated at the technology development division over many years and he is qualified to act as the Company's corporate executive.                                                 |                                                                              |                                                                                     |                                                                                                                                            |
| 4                                                                                                                                                                                                                                                                                                                                                                                | Toshiyasu Gomi<br>(Sep. 3, 1955)                                             | Apr. 1978                                                                           | Joined the Company                                                                                                                         |
|                                                                                                                                                                                                                                                                                                                                                                                  | Reelection                                                                   | Jun. 2005                                                                           | General Manager, HR Department, Corporate Administration Division                                                                          |
|                                                                                                                                                                                                                                                                                                                                                                                  |                                                                              | Jun. 2007                                                                           | Plant Manager, Kawasaki Plant, Production & Operations Division                                                                            |
|                                                                                                                                                                                                                                                                                                                                                                                  |                                                                              | Jun. 2010                                                                           | Operating Officer<br>In charge of Business Restructuring                                                                                   |
| Attendance at Board of Directors Meetings:<br>14 out of 14 times<br>(100.0%)                                                                                                                                                                                                                                                                                                     |                                                                              | Apr. 2013                                                                           | In charge of Secretariat, General Affairs, Legal, HR and Compliance                                                                        |
|                                                                                                                                                                                                                                                                                                                                                                                  | Apr. 2014                                                                    | Executive Officer                                                                   |                                                                                                                                            |
|                                                                                                                                                                                                                                                                                                                                                                                  | Apr. 2015                                                                    | In charge of Secretariat, CSR, General Affairs, Legal, HR and Compliance            |                                                                                                                                            |
|                                                                                                                                                                                                                                                                                                                                                                                  | Jun. 2015                                                                    | Director (up to present)                                                            |                                                                                                                                            |
|                                                                                                                                                                                                                                                                                                                                                                                  | Number of the Company's shares owned:<br>11,700                              | Apr. 2016                                                                           | Senior Executive Officer (up to present)                                                                                                   |
|                                                                                                                                                                                                                                                                                                                                                                                  |                                                                              | Dec. 2016                                                                           | In charge of Secretariat, CSR, General Affairs, Legal, HR and Group Risk and Compliance (up to present)                                    |
| (Significant concurrent position)<br>• Director, Toyo Seikan Co., Ltd.                                                                                                                                                                                                                                                                                                           |                                                                              |                                                                                     |                                                                                                                                            |
| Reason for appointment as Director candidate<br>Toshiyasu Gomi is appointed as a candidate for Director since we believe that he has abundant experience and extensive knowledge and insight mainly in the HR and personnel administration accumulated at the corporate administration division over many years and he is qualified to act as the Company's corporate executive. |                                                                              |                                                                                     |                                                                                                                                            |

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| Candidate No.                                                                                                                                                                                                                                                                                                          | Name<br>(Date of birth)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Career summary, status, area of responsibility<br>and significant concurrent positions |                                                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 5                                                                                                                                                                                                                                                                                                                      | Masashi Gobun<br>(Apr. 11, 1956)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Apr. 1979                                                                              | Joined the Company                                                                    |
|                                                                                                                                                                                                                                                                                                                        | Reelection<br><br>Attendance at Board<br>of Directors<br>Meetings:<br>14 out of 14 times<br>(100.0%)                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Jun. 2005                                                                              | General Manager, Information Technology Department, Corporate Administration Division |
|                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Jun. 2008                                                                              | General Manager, Accounting & Finance Department, Corporate Administration Division   |
|                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Apr. 2012                                                                              | Operating Officer                                                                     |
|                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Apr. 2013                                                                              | In charge of Accounting and IT                                                        |
| Apr. 2014                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Executive Officer                                                                      |                                                                                       |
| May 2015                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | In charge of Accounting, Finance and IT                                                |                                                                                       |
| Jun. 2015                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Director (up to present)                                                               |                                                                                       |
| Apr. 2016                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Senior Executive Officer (up to present)                                               |                                                                                       |
| Number of the<br>Company's<br>shares owned:<br>10,520                                                                                                                                                                                                                                                                  | Dec. 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | In charge of Accounting, Finance and Group IT (up to present)                          |                                                                                       |
|                                                                                                                                                                                                                                                                                                                        | (Significant concurrent position)<br>• Director, Toyo Seikan Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                        |                                                                                       |
| Reason for appointment as Director candidate<br>Masashi Gobun is appointed as a candidate for Director since we believe that he has abundant experience and extensive knowledge and insight accumulated at the accounting, finance and IT departments and he is qualified to act as the Company's corporate executive. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                        |                                                                                       |
| 6                                                                                                                                                                                                                                                                                                                      | Mitsuo Arai<br>(Sep.16, 1945)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Aug. 1971                                                                              | Joined Otsuka CPA Office                                                              |
|                                                                                                                                                                                                                                                                                                                        | Reelection<br><br>Outside<br>Independent<br><br>Attendance at Board<br>of Directors<br>Meetings:<br>14 out of 14 times<br>(100.0%)                                                                                                                                                                                                                                                                                                                                                                                                                   | Mar. 1976                                                                              | Registered as Certified Public Accountant (up to present)                             |
|                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Sep. 1976                                                                              | Registered as Certified Tax Accountant (up to present)                                |
|                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Jul. 1983                                                                              | Resigned from Otsuka CPA Office                                                       |
|                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Aug. 1983                                                                              | Established Arai CPA Office                                                           |
| Representative Partner (up to present)                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                        |                                                                                       |
| Apr. 1990                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Adjunct Professor, Faculty of Economics, Kokugakuin University                         |                                                                                       |
| Jun. 2006                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Director of the Company (up to present)                                                |                                                                                       |
| Mar. 2015                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Resigned from Adjunct Professor, Faculty of Economics, Kokugakuin University           |                                                                                       |
| Number of the<br>Company's<br>shares owned: 0                                                                                                                                                                                                                                                                          | (Significant concurrent positions)<br>• Certified Public Accountant (Head of Arai Certified Public Accountant Office)<br>• Outside Director (Audit and Supervisory Committee Member), Okamoto Industries, Inc.                                                                                                                                                                                                                                                                                                                                       |                                                                                        |                                                                                       |
|                                                                                                                                                                                                                                                                                                                        | Reason for appointment as outside Director candidate<br>Mitsuo Arai is appointed as a candidate for outside Director since we believe that he has specialized knowledge and insight, and abundant experience as a certified public accountant and he is considered qualified to act as the Company's corporate executive. Although he has not been directly involved in corporate management other than as an outside Director, the Company deemed that he would be able to adequately perform his duties as outside Director for the above reasons. |                                                                                        |                                                                                       |

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| Candidate No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Name<br>(Date of birth)                                                                                                                                                                                                | Career summary, status, area of responsibility and significant concurrent positions                                                                                                                                                                                                                         |                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Hideaki Kobayashi<br>(Dec. 19, 1945)<br><br>Reelection<br>Outside<br>Independent<br><br>Attendance at Board of Directors Meetings:<br>12 out of 14 times<br>(85.7%)<br><br>Number of the Company's shares owned: 2,200 | Apr. 1968                                                                                                                                                                                                                                                                                                   | Entered the Ministry of Foreign Affairs                                                                                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | Jan. 1995                                                                                                                                                                                                                                                                                                   | Assistant Vice-Minister, Minister's Secretariat & Consular and Migration Affairs Department, Ministry of Foreign Affairs |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | Apr. 1995                                                                                                                                                                                                                                                                                                   | Deputy Secretary General (External Affairs), Secretariat of the Japan Fair Trade Commission                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | Aug. 1997                                                                                                                                                                                                                                                                                                   | Envoy Extraordinary and Minister Plenipotentiary, Embassy of Japan in the United States of America                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | Feb. 2000                                                                                                                                                                                                                                                                                                   | Ambassador Extraordinary and Plenipotentiary, Permanent Mission of Japan to the United Nations                           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | Apr. 2001                                                                                                                                                                                                                                                                                                   | Chief of Protocol, the Ministry of Foreign Affairs                                                                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | Oct. 2002                                                                                                                                                                                                                                                                                                   | Chief Chamberlain to H.I.H. Crown Prince, The Imperial Household Agency                                                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | Oct. 2005                                                                                                                                                                                                                                                                                                   | Ambassador Extraordinary and Plenipotentiary to the Kingdom of Thailand                                                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | Oct. 2008                                                                                                                                                                                                                                                                                                   | Director of State Guest House, Cabinet Office                                                                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | Mar. 2011                                                                                                                                                                                                                                                                                                   | Retired from Cabinet Office                                                                                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Apr. 2011                                                                                                                                                                                                              | Advisor to the Company                                                                                                                                                                                                                                                                                      |                                                                                                                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Jun. 2011                                                                                                                                                                                                              | Director of the Company (up to present)                                                                                                                                                                                                                                                                     |                                                                                                                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (Significant concurrent position)<br>• Outside Director, Densan Co. Ltd.                                                                                                                                               |                                                                                                                                                                                                                                                                                                             |                                                                                                                          |
| Reason for appointment as outside Director candidate<br>Hideaki Kobayashi is appointed as a candidate for outside Director since we believe that he has abundant experience and extensive knowledge and insight as a diplomat over many years and he is qualified to act as the Company's corporate executive. Although he has not been directly involved in corporate management other than as an outside Director, the Company deemed that he would be able to adequately perform his duties as outside Director for the above reasons. |                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                             |                                                                                                                          |
| 8                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Tsutao Katayama<br>(Apr. 24, 1949)<br><br>Reelection<br>Outside<br>Independent<br><br>Attendance at Board of Directors Meetings:<br>14 out of 14 times<br>(100.0%)<br><br>Number of the Company's shares owned: 400    | Apr. 1983                                                                                                                                                                                                                                                                                                   | Full-time Instructor, Faculty of Engineering, Doshisha University                                                        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | Apr. 1986                                                                                                                                                                                                                                                                                                   | Assistant Professor, Faculty of Engineering                                                                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | Apr. 1991                                                                                                                                                                                                                                                                                                   | Professor, Faculty of Engineering                                                                                        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | Apr. 2004                                                                                                                                                                                                                                                                                                   | Vice President                                                                                                           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | Apr. 2008                                                                                                                                                                                                                                                                                                   | Professor, Department of Biomedical Engineering, Faculty of Life and Medical Sciences (up to present)                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | Jun. 2015                                                                                                                                                                                                                                                                                                   | Director of the Company (up to present)                                                                                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | (Significant concurrent position)<br>• Professor, Department of Biomedical Engineering, Faculty of Life and Medical Sciences, Doshisha University                                                                                                                                                           |                                                                                                                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | Reason for appointment as outside Director candidate<br>Tsutao Katayama is appointed as a candidate for outside Director since we believe that he has specialized knowledge and insight, and abundant experience as a university professor and he is qualified to act as the Company's corporate executive. |                                                                                                                          |

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| Candidate No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Name<br>(Date of birth)                                                   | Career summary, status, area of responsibility<br>and significant concurrent positions |                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| 9                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Kei Asatsuma<br>(Sep. 5, 1970)                                            | Apr. 1997                                                                              | Admitted to bar (Daiichi Tokyo Bar Association) (up to present)<br>Joined Nagashima & Ohno (current Nagashima Ohno & Tsunematsu) (up to present) |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Reelection<br><br>Outside                                                 | Jan. 2005                                                                              | Partner, Nagashima Ohno & Tsunematsu (up to present)                                                                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                           | Jun. 2016                                                                              | Director of the Company (up to present)                                                                                                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Attendance at Board of Directors Meetings:<br>10 out of 10 times (100.0%) | (Significant concurrent position)<br>• Lawyer (Partner, Nagashima Ohno & Tsunematsu)   |                                                                                                                                                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Number of the Company's shares owned: 0                                   |                                                                                        |                                                                                                                                                  |
| Reason for appointment as outside Director candidate<br>Kei Asatsuma is appointed as a candidate for outside Director since we believe that he has specialized knowledge and insight, and abundant experience as a lawyer and he is qualified to act as the Company's corporate executive. Although he has not been directly involved in corporate management other than as an outside Director, the Company deemed that he would be able to adequately perform his duties as outside Director for the above reasons. |                                                                           |                                                                                        |                                                                                                                                                  |
| 10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Masakazu Soejima<br>(Nov. 23, 1965)                                       | Apr. 1988                                                                              | Joined the Company                                                                                                                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | New election                                                              | Jun. 2010                                                                              | General Manager, Accounting & Finance Department, Corporate Administration Division                                                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                           | Apr. 2012                                                                              | Director, Can Machinery Holdings, Inc. (up to present)                                                                                           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                           | Apr. 2013                                                                              | General Manager, Accounting & Finance Department of the Company                                                                                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                           | May 2015                                                                               | General Manager, Corporate Planning Department (up to present)                                                                                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Apr. 2016                                                                 | Operating Officer (up to present)                                                      |                                                                                                                                                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Number of the Company's shares owned: 300                                 | (Significant concurrent position)<br>• Director, Toyo Aerosol Industry Co., Ltd.       |                                                                                                                                                  |
| Reason for appointment as Director candidate<br>Masakazu Soejima is appointed as a candidate for Director since we believe that he has abundant experience and extensive knowledge and insight accumulated at the accounting and corporate planning departments over many years and he is qualified to act as the Company's corporate executive.                                                                                                                                                                      |                                                                           |                                                                                        |                                                                                                                                                  |

**[Translation for Reference and Convenience Purposes Only]**

| Candidate No. | Name<br>(Date of birth)                                                                                                                                                                                                                                                                                                                       | Career summary, status, area of responsibility and significant concurrent positions                                                                                                                                                                                                                                                                                                            |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 11            | Kazuo Murohashi<br>(Sep. 24, 1963)                                                                                                                                                                                                                                                                                                            | Apr. 1986 Joined the Company<br>Jun. 2009 Plant Manager, Shimizu Plant, Production & Operations Division<br>Oct. 2010 Plant Manager, Shizuoka Plant, Production & Operations Division<br>Apr. 2012 General Manager, HR Department, Corporate Administration Division<br>Apr. 2013 General Manager, General Affairs and HR Department, Corporate Administration Division, Toyo Seikan Co., Ltd. |
|               | New election                                                                                                                                                                                                                                                                                                                                  | Jul. 2015 General Manager, HR Department, Corporate Administration Division, Toyo Seikan Co., Ltd.                                                                                                                                                                                                                                                                                             |
|               | Number of the Company's shares owned: 3,600                                                                                                                                                                                                                                                                                                   | Apr. 2016 General Manager, HR Department of the Company (up to present)<br>Apr. 2017 Operating Officer (up to present)                                                                                                                                                                                                                                                                         |
|               | Reason for appointment as Director candidate<br>Kazuo Murohashi is appointed as a candidate for Director since we believe that he has abundant experience and extensive knowledge and insight accumulated at the HR and personnel administration departments over many years and he is qualified to act as the Company's corporate executive. |                                                                                                                                                                                                                                                                                                                                                                                                |

- Notes:
1. There are no special interests between the Company and each candidate for Directors.
  2. Mitsuo Arai, Hideaki Kobayashi, Tsutao Katayama and Kei Asatsuma are outside Director candidates.
  3. Term of office as outside Director of the Company
    - (1) Mitsuo Arai will have served as outside Director of the Company for eleven (11) years at the close of this Ordinary General Meeting of Shareholders.
    - (2) Hideaki Kobayashi will have served as outside Director of the Company for six (6) years at the close of this Ordinary General Meeting of Shareholders.
    - (3) Tsutao Katayama will have served as outside Director of the Company for two (2) years at the close of this Ordinary General Meeting of Shareholders.
    - (4) Kei Asatsuma will have served as outside Director of the Company for one (1) year at the close of this Ordinary General Meeting of Shareholders.
  4. Outline of Liability Limitation Agreement with outside Director  
Under provisions in Article 427, paragraph 1 of the Companies Act, the Company has concluded an agreement with Mitsuo Arai, Hideaki Kobayashi, Tsutao Katayama and Kei Asatsuma, which limits the liability stipulated in Article 423, paragraph 1 of the Companies Act. The limit of liability amount based on said agreement shall be the higher of either ¥10 million or the amount provided for in the Act. If the proposal for the election of Mitsuo Arai, Hideaki Kobayashi, Tsutao Katayama and Kei Asatsuma is approved, the Company will extend their agreements.
  5. The Company has designated Mitsuo Arai, Hideaki Kobayashi and Tsutao Katayama as Independent Directors in accordance with the rules of the Tokyo Stock Exchange and reported to the Exchange to that effect. If the proposal for the election of Mitsuo Arai, Hideaki Kobayashi and Tsutao Katayama is approved, the Company will continue to designate them as Independent Directors of the Company.

**[Translation for Reference and Convenience Purposes Only]**

**Proposal 3: Election of One (1) Audit and Supervisory Board Member**

The term of office of Audit and Supervisory Board Member Akira Hirose will expire at the close of this Ordinary General Meeting of Shareholders.

Therefore, we would like to ask our shareholders to elect one (1) Audit and Supervisory Board Member.

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

The candidate for Audit and Supervisory Board Member is as follows:

| Name<br>(Date of birth)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Career summary and significant concurrent positions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Hiroshi Suzuki<br>(Sep. 17, 1952)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p>Apr. 1975 Joined the Tokyo Regional Taxation Bureau</p> <p>Jul. 2000 Professor, National Tax College</p> <p>Jul. 2002 Judicial Research Official, Tokyo District Court</p> <p>Jul. 2004 Examiner, Fourth Large Enterprise Examination Department, Tokyo Regional Taxation Bureau</p> <p>Jul. 2005 District Director, Saku Tax Office</p> <p>Jul. 2006 Chief Litigation Officer (International Group), Office of Litigation, First Taxation Department, Tokyo Regional Taxation Bureau</p> <p>Jul. 2008 Director, Rulings and Legal Affairs Division, First Taxation Department, Tokyo Regional Taxation Bureau</p> <p>Jul. 2009 Director (Appeals Judge), National Tax Tribunal, Tokyo Regional Taxation Bureau</p> <p>Jul. 2011 Director, Tax Counsel Office, Management and Co-ordination Department, Tokyo Regional Taxation Bureau</p> <p>Jul. 2012 District Director, Chiba Higashi Tax Office</p> <p>Aug. 2013 Registered as Certified Tax Accountant (up to present)<br/>Established Certified Tax Accountant Office (up to present)</p> |
| New election<br>Outside<br>Independent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Number of the Company's shares owned: 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p>(Significant concurrent position)</p> <ul style="list-style-type: none"> <li>• Certified Tax Accountant</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <p>Reason for appointment as outside Audit and Supervisory Board Member candidate</p> <p>Hiroshi Suzuki is appointed as a candidate for outside Audit and Supervisory Board Member since we believe that he has specialized knowledge and insight, and abundant experience at the Tokyo Regional Taxation Bureau, National Tax Agency over many years and he is qualified to act as the Company's Audit and Supervisory Board Member. Although he has not been directly involved in corporate management, the Company deemed that he would be able to adequately perform his duties as outside Audit and Supervisory Board Member for the above reasons.</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

- Notes:
1. There are no special interests between the Company and Hiroshi Suzuki.
  2. Hiroshi Suzuki is a candidate for outside Audit and Supervisory Board Member.
  3. Outline of Liability Limitation Agreement with outside Audit and Supervisory Board Member  
If the proposal for the election of Hiroshi Suzuki is approved, under provisions in Article 427, paragraph 1 of the Companies Act, the Company will enter into an agreement with Hiroshi Suzuki, which limits the liability stipulated in Article 423, paragraph 1 of the Companies Act. The limit of liability amount based on said agreement shall be the higher of either ¥10 million or the amount provided for in the Act.
  4. Hiroshi Suzuki meets the requirements for Independent Directors/Auditors prescribed by the Tokyo Stock Exchange and the Independence Standards for Outside Executives of the Company. If the proposal for the election of Hiroshi Suzuki is approved, the Company will designate him as an Independent Audit and Supervisory Board Member of the Company and report to the Tokyo Stock Exchange to that effect.

## [Translation for Reference and Convenience Purposes Only]

[Reference]

### Independence Standards for Outside Executives of the Company

The Company hereby establishes the “Independence Standards for Outside Executives” to clearly set the standards to qualify outside Directors<sup>\*1</sup> and outside Audit and Supervisory Board Members<sup>\*2</sup> (collectively, the “Outside Executives”) as independent.

#### <Independence Standards>

None of the following description (items a. through f.) shall apply:

- a. A person who is, or has been in the past 10 years, a Director (excluding an outside Director), Audit and Supervisory Board Member (excluding an outside Audit and Supervisory Board Member) or employee of the Company and its consolidated subsidiaries (collectively, the “Group”).
- b. A person who is, or has been in the past 3 years, a major business partner<sup>\*3</sup> of the Group or a person who executes business of the Group’s major business partner<sup>\*4</sup>.
- c. A person who is, or has been in the past 3 years, a major shareholder<sup>\*5</sup> of the Company (in case a major shareholder is a corporation, a person who executes business of such corporation) or a person who executes business of a corporation for which the Group is a major shareholder.
- d. A consultant, accounting advisor or legal advisor, etc., who receives, or has received in any of the past 3 fiscal years from the Group, cash and/or other assets exceeding 10 million yen annually excluding remuneration of executives (if the entity receiving such assets is an organization including a corporation or association, this refers to a person belonging to such organization).
- e. A person who receives, or has received in any of the past 3 fiscal years, donations exceeding 10 million yen annually from the Group or a person who executes business of a corporation or organization receiving such donations.
- f. A spouse or a relative within the second degree of the following individuals:
  - 1) A person who is, or has been in the past 3 years, a Director, Audit and Supervisory Board Member or important employee<sup>\*6</sup> of the Group.
  - 2) A person who falls under the above b., c. or e. (in case of any employee, this applies only to an important employee)
  - 3) A person listed in the above d. (in case such assets are obtained by an organization including a corporation or association, this applies only to an accounting advisor, legal advisor or other qualified professionals belonging to such organization)

#### Notes:

- \*1. Outside Directors refers to an outside director as set forth under Article 2, item 15 of the Companies Act.
- \*2. Outside Audit and Supervisory Board Members refers to an outside audit and supervisory board member as set forth under Article 2, item 16 of the Companies Act.
- \*3. A major business partner is:
  - (1) in the transaction between the Group and a business partner group, in any of the past 3 fiscal years
    - i) a business partner for which the transaction value of the Group’s net sales or purchase price exceeds the higher of 100 million yen or 2% of the annual consolidated net sales of the Group, or
    - ii) a business partner for which the transaction value of the Group’s net sales or purchase prices exceeds the higher of 100 million yen or 2% of the annual consolidated net sales of a business partner group
  - (2) a financial institution group from which the Group borrows funds and the Group’s total amount of borrowing from such financial institution group exceeds 2% of the Group’s consolidated total assets as of the end of the previous fiscal year
- \*4. A person who executes business refers to a person as set forth under Article 2, paragraph 3, item 6 of the Ordinance for Enforcement of the Companies Act.
- \*5. A major shareholder refers to a person who directly or indirectly holds 10% or more of the total voting rights.
- \*6. An important employee refers to an employee at and above a general manager level.

**Proposal 4: Revision of the Amount of Compensation to Audit and Supervisory Board Members**

In the 93rd Ordinary General Meeting of Shareholders held on June 29, 2006, it was resolved that compensation paid to Audit and Supervisory Board Members will be no more than ¥80 million per year, which has remained unchanged to date. However, taking into account changes in the economic conditions, levels of compensation in our industry and other factors, we would like to propose to revise the amount of compensation to Audit and Supervisory Board Members to be no more than ¥110 million per year.

Currently, the number of Audit and Supervisory Board Members is five (5). If Proposal 3 is approved in original form, the number of Audit and Supervisory Board Members will remain unchanged at five (5) members.

## THE 104th TERM BUSINESS REPORT

(From April 1, 2016, to March 31, 2017)

### I. Business Overview of the Group

#### 1. Progress and Results of Operations

In the consolidated fiscal year ended March 31, 2017, Japan's economy continued to recover gradually on the back of improvement in the employment and income environments and in corporate profits. However, the outlook is unpredictable due to concerns such as the impact of uncertainty in overseas economies and fluctuations in financial and capital markets.

Given such circumstances, the Toyo Seikan Group's operating performance for the consolidated fiscal year under review is as described below. Net sales decreased to ¥779,469 million (a year-on-year decrease of 2.8%), due to weak sales of machinery and equipment related to packaging containers as well as beverage containers, along with a decrease in net sales at overseas subsidiaries after converting to the yen equivalent due to the impact of yen appreciation. On the profit front, operating income increased to ¥36,184 million (a year-on-year increase of 11.9%), and ordinary income increased to ¥36,107 million (a year-on-year increase of 35.4%) due to the effect of Group-wide cost-cutting and raw material and energy prices below the previous fiscal year's levels as a result of lower crude oil prices. Consequently, the Group's profit attributable to owners of parent amounted to ¥12,190 million (a year-on-year increase of 21.6%) for the consolidated fiscal year under review. This increase was primarily attributable to the reporting of an extraordinary income item relative to sales of non-current assets, despite the recording of an impairment loss.

The overall business situation for each segment was as follows:

| Business segment                      | Net sales<br>(millions of yen) | Change from FY2015<br>(%) | Composition ratio<br>(%) |
|---------------------------------------|--------------------------------|---------------------------|--------------------------|
| Packaging business                    | 657,340                        | 96.1                      | 84.3                     |
| Steel plate related business          | 54,124                         | 99.4                      | 6.9                      |
| Functional materials related business | 35,887                         | 93.4                      | 4.6                      |
| Real estate related business          | 7,429                          | 106.6                     | 1.0                      |
| Other businesses                      | 24,686                         | 133.4                     | 3.2                      |
| Total                                 | 779,469                        | 97.2                      | 100.0                    |

#### [Packaging business]

Segment net sales decreased 3.9% from the previous fiscal year to ¥657,340 million, and operating income was ¥30,082 million, a 22.2% increase compared with the previous fiscal year.

##### 1) Manufacturing and sales of metal packaging

Sales of metal packaging products decreased year on year.

<Domestic>

Although sales of closures for soft drink bottles increased, sales of cans for drinks, particularly coffee drinks, remained sluggish. As a result, domestic sales decreased year on year.

<Overseas>

Sales of cans for nutritional drinks grew in Thailand, and sales of "Maxi caps" for beer increased in Germany. However, overseas sales fell significantly below the previous year's results due to the impact of yen appreciation.

##### 2) Manufacturing and sales of plastic packaging

Sales of plastic packaging products increased year on year.

<Domestic>

Although sales of cups for *miso* were weak, sales of plastic closures for soft drink bottles and sales of PET beverage bottles for teas were favorable, and sales of bottles for kitchen detergent also increased. As a result, domestic sales increased year on year.

<Overseas>

Sales of PET beverage bottles were favorable in Thailand due to an increase in contract filling of bottles for fruit juice beverages, and sales of bottles for laundry detergent increased, but yen appreciation had a negative impact, resulting in lower overseas sales than in the previous fiscal year.

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**3) Manufacturing and sales of paper products**

Sales for paper products were flat year on year. Sales of corrugated paper sheets were stagnant, and sales of paper container products were sluggish due to a decrease in sales of paper cups for coffee, which are used mainly at convenience stores, despite strong sales for paper products due to an increase in multi-packs for beer.

**4) Manufacturing and sales of glass packaging**

Sales of glass packaging products decreased from the previous fiscal year, reflecting sluggish sales in the housewares category due to a decrease in new orders of sales promotion products such as glasses, as well as a decline in sales of bottle products for soft drinks.

**5) Contract manufacturing and sales of aerosol products and general filling products**

Sales of aerosol products increased significantly year on year, reflecting an increase in sales of aerosol products such as insecticides as well as favorable sales of general filling products such as hair care products.

**6) Manufacturing and sales of machinery and equipment related to packaging containers**

Sales of machinery and equipment related to packaging containers decreased considerably year on year. Sales in the U.S. of can and can-end manufacturing machinery destined for China and the Middle East were poor, and sales of beverage-filling equipment in Japan decreased, while yen appreciation also had a negative impact.

**[Steel plate related business]**

Segment net sales decreased 0.6% from the previous fiscal year to ¥54,124 million with operating income of ¥4,121 million (a year-on-year increase of 247.2%).

Sales of materials for electrical and electronic components were flat year on year due to the impact of yen appreciation, despite an increase in sales of battery materials for dry-cell batteries and automotive secondary batteries.

Sales of materials for automobile and industrial machinery parts remained flat year on year due to factors including the impact of yen appreciation, in addition to a decrease in sales of bearing seal materials, offsetting an increase in sales of gasket materials.

Sales of construction materials and household electric appliances decreased over the previous fiscal year due to a decline in sales of materials for refrigerator doors and interior materials for unit baths.

**[Functional materials related business]**

Segment net sales decreased 6.6% from the previous fiscal year to ¥35,887 million with operating income of ¥979 million (a year-on-year decrease of 70.1%).

Sales of aluminum substrates for magnetic disks decreased from the previous fiscal year due to factors including a fall in productivity caused by rising quality requirements of customers as well as the impact of yen appreciation.

Sales of functional films for optics decreased from the previous fiscal year due to factors including continuing adjustments in the flat panel display market.

Meanwhile, sales of gel coats were strong, and sales of pigments increased mainly in exports.

**[Real estate related business]**

Segment net sales increased 6.6% from the previous fiscal year to ¥7,429 million with operating income of ¥4,564 million (a year-on-year increase of 9.1%), which resulted from the rental/lease of office buildings and commercial facilities.

**[Other businesses]**

This segment includes 1) the manufacturing and sales of automobile press dies, machinery and appliances, hard alloys, and raw material products for agriculture; 2) sales of petroleum products; and 3) the non-life insurance agency business. Segment net sales increased 33.4% from the previous fiscal year to ¥24,686 million with operating loss of ¥917 million (operating income of ¥1,166 million in the previous fiscal year).

The operating results of business segments per region were as follows.

Net sales in Japan were ¥676,680 million (a year-on-year decrease of 0.5%) with operating income of

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¥32,416 million (a 26.9% increase from the previous fiscal year).

Net sales in Asia (Thailand, China, Malaysia, etc.) were ¥53,344 million (a year-on-year decrease of 10.4%) with operating income of ¥4,910 million (a year-on-year increase of 87.2%).

Net sales in other regions (the U.S., etc.) were ¥49,444 million (a year-on-year decrease of 20.4%) with operating loss of ¥1,650 million (operating income of ¥4,225 million in the previous fiscal year).

At the end of the consolidated fiscal year under review, the number of consolidated subsidiaries was seventy-one (71) (an increase of five (5) from the previous fiscal year), and associates accounted for using the equity method were three (3) (unchanged from the previous fiscal year). The change in the number of our consolidated subsidiaries during the consolidated fiscal year under review was as follows:

The following six (6) companies were included:

Stolle EMS Group Limited  
Stolle European Manufacturing Solutions Limited  
Stolle EMS Precision Limited  
Stolle EMS Polska Sp. z o.o.  
NCC Europe GmbH  
Ichinose Trading Co., Ltd.

The following one (1) company was excluded:

Malaysia Packaging Industry Berhad\*

\*Toyo Seikan Co., Ltd., a consolidated subsidiary of the Company, transferred all of the shares it held in Malaysia Packaging Industry Berhad to Taisei Lamick Co., Ltd. as of September 29, 2016.

**2. Capital Investment**

(1) Capital investment conducted during the consolidated fiscal year under review amounted to ¥43,413 million, which mainly consisted of the following investments.

[Packaging business] 37,231 million yen

Toyo Seikan Co., Ltd.

Manufacturing facilities for beverage cans (Ishioka Plant, Ibaraki Plant)

Manufacturing facility for cans for food and daily supplies (Shiga Plant)

Manufacturing facility for plastic products (Osaka Plant)

Expansion of plant buildings, etc. (Shiga Plant)

[Steel plate related business] 2,027 million yen

[Functional materials related business] 1,800 million yen

Toyo Kohan Co., Ltd.

Manufacturing facility for aluminum substrates for magnetic disks (Kudamatsu Plant)

[Real estate related business] 1,031 million yen

[Other businesses] 928 million yen

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

[Packaging business]

Toyo Seikan Co., Ltd.

Manufacturing facility for plastic products (Kawasaki Plant, Osaka Plant)

[Functional materials related business]

Toyo Kohan Co., Ltd.

Manufacturing facility for aluminum substrates for magnetic disks (Kudamatsu Plant)

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

[Packaging business]

Toyo Seikan Co., Ltd.

Manufacturing facility for beverage cans (Ishioka Plant, Ibaraki Plant)

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Manufacturing facility for cans for food and daily supplies (Shiga Plant)  
Manufacturing facilities for plastic products (Osaka Plant)  
Expansion of plant buildings, etc. (Shiga Plant)  
Nippon National Seikan Co., Ltd.  
Expansion of plant buildings (Head Office Plant)  
Tokan Kogyo Co., Ltd.  
Expansion of plant buildings, etc. (Atsugi Plant)

**3. Financing**

Not applicable.

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

Toyo Seikan Co., Ltd. (hereinafter, “Toyo Seikan”), a consolidated subsidiary of the Company, transferred its customer engineering business to Toyo Food Equipment Co., Ltd., Toyo Seikan’s wholly owned subsidiary, through an absorption-type split as of June 1, 2016.

Toyo Food Equipment Co., Ltd. changed its trade name to Toyo Seikan Group Engineering Co., Ltd. as of the same day.

**5. Business Taken Over from Other Companies**

Not applicable.

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

Not applicable.

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

Toyo Seikan Co., Ltd., a consolidated subsidiary of the Company, transferred all of the shares it held in Malaysia Packaging Industry Berhad to Taisei Lamick Co., Ltd. as of September 29, 2016. As a result, Malaysia Packaging Industry Berhad was excluded from the scope of consolidation.

**8. Issues to Be Addressed**

Japan’s economy is expected to remain unpredictable in the near future with concerns such as the uncertainty of overseas economies and the impact of fluctuations in financial and capital markets, although a gradual recovery is expected to accompany ongoing improvement in the employment and income environments as well as in corporate profits. While the size of the container packaging market in Japan is not expected to grow, the business environment surrounding Japanese packaging manufacturers is even harsher because business partners have further shifted to in-house production of PET beverage bottles.

In such a business environment, the Group enters the second year of the “Toyo Seikan Group Fourth Mid-Term Management Plan” for FY2016-FY2018, which began in May 2016. The Plan is defined as a phase for “solidifying the foundation” in order to grow into “a global company that develops peripheral businesses centered on packaging operations,” which is the Group’s future vision for growth set out under “Growing 2022.”

An overview of the Plan is provided below.

**Basic Policy**

- Define and promote Group strategies under the holding company system
- Further restructure the existing businesses mainly focusing on the domestic packaging segments
- Expand business areas in the value chain focusing on packaging containers
- Enhance the soundness of assets and finances in preparation for future growth investment

**Outline of Basic Strategy**

**<CSR-Based Management>**

The Group’s vision for group CSR management is to “contribute to bringing happiness and prosperity to mankind through its sincere and fair business activities.” Under this management philosophy, we will continue establishing “Toyo Seikan Group as a brand that is trusted by people around the world” while communicating with all stakeholders.

**[Translation for Reference and Convenience Purposes Only]**

**<Group's Management Structure>**

While strategically making business decisions and promoting collaboration among group companies under the holding company system, we are enhancing the soundness of assets and finances in preparation for future growth.

**<Existing Business in Japan>**

While continuing to create new value to gain customer loyalty, we are further streamlining and automating the Group's production system, and further improving profitability by partnering with third parties, with the aim of establishing a sustainable profit structure.

**<Overseas Business>**

While striving to stabilize the earnings of recently established overseas subsidiaries, we are developing and implementing appropriate decisions on overseas businesses based on strategies by specific business and region.

In Myanmar, on July 4, 2016, we established Yangon Can Manufacturing Co., Ltd., a joint venture engaged in manufacturing and sales of beverage cans, through a joint investment with Loi Hein Co., Ltd., for the purpose of building our business foundation and strengthening ties with business partners. We are moving ahead with preparations to start operations in the second half of 2017.

In India, in September 2016, we began production at NCC Crowns Private Limited, a joint venture established through joint investment with Carlsberg India Private Limited, for the purpose of manufacturing and sales of closures for beer and other beverage bottles in the India and Nepal region where future market growth is expected.

In Malaysia, we transferred all shares held by the Toyo Seikan Group in Malaysia Packaging Industry Berhad, which was the base of the film business in the ASEAN region, to Taisei Lamick Co., Ltd. as of September 29, 2016, in order to promote structural reforms at existing businesses and to concentrate management resources.

In the steel plate related business, installation of steel plate manufacturing equipment was completed at TOSYALI TOYO CELIK ANONIM SIRKETI, a joint venture in Turkey, and production of some types of products began.

**<Growth Strategy>**

We will nurture competitive business pillars for the future by effectively allocating management resources to growth areas, based on a strategy of bolstering development and sales capabilities that bring together the Group's collective strengths.

We are utilizing the Group's technologies to expand businesses peripheral to core segments such as the machinery/equipment engineering business that incorporates both the technologies of equipment manufacturing and container production, and striving for constant growth of new businesses such as "life science, medical care" and "electricity/electronics, information and communication and energy" on which our R&D efforts are focused.

Stolle Machinery Company, LLC acquired EMS Global Limited (currently, Stolle EMS Group Limited) on April 6, 2016, and aims to enhance the machinery/equipment engineering business by expanding the equipment lineup.

In addition, Toyo Seikan Co., Ltd. transferred its customer engineering business to Toyo Food Equipment Co., Ltd. (currently, Toyo Seikan Group Engineering Co., Ltd.) through an absorption-type split as of June 1, 2016. Through this step, we aim to transform Toyo Seikan Group Engineering Co., Ltd. into a strong machinery manufacturing company where the development capabilities of Group companies are concentrated, and to build and implement a new business model that combines machinery with the Toyo Seikan Group's container manufacturing technologies.

On June 25, 2017, the Company marks the 100th anniversary of its founding. This is entirely due to the support of our shareholders, and we would like to express our heartfelt gratitude to you all. Although the business environment surrounding the Group is expected to be more severe, we aim to achieve further growth by steadily implementing various measures under the "Toyo Seikan Fourth Mid-Term Management Plan."

We would like to request all shareholders their continued support for the coming years.

[Translation for Reference and Convenience Purposes Only]

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

(millions of yen)

|                                         | 101st term<br>FY2013 | 102nd term<br>FY2014 | 103rd term<br>FY2015 | 104th term<br>FY2016<br>(Current term) |
|-----------------------------------------|----------------------|----------------------|----------------------|----------------------------------------|
| Net sales                               | 785,245              | 784,362              | 802,048              | 779,469                                |
| Operating income                        | 27,858               | 15,080               | 32,347               | 36,184                                 |
| Ordinary income                         | 29,605               | 23,851               | 26,659               | 36,107                                 |
| Profit attributable to owners of parent | 13,800               | 3,604                | 10,027               | 12,190                                 |
| Profit per share (yen)                  | 68.03                | 17.77                | 49.43                | 60.09                                  |
| Total assets                            | 1,068,525            | 1,137,899            | 1,150,667            | 1,148,144                              |
| Net assets                              | 667,765              | 710,747              | 704,189              | 727,829                                |
| Net asset per share (yen)               | 2,971.34             | 3,164.11             | 3,133.81             | 3,244.50                               |

10. Parent Company and Significant Subsidiaries

(1) Parent company

Not applicable.

(2) Significant subsidiaries

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

Notes: 1. The ratio of indirect voting rights is shown in parentheses in the column of the “Ratio of voting rights.”

2. The status of specified wholly owned subsidiary on the last day of the fiscal year under review is as follows.

**[Translation for Reference and Convenience Purposes Only]**

|                                                                             |                                             |
|-----------------------------------------------------------------------------|---------------------------------------------|
| Name of specified wholly owned subsidiary                                   | Toyo Seikan Co., Ltd.                       |
| Address of specified wholly owned subsidiary                                | 2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo |
| Book value of the specified wholly owned subsidiary's shares in the Company | 217,469 million yen                         |
| Total assets of the Company                                                 | 647,626 million yen                         |

**11. Content of Principal Businesses (as of March 31, 2017)**

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

**12. Principal Offices and Plants (as of March 31, 2017)**

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

[Translation for Reference and Convenience Purposes Only]

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

### 13. Employees (as of March 31, 2017)

#### (1) Employees of the Group

| Business segment                      | Number of employees (persons) | Change from the end of previous fiscal year (persons) |
|---------------------------------------|-------------------------------|-------------------------------------------------------|
| Packaging business                    | 14,978                        | Decrease by 435                                       |
| Steel plate related business          | 1,095                         | Decrease by 9                                         |
| Functional materials related business | 1,178                         | Increase by 38                                        |
| Real estate related business          | 7                             | Decrease by 1                                         |
| Other businesses                      | 835                           | Increase by 7                                         |
| Corporate (common)                    | 397                           | Increase by 6                                         |
| Total                                 | 18,490                        | Decrease by 394                                       |

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

#### (2) Employees of the Company

| Number of employees (persons) |     | Change from the end of previous fiscal year (persons) | Average age (years) | Average years of service |
|-------------------------------|-----|-------------------------------------------------------|---------------------|--------------------------|
| Male                          | 306 | Increase by 3                                         | 41.1                | 15.8                     |
| Female                        | 91  | Increase by 3                                         | 37.5                | 12.6                     |
| Total                         | 397 | Increase by 6                                         | 40.3                | 15.0                     |

### 14. Principal Lenders (as of March 31, 2017)

(millions of yen)

| Lender                              | Borrowed amount |
|-------------------------------------|-----------------|
| Sumitomo Mitsui Banking Corporation | 77,601          |
| Sumitomo Mitsui Trust Bank, Limited | 38,035          |
| Mizuho Bank, Ltd.                   | 16,026          |

### 15. Other Significant Matters Concerning Current Status of the Group

(1) The Company and Hokkan Holdings Limited (hereinafter “Hokkan HD”) entered into a memorandum of understanding (MOU) as of April 25, 2016, regarding the business integration of the two companies. The basic policy of the MOU is to conduct the business integration through a share exchange whereby the Company will become the wholly owning parent company and Hokkan HD will become a wholly owned subsidiary, and the two companies are proceeding with discussions and deliberations regarding the business integration. The business integration is subject to the approval and permission of the relevant authorities necessary for its implementation, and is currently under business combination review by the Japan Fair Trade Commission. As a result, the business integration, which was scheduled to go into effect on April 1, 2017, has been postponed.

The two companies aim to realize the business integration at an early stage, and will continue working

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in cooperation so that the business combination review by the Japan Fair Trade Commission goes smoothly.

- (2) Toyo Seikan Co., Ltd., a consolidated subsidiary of the Company, was subject to on-site inspections by the Japan Fair Trade Commission on April 20, 2017, on suspicion of violating the Antimonopoly Act of Japan regarding transactions involving cans for food. The Company and Toyo Seikan Co., Ltd. will continue to cooperate fully with this inspection by the Japan Fair Trade Commission.

[Translation for Reference and Convenience Purposes Only]

**II. Current Status of the Company**

**1. Shares (as of March 31, 2017)**

- (1) Number of shares authorized to be issued: 450,000,000 shares  
(2) Number of issued shares: 217,775,067 shares  
(3) Number of shareholders: 5,918  
(4) Major shareholders:  
(Top 10 shareholders)

| Name                                                 | Number of shares held<br>(in thousands) | Shareholding ratio<br>(%) |
|------------------------------------------------------|-----------------------------------------|---------------------------|
| The Master Trust Bank of Japan, Ltd. (trust account) | 25,672                                  | 12.7                      |
| Toyo College of Food Technology                      | 16,192                                  | 8.0                       |
| Japan Trustee Services Bank, Ltd. (trust account)    | 15,143                                  | 7.5                       |
| Toyo Institute of Food Technology                    | 12,390                                  | 6.1                       |
| Sumitomo Mitsui Banking Corporation                  | 6,500                                   | 3.2                       |
| Fukoku Mutual Life Insurance Company                 | 5,600                                   | 2.8                       |
| Sumitomo Mitsui Trust Bank, Limited                  | 4,200                                   | 2.1                       |
| The Gunma Bank, Ltd.                                 | 3,919                                   | 1.9                       |
| Toyo Ink SC Holdings Co., Ltd.                       | 3,798                                   | 1.9                       |
| Mitsui Sumitomo Insurance Company, Limited           | 3,441                                   | 1.7                       |

Notes: 1. In addition to the above-mentioned shares, 14,912,097 shares are held by the Company as treasury shares.  
2. The shareholding ratio is calculated by subtracting 14,912,097 treasury shares.

**2. Stock Acquisition Rights Related Information**

Not applicable.

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

(1) Directors and Audit and Supervisory Board Members (as of March 31, 2017)

| Position                                             | Name              | Area of responsibility and significant concurrent positions                                                                                                                                                                                                                                                                     |
|------------------------------------------------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| President and Representative Director                | Takao Nakai       | - Chairman of Group CSR Promotion Committee<br>- Chairman of Group Risk and Compliance Committee<br>- Chairman of Group Environment Committee                                                                                                                                                                                   |
| Executive Vice President and Representative Director | Atsuo Fujii       | - Corporate Strategy and Corporate Administration<br>- Chief Financial Officer                                                                                                                                                                                                                                                  |
| Director                                             | Norimasa Maida    | - Senior Executive Officer<br>- CTO<br>- Director, Toyo Kohan Co., Ltd.                                                                                                                                                                                                                                                         |
| Director                                             | Toshiyasu Gomi    | - Senior Executive Officer<br>- Secretariat, CSR, General Affairs, Legal, HR, and Group Risk and Compliance<br>- Director, Toyo Seikan Co., Ltd.                                                                                                                                                                                |
| Director                                             | Masashi Gobun     | - Senior Executive Officer<br>- Accounting, Finance & Group IT<br>- Director, Toyo Seikan Co., Ltd.                                                                                                                                                                                                                             |
| Director                                             | Mitsuo Arai       | - Certified Public Accountant<br>- Outside Director (Audit and Supervisory Committee Member), Okamoto Industries, Inc.                                                                                                                                                                                                          |
| Director                                             | Hideaki Kobayashi | - Outside Director, Densan Co., Ltd.                                                                                                                                                                                                                                                                                            |
| Director                                             | Tsutao Katayama   | - Professor, Department of Biomedical Engineering, Faculty of Life and Medical Sciences, Doshisha University                                                                                                                                                                                                                    |
| Director                                             | Kei Asatsuma      | - Lawyer (Partner, Nagashima Ohno & Tsunematsu)                                                                                                                                                                                                                                                                                 |
| Standing Audit and Supervisory Board Member          | Kunio Okawa       | - Audit and Supervisory Board Member, Toyo Seikan Co., Ltd.<br>- Audit and Supervisory Board Member, Toyo Kohan Co., Ltd.<br>- Audit and Supervisory Board Member, Toyo Aerosol Industry Co., Ltd.<br>- Audit and Supervisory Board Member, Tokan Material Technology Co., Ltd.<br>- Auditor, Toyo Institute of Food Technology |
| Standing Audit and Supervisory Board Member          | Toshitaka Uesugi  | - Audit and Supervisory Board Member, Tokan Kogyo Co., Ltd.<br>- Audit and Supervisory Board Member, Nippon Closures Co., Ltd.<br>- Audit and Supervisory Board Member, Toyo Glass Co., Ltd.<br>- Audit and Supervisory Board Member, Nippon Tokan Package Co., Ltd.                                                            |
| Audit and Supervisory Board Member                   | Ryusaku Konishi   | - President and Representative Director, Nippon Zoki Pharmaceutical Co., Ltd.                                                                                                                                                                                                                                                   |
| Audit and Supervisory Board Member                   | Akira Hirose      | - Certified Tax Accountant                                                                                                                                                                                                                                                                                                      |
| Audit and Supervisory Board Member                   | Fuminari Hako     | - Certified Public Accountant, Certified Tax Accountant (Partner, Aoyama Trust Tax Accounting Firm)<br>- External Director (Audit and Supervisory Committee Member), Showa Chemical Industry Co., Ltd.<br>- External Auditor, B-Lot Company Limited                                                                             |

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- Notes: 1. Directors Mitsuo Arai, Hideaki Kobayashi, Tsutao Katayama and Kei Asatsuma are outside Directors.
2. Audit and Supervisory Board Members Ryusaku Konishi, Akira Hirose and Fuminari Hako are outside Audit and Supervisory Board Members.
3. Directors Mitsuo Arai, Hideaki Kobayashi and Tsutao Katayama, and Audit and Supervisory Board Members Ryusaku Konishi, Akira Hirose and Fuminari Hako were reported to the Tokyo Stock Exchange as Independent Directors of the Company.
4. Standing Audit and Supervisory Board Member Kunio Okawa has considerable insight into finance and accounting based on his experience as General Manager of the Accounting Department of the Company.
5. Audit and Supervisory Board Member Akira Hirose is a certified tax accountant and has considerable insight into finance and accounting.
6. Audit and Supervisory Board Member Fuminari Hako has considerable insight into finance and accounting based on his experience as a CPA and a certified tax accountant.
7. Resignation from significant concurrent positions during the fiscal year under review was as follows:

| Position | Name           | Significant concurrent positions              | Date of resignation |
|----------|----------------|-----------------------------------------------|---------------------|
| Director | Norimasa Maida | Director, Tokan Material Technology Co., Ltd. | June 15, 2016       |

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

| Category                                                                                           | Basic compensation     |                                  | Bonus                  |                                | Total                            |
|----------------------------------------------------------------------------------------------------|------------------------|----------------------------------|------------------------|--------------------------------|----------------------------------|
|                                                                                                    | Number of persons paid | Amount provided                  | Number of persons paid | Amount reserved                |                                  |
| Directors<br>(of the above, outside Directors)                                                     | 10<br>(4)              | (millions of yen)<br>221<br>(27) | 9<br>(4)               | (millions of yen)<br>42<br>(4) | (millions of yen)<br>264<br>(31) |
| Audit and Supervisory Board Members<br>(of the above, outside Audit and Supervisory Board Members) | 6<br>(4)               | 64<br>(20)                       | 5<br>(3)               | 12<br>(3)                      | 77<br>(23)                       |
| Total<br>(of the above, outside Directors and Audit and Supervisory Board Members)                 | 16<br>(8)              | 286<br>(48)                      | 14<br>(7)              | 55<br>(7)                      | 341<br>(55)                      |

- Notes: 1. In the 93rd Ordinary General Meeting of Shareholders held on June 29, 2006, it was resolved that compensation paid to Directors will be no more than ¥430 million per year (excludes the employee salary portion if a Director concurrently serves as an employee).
2. In the 93rd Ordinary General Meeting of Shareholders held on June 29, 2006, it was resolved that compensation paid to Audit and Supervisory Board Members will be no more than ¥80 million per year.
3. “Number of persons paid” and “Amount provided” under the “Basic compensation” for Directors above include one (1) Director who retired due to expiry of the term of office at the close of the 103rd Ordinary General Meeting of Shareholders held on June 28, 2016 and the amount paid to such Director.
4. “Number of persons paid” and “Amount provided” under the “Basic compensation” for Audit and Supervisory Board Members above include one (1) Audit and Supervisory Board Member who retired due to expiry of the term of office at the close of the 103rd Ordinary General Meeting of Shareholders held on June 28, 2016 and the amount paid to such Audit and Supervisory Board Member.
5. In addition to the above, the Company paid retirement allowance as below according to the length of services from the assumption of office to June 29, 2006, based on the “Grant of retirement allowance to the retiring Directors and payment of retirement allowance with the abolishment of retirement benefit program for Directors” which had been resolved in the 93rd

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Ordinary General Meeting of Shareholders held on June 29, 2006, as the Director subject to payment of retirement allowance with the abolishment of retirement benefit program for Directors retired during the fiscal year under review.

1 retiring Director: ¥29 million

**(3) Outside Directors and Audit and Supervisory Board Members**

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

| Name              | Significant concurrent positions outside the Company                                |
|-------------------|-------------------------------------------------------------------------------------|
| Mitsuo Arai       | Outside Director (Audit and Supervisory Committee Member), Okamoto Industries, Inc. |
| Hideaki Kobayashi | Outside Director, Densan Co., Ltd.                                                  |
| Kei Asatsuma      | Lawyer (Partner, Nagashima Ohno & Tsunematsu)                                       |

Notes: 1. There are no special interests between the Company and Okamoto Industries, Inc.

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

3. There are no special interests between the Company and Nagashima Ohno & Tsunematsu.

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

| Name            | Significant concurrent positions outside the Company                                                                                                                                                                                          |
|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ryusaku Konishi | President and Representative Director, Nippon Zoki Pharmaceutical Co., Ltd.                                                                                                                                                                   |
| Fuminari Hako   | Certified Public Accountant, Certified Tax Accountant (Partner, Aoyama Trust Tax Accounting Firm)<br>External Director (Audit and Supervisory Committee Member), Showa Chemical Industry Co., Ltd.<br>External Auditor, B-Lot Company Limited |

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

2. There are no special interests between the Company and Aoyama Trust Tax Accounting Firm.

3. There are no special interests between the Company and Showa Chemical Industry Co., Ltd.

4. There are no special interests between the Company and B-Lot Company Limited.

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3) Major activities in the fiscal year under review

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

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

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

- Notes: 1. As Director Kei Asatsuma took office at the Ordinary General Meeting of Shareholders held on June 28, 2016, the number of Board of Directors meetings available for him to attend was 10.
2. As Audit and Supervisory Board Member Fuminari Hako took office at the Ordinary General Meeting of Shareholders held on June 28, 2016, the number of Board of Directors meetings and Audit and Supervisory Board meetings available for him to attend was 10 each.
3. In addition to the above, outside Directors and Audit and Supervisory Board Members proactively carry out activities such as regularly holding meetings to exchange opinions with Representative Directors and inspecting Group companies in Japan and overseas as necessary.

4) Outline of the limited liability agreements

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

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**4. Accounting Auditor**

(1) Name of Accounting Auditor                      Sohken Audit Corporation

(2) Amount of compensation to Accounting Auditor

(millions of yen)

|    |                                                                                                                         | Amount of compensation |
|----|-------------------------------------------------------------------------------------------------------------------------|------------------------|
| 1) | Amount of compensation to be paid to the Accounting Auditor in the fiscal year under review                             | 52                     |
| 2) | Amount of monetary and other economic benefits to be paid to the Accounting Auditor by the Company and its subsidiaries | 208                    |

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

2. The Audit and Supervisory Board carefully examined the Accounting Auditor's explanation of the content of the accounting audit plan for the fiscal year under review, the results of the previous fiscal year's audit, the status of operations of the Accounting Auditor's audit, and the basis for calculations of the compensation estimates, and having deemed them appropriate, approved the amount of compensation for the Accounting Auditor.

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

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

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

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

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

(1) System to Ensure Appropriateness of Business

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

- 1) System to ensure that the performance of duties by respective Directors and employees of the Company and each Group company complies with Japanese laws and regulations and the Articles of Incorporation
  - (a) The Company shall formulate the Toyo Seikan Group Code of Conduct Charter, which shall apply to the Company and each Group company accordingly, and establish the Group Risk and Compliance Committee to streamline the Group-wide compliance structure and control compliance-related initiatives.
  - (b) Under the guidance of the Group Risk and Compliance Committee, the Company and each Group company shall formulate their respective corporate codes of conduct as behavior guidelines for Directors, Executive Officers, employees and other personnel (collectively, hereinafter the "Officers and Employees") to address compliance with Japanese laws and regulations, the Articles of Incorporation and corporate ethics. At the same time, the Company and each Group company shall conduct training and education of their respective Officers and Employees to ensure that they thoroughly understand compliance issues.
  - (c) The Company and each Group company shall establish their respective compliance hotlines both

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- internally and externally as a means for employees, etc., to directly provide information about questionable activity that might be illegal or otherwise non-compliant. The Company and each Group company shall also set rules for operating said hotline system and streamline the compliance-related reporting and consulting systems to prevent and/or early detect and correct non-compliance.
- 2) System to retain and manage information regarding the performance of duties by respective Directors of the Company and each Group company
    - (a) In accordance with Japanese laws and regulations, and internal regulations, the Company and each Group company shall record and maintain all information regarding the performance of duties by Directors, including i) General Meeting of Shareholders meeting minutes, ii) Board of Directors meeting minutes, iii) management meeting minutes and iv) consultations and approvals, for a period of time set forth by regulations pertaining to such information and in an appropriate manner that it is accessible in either hard copy or electromagnetic media by Directors and Audit and Supervisory Board Members for examination.
    - (b) The Company shall control information management at the Company and each Group company under the guidance of the Group Risk and Compliance Committee, and formulate regulations for information management to ensure appropriate information management at the Company and each Group company.
  - 3) Regulations and other systems for controlling the risk of loss at the Company and each Group company
    - (a) The Company shall formulate the “Group Risk and Crisis Management Regulations,” and establish a Group-wide risk and crisis management system under the guidance of the Group Risk and Compliance Committee. The Company shall also check the risk management status at each Group company and take necessary measures for improvement and correction.
    - (b) In any unforeseen event or circumstances, the Company shall establish, as the need arises, a crisis management headquarters to control crisis management efforts at the Group companies, or each relevant Group company shall establish its own crisis management headquarters. Thus, the Company and each Group company shall put in place an emergency response structure to prevent or minimize further expansion of Group-wide damages.
  - 4) System to ensure efficient performance of duties by respective Directors of the Company and each Group company
    - (a) The Company shall stipulate matters to be resolved and reported at the Board of Directors meetings. In addition, the Board of Directors meetings of the Company shall be held once per month, in principle, and at other times, as needs dictate, to make appropriate and quick decisions with regard to Group-wide management policies and strategies, as well as important issues in relation to the execution of business operations.
    - (b) The Company shall stipulate matters to be discussed and reported at the management meetings. In addition, the management meetings of the Company shall be held three times per month, in principle, and at other times, as appropriate, to discuss important issues relating to the execution of business operations of the Company and each Group company to help the Board of Directors of the Company improve the efficiency and effectiveness of deliberations. Each Group company shall also establish management meetings, etc., in principle, to help its Board of Directors improve the efficiency and effectiveness of deliberations.
    - (c) At the Company and each Group company, business operations based on the decisions regarding a course of action made by the Board of Directors shall be executed by each department in charge according to rules governing the division of duties, final decisions (*kessai*) and authority, which shall be stipulated by the Company or each Group company through prior consultation with the Company and shall be checked or rectified by Directors, as necessary.
  - 5) Other systems to ensure the appropriateness of operations at the Company and each Group company
    - (a) As the holding company that controls the overall businesses of all the Group companies, the Company shall confirm and validate the scope of business, operating performance, etc., by holding regular meetings with each Group company.
    - (b) The Company shall formulate the “Group Companies Management Regulations” and streamline systems to receive reports on business operations, etc., from each Group company and provide it

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- with business administration and support in the pursuit of seeking the appropriate management of each Group company.
- (c) The Internal Audit Division of the Company shall audit the internal control systems at the Company and each Group company and report the audit results to the President and Representative Director.
  - (d) The Company and each Group company shall streamline and operate appropriate internal management systems to ensure proper financial reporting in accordance with the Financial Instruments and Exchange Act and other applicable Japanese laws and regulations.
- 6) System of employees assigned to assist the duties of Audit and Supervisory Board Members, as well as matters for ensuring independence of said employees from Directors and the effectiveness of the directions given by Audit and Supervisory Board Members to said employees
- (a) Based on discussion with Audit and Supervisory Board Members on the required number of such assistants, Directors shall appoint assistants who are dedicated employees assigned to assist the duties of Audit and Supervisory Board Members.
  - (b) The aforementioned assistants shall receive directions and orders only from the Audit and Supervisory Board Members in executing their duties and shall never receive any orders from Directors. Evaluations of the assistants will be made by the relevant Audit and Supervisory Board Member, while the Directors, with the consent of the Audit and Supervisory Board, shall make decisions on the appointment, dismissal and reassignment of such assistants.
- 7) System to report to Audit and Supervisory Board Members by Directors and employees, etc., of the Company and each Group company, as well as other systems for reporting to Audit and Supervisory Board Members
- (a) The Officers and Employees shall make timely and appropriate reports to the Audit and Supervisory Board Members regarding important matters that might have an impact on business operations or performance through management meetings, etc.  
Despite the above, Audit and Supervisory Board Members may, whenever necessary, request reports from the Officers and Employees and attend important meetings on various business operations at the Company and each Group company.
  - (b) The Internal Audit Division of the Company shall regularly hold reporting sessions for Audit and Supervisory Board Members to report the current circumstances of the internal audits, compliance, risk management, etc., at the Company and any relevant Group companies.
  - (c) The Company and each Group company shall streamline their respective systems that allow the Officers and Employees to appropriately report compliance-related issues to any Audit and Supervisory Board Member.
  - (d) The Company and each Group company shall ensure that anyone who has reported to Audit and Supervisory Board Members does not suffer from detrimental treatment for the reason of having made said report, and streamline the system to this end.
- 8) Other systems to ensure the effectiveness of audits by Audit and Supervisory Board Members
- (a) The Audit and Supervisory Board Members shall strive to continually fulfill and improve their professional duties by mutually exchanging information and ideas with the President and Representative Director, the Internal Audit Division and Accounting Auditor.
  - (b) When problems or issues arise in the operation or management of the Company's internal control system, the Audit and Supervisory Board Members may discuss with the Board of Directors and request measures to address those problems.
  - (c) The Company and each Group company shall immediately treat expenses in their respective accounting procedures that have accrued in relation to the performance of duties by Audit and Supervisory Board Members, by taking into account the opinion of the relevant Audit and Supervisory Board Member, except as otherwise recognized that such expenses are not necessary for the performance of said Audit and Supervisory Board Member's duties.
- 9) Basic principles and structures for eliminating antisocial forces
- (a) The Company and each Group company shall have a resolute stance of no association with any antisocial forces that pose a threat to the order and safety of society, and if such association exists, immediate action shall be taken to eliminate any connection and all demands refused.
  - (b) The Company and each Group company shall establish their respective corporate codes of conduct and other guidelines to deal with antisocial forces, which shall be made widely known to the Officers

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and Employees, and other stakeholders.

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

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

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

**1) Overall internal control system**

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

**2) Risk management**

The Company and each Group company reinforce the risk management system, based on the newly formulated "Group Risk and Crisis Management Regulations," with the aim of preventing various risks that could have an impact on our continuous business activities and stabilizing the management foundations of the Company and each Group company, as well as quickly restoring and continuing business activities in the event that a crisis occurs. The Company has newly established the Group Risk and Compliance Committee to control the risk management, crisis management, and compliance across the Group. The Committee confirms information pertaining to important risks, and devises steps to make improvements and prevent risks. The Company and each Group company formulate crisis management regulations and a crisis response manual based on their own risk management system and summarizes risk management conditions.

**3) Compliance**

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

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

**4) Group companies' management**

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

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

**5) Audit and Supervisory Board Members' performance of duties**

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

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

**6. Basic Policy concerning Control of the Company**

**(1) Outline of the basic policy**

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

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

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

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

**(2) Details of activities to implement the basic policy**

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

**(Mid-Term Management Plan and others)**

The Group enters the second year of the "Toyo Seikan Group Fourth Mid-Term Management Plan" for FY2016-FY2018, which began in May 2016. The Plan is defined as a phase for "solidifying the foundation" in order to grow into "a global company that develops peripheral businesses centered on packaging operations," which is the Group's medium-term future vision for growth set out under "Growing 2022."

**(Reinforcement of Corporate Governance)**

The Company, based on the Group's management philosophy of management policy, creed and vision, places the enhancement of corporate governance as management priority to improve the corporate value and continue new development and progress further while contributing to society through its business activities. Accordingly, the "Basic Corporate Governance Policy" has been established to address this issue on an ongoing basis.

The Board of Directors is composed of nine (9) Directors, including four (4) outside Directors who are independent from the management of the Company. The number of outside Directors represents more than one-third of the members of the Board of Directors. To clarify the management responsibility of Directors and flexibly establish a management system to promptly respond to changes in the management environment, we shortened the term of office of Directors to one year. The Audit and Supervisory Board is composed of five (5) Audit and Supervisory Board Members, including three (3) outside Audit and Supervisory Board Members who are independent from the management of the Company. The names of the three (3) outside Directors and three (3) outside Audit and Supervisory Board Members were reported to the Tokyo Stock Exchange as Independent Directors/Audit and Supervisory Board Members of the Company.

These outside Directors and outside Audit and Supervisory Board Members have actively expressed opinions at the Board of Directors meetings, and active discussions based on such opinions have enabled the effective operation of the Board of Directors. The Company ensures the surveillance function with regard to the Company's management structure through monitoring of management by these outside Directors and outside Audit and Supervisory Board Members who are independent from the Company's management as well as through the deliberations on the election of Directors by shareholders each year.

At the same time, the Company ensures management efficiency and flexibility through the introduction of the Executive Officer System and clarifies management functions related to decision-making and supervision, and the performance of duties. To appropriately and promptly establish basic management guidelines, determine various measures, and aggressively promote management activities, a "Management Strategy Meeting" is held once a month comprising full-time Directors, CTO/CFO, Senior Executive Officers, and Executive Officers. Further, a "Management Executive Meeting" is held twice a month in principle and attended by full-time Directors, CTO/CFO, Senior Executive Officers, and the Presidents of key Group companies. Standing Audit and

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Supervisory Board Members attend the Management Strategy Meetings and the Management Executive Meetings and offer their opinions as appropriate. The Company provides opportunities for training as needed with the aim of ensuring that directors and executive officers acquire the necessary knowledge and continually update this knowledge so that they can appropriately fulfill their roles and responsibilities. In terms of internal controls, the Company has set up the Audit Office to ensure that corporate activities comply with laws and regulations and enhance management efficiency, and to reinforce internal audits.

The Group strives to strengthen corporate governance by implementing the above measures to ensure and enhance the corporate value of the Company and, in turn, the common interests of its shareholders.

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

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

(ii) Plan outline

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

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

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

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

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

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

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if prescribed in the Plan, convene a meeting of shareholders and confirm the intent of the Company's shareholders.

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

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

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

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

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

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

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

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## **Consolidated Balance Sheet**

(As of March 31, 2017)

(millions of yen)

| Accounting title                                      | Amount    | Accounting title                                      | Amount    |
|-------------------------------------------------------|-----------|-------------------------------------------------------|-----------|
| (Assets)                                              |           | (Liabilities)                                         |           |
| Current assets                                        | 547,078   | Current liabilities                                   | 205,879   |
| Cash and deposits                                     | 173,859   | Notes and accounts payable—trade                      | 83,460    |
| Notes and accounts receivable—trade                   | 201,539   | Short-term loans payable                              | 42,802    |
| Electronically recorded monetary claims—operating     | 27,662    | Lease obligations                                     | 473       |
| Merchandise and finished goods                        | 67,776    | Income taxes payable                                  | 6,208     |
| Work in process                                       | 18,665    | Provision for directors' bonuses                      | 463       |
| Raw materials and supplies                            | 29,886    | Provision for plant site improvement expenses         | 42        |
| Deferred tax assets                                   | 11,258    | Provision for business structure reform               | 879       |
| Other                                                 | 18,296    | Other                                                 | 71,549    |
| Allowance for doubtful accounts                       | (1,865)   |                                                       |           |
|                                                       |           | Non-current liabilities                               | 214,435   |
|                                                       |           | Bonds payable                                         | 5,000     |
|                                                       |           | Long-term loans payable                               | 113,698   |
|                                                       |           | Lease obligations                                     | 1,741     |
|                                                       |           | Deferred tax liabilities                              | 26,898    |
| Non-current assets                                    | 601,066   | Provision for special repairs                         | 4,944     |
| Property, plant and equipment                         | 336,685   | Provision for PCB                                     | 383       |
| Buildings and structures                              | 114,411   | Provision for asbestos                                | 155       |
| Machinery, equipment and vehicles                     | 113,291   | Provision for directors' retirement benefits          | 952       |
| Land                                                  | 80,997    | Net defined benefit liability                         | 52,843    |
| Leased assets                                         | 1,891     | Asset retirement obligations                          | 1,285     |
| Construction in progress                              | 13,103    | Other                                                 | 6,531     |
| Other                                                 | 12,989    |                                                       |           |
| Intangible assets                                     | 77,616    | Total liabilities                                     | 420,314   |
| Goodwill                                              | 37,738    | (Net assets)                                          |           |
| Other                                                 | 39,878    | Shareholders' equity                                  | 578,016   |
|                                                       |           | Capital stock                                         | 11,094    |
| Investments and other assets                          | 186,763   | Capital surplus                                       | 1,361     |
| Investment securities                                 | 158,707   | Retained earnings                                     | 590,338   |
| Investments in capital of subsidiaries and associates | 5,790     | Treasury shares                                       | (24,778)  |
| Long-term loans receivable                            | 2,269     | Accumulated other comprehensive income                | 80,173    |
| Net defined benefit asset                             | 8,591     | Valuation difference on available-for-sale securities | 71,619    |
| Deferred tax assets                                   | 2,802     | Deferred gains or losses on hedges                    | (217)     |
| Other                                                 | 9,940     | Foreign currency translation adjustment               | 13,928    |
| Allowance for doubtful accounts                       | (1,338)   | Remeasurements of defined benefit plans               | (5,156)   |
|                                                       |           | Non-controlling interests                             | 69,639    |
|                                                       |           | Total net assets                                      | 727,829   |
| Total assets                                          | 1,148,144 | Total liabilities and net assets                      | 1,148,144 |

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## **Consolidated Statement of Income**

( From April 1, 2016  
to March 31, 2017 )

(millions of yen)

| Accounting title                                                            | Amount |         |
|-----------------------------------------------------------------------------|--------|---------|
| Net sales                                                                   |        | 779,469 |
| Cost of sales                                                               |        | 656,452 |
| Gross profit                                                                |        | 123,016 |
| Selling, general and administrative expenses                                |        | 86,832  |
| Operating income                                                            |        | 36,184  |
| Non-operating income                                                        |        |         |
| Interest income                                                             | 279    |         |
| Dividend income                                                             | 2,492  |         |
| Rent income                                                                 | 818    |         |
| Share of profit of entities accounted for using equity method               | 1,117  |         |
| Other                                                                       | 5,443  | 10,151  |
| Non-operating expenses                                                      |        |         |
| Interest expenses                                                           | 1,492  |         |
| Rent expenses on non-current assets                                         | 634    |         |
| Loss on retirement of non-current assets                                    | 1,896  |         |
| Foreign exchange losses                                                     | 1,040  |         |
| Contribution                                                                | 1,171  |         |
| Other                                                                       | 3,993  | 10,228  |
| Ordinary income                                                             |        | 36,107  |
| Extraordinary income                                                        |        |         |
| Gain on sales of non-current assets                                         | 3,887  |         |
| Reversal of provision for loss on guarantees of subsidiaries and associates | 1,500  | 5,387   |
| Extraordinary losses                                                        |        |         |
| Impairment loss                                                             | 12,421 |         |
| Provision for business structure expenses                                   | 1,677  |         |
| Provision for business structure reform                                     | 741    |         |
| Loss on settlement                                                          | 1,284  | 16,124  |
| Profit before income taxes                                                  |        | 25,370  |
| Income taxes—current                                                        | 8,698  |         |
| Income taxes—deferred                                                       | 1,549  | 10,248  |
| Profit                                                                      |        | 15,121  |
| Profit attributable to non-controlling interests                            |        | 2,931   |
| Profit attributable to owners of parent                                     |        | 12,190  |

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## **Consolidated Statement of Changes in Equity**

( From April 1, 2016  
to March 31, 2017 )

(millions of yen)

|                                                      | Shareholders' equity |                 |                   |                 |                             |
|------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|-----------------------------|
|                                                      | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total share-holders' equity |
| Balance at beginning of current period               | 11,094               | 1,361           | 581,274           | (24,776)        | 568,953                     |
| Changes of items during period                       |                      |                 |                   |                 |                             |
| Dividends of surplus                                 |                      |                 | (2,840)           |                 | (2,840)                     |
| Profit attributable to owners of parent              |                      |                 | 12,190            |                 | 12,190                      |
| Purchase of treasury shares                          |                      |                 |                   | (1)             | (1)                         |
| Change of scope of consolidation                     |                      |                 | (285)             |                 | (285)                       |
| Net changes of items other than shareholders' equity |                      |                 |                   |                 |                             |
| Total changes of items during period                 | —                    | —               | 9,064             | (1)             | 9,062                       |
| Balance at end of current period                     | 11,094               | 1,361           | 590,338           | (24,778)        | 578,016                     |

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(millions of yen)

|                                                      | Accumulated other comprehensive income                |                                    |                                         |                                         |                                              | Non-controlling interests | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
|                                                      | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                  |
| Balance at beginning of current period               | 56,097                                                | (230)                              | 20,609                                  | (9,692)                                 | 66,783                                       | 68,452                    | 704,189          |
| Changes of items during period                       |                                                       |                                    |                                         |                                         |                                              |                           |                  |
| Dividends of surplus                                 |                                                       |                                    |                                         |                                         |                                              |                           | (2,840)          |
| Profit attributable to owners of parent              |                                                       |                                    |                                         |                                         |                                              |                           | 12,190           |
| Purchase of treasury shares                          |                                                       |                                    |                                         |                                         |                                              |                           | (1)              |
| Change of scope of consolidation                     |                                                       |                                    |                                         |                                         |                                              |                           | (285)            |
| Net changes of items other than shareholders' equity | 15,522                                                | 13                                 | (6,681)                                 | 4,535                                   | 13,390                                       | 1,187                     | 14,577           |
| Total changes of items during period                 | 15,522                                                | 13                                 | (6,681)                                 | 4,535                                   | 13,390                                       | 1,187                     | 23,640           |
| Balance at end of current period                     | 71,619                                                | (217)                              | 13,928                                  | (5,156)                                 | 80,173                                       | 69,639                    | 727,829          |

## **Notes to Consolidated Financial Statements**

### **(Assumptions Underlying Preparation of Consolidated Financial Statements)**

#### **1. Scope of Consolidation**

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

Number of consolidated subsidiaries: seventy-one (71)

(Toyo Seikan Co., Ltd., Toyo Kohan Co., Ltd., Tokan Kogyo Co., Ltd., Toyo Glass Co., Ltd., Nippon Closures Co., Ltd., Toyo Aerosol Industry Co., Ltd., Tokan Material Technology Co., Ltd., and sixty-four (64) other companies)

Due to the increased importance of NCC Europe GmbH and the new acquisition of Stolle EMS Group Limited with its three (3) subsidiaries and Ichinose Trading Co., Ltd., these companies were included in the scope of consolidation in the consolidated fiscal year under review.

The Company transferred all of the shares of Malaysia Packaging Industry Berhad. As a result, Malaysia Packaging Industry Berhad was excluded from the scope of consolidation in the consolidated fiscal year under review.

Toyo Food Equipment Co., Ltd. changed its trade name to Toyo Seikan Group Engineering Co., Ltd.

- 2) Non-consolidated subsidiaries

Toyo Packs Co., Ltd., and seventeen (17) other non-consolidated subsidiaries for which the respective sums of total assets, net sales, profit (loss) (corresponding to equity held by the Company) and retained earnings (corresponding to equity held by the Company) have no significant impact on these account items in the consolidated financial statements have been excluded from the scope of consolidation.

#### **2. Application of the Equity Method**

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

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

The non-consolidated subsidiaries (Toyo Packs Co., Ltd., and seventeen (17) others) and associates (Takeuchi Hi-Pack Co., Ltd., and eight (8) others) are no longer accounted for using the equity method because the impact of their profit or loss (corresponding to equity held by the Company) and retained earnings (corresponding to equity held by the Company) on the consolidated financial statements is immaterial.

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

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

Thirty-three (33) consolidated subsidiaries, including seven (7) companies mentioned below, close their accounts on December 31. Because the difference between the closing date of said companies and the consolidated closing date is less than three months, the financial statements as of the closing date of these companies are used in the consolidated financial statements.

Bangkok Can Manufacturing Co., Ltd.

TOYO-MEMORY TECHNOLOGY SDN. BHD.

Toyo Seikan (Thailand) Co., Ltd.

Tokan (Changshu) High Technology Containers Co., Ltd.

Crown Seal Public Co., Ltd.

Stolle Machinery Company, LLC

Next Can Innovation Co., Ltd.

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

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**4. Accounting Policies**

**(1) Valuation basis and method for major assets**

1) Securities

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

Available-for-sale securities

With fair value: Valued at fair market value as of the balance-sheet date with changes in net unrealized gain or loss included directly in net assets. Cost of securities sold is determined by the moving-average method.

Without fair value: Valued using the moving-average method.

2) Derivatives

Derivatives are valued using the fair value method.

3) Inventories

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

**(2) Depreciation and amortization methods of major assets**

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

Mainly depreciated using the straight-line method.

2) Intangible assets (excluding leased assets)

Amortized using the straight-line method.

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

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

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

**(3) Accounting for major reserves**

1) Allowance for doubtful accounts

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

2) Provision for directors’ bonuses

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

3) Provision for special repairs

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

4) Provision for plant site improvement expenses

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

5) Provision for business structure reforms

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

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

The percentage-of-completion method has been applied to works for which the outcome of the construction activity is deemed certain at the work zone with advanced construction by the end of the

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consolidated fiscal year ended March 31, 2017 (the degree of completion of construction is estimated principally by the cost-to-cost method), whereas the completed-contract method has been applied to other works.

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

1) Hedge accounting method

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

2) Accounting for consumption tax, etc.

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

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

3) Amortization method and period of goodwill

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

4) Application of consolidated tax payment system

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

5) Accounting procedure regarding employees' retirement benefits

The amount of retirement benefit obligations after deducting the plan assets was reported as “Net defined benefit liability” based on the projected retirement benefits as of the end of the consolidated fiscal year under review. In calculating the retirement benefit obligations, the benefit formula basis is used to allocate the projected retirement benefits to the years of service up to the end of the consolidated fiscal year under review.

Prior service cost is amortized at one time in the fiscal year of occurrence.

Unrecognized actuarial gains or losses are amortized in expenses for the pro-rata amount mainly computed by the straight-line method over a period of 10 years, which is shorter than the average remaining service years for employees at the time of recognition, commencing from the following consolidated fiscal year of recognition.

Actuarial gains or losses are reported as remeasurements of defined benefit plans under accumulated other comprehensive income in the net assets section after adjusting tax effects.

**(Note to Changes in Accounting Policy)**

(Adoption of the Practical Solution on a change in depreciation method due to Tax Reform 2016)

In association with the revisions to the Corporation Tax Act, some of our domestic consolidated subsidiaries adopted the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (PITF No. 32, June 17, 2016) for the consolidated fiscal year under review and changed their depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

The impact of this change in the accounting policy on the consolidated financial statements for the consolidated fiscal year under review is immaterial.

**(Additional Information)**

(Adoption of the Revised Implementation Guidance on Recoverability of Deferred Tax Assets)

Effective from the consolidated fiscal year under review, the Company adopted the “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

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(Notes to Consolidated Balance Sheet)

|                                                                                |                   |
|--------------------------------------------------------------------------------|-------------------|
|                                                                                | (millions of yen) |
| <b>1. Accumulated depreciation on property, plant and equipment</b>            | 1,229,656         |
| <b>2. Pledged assets and secured liabilities</b>                               |                   |
| Pledged assets                                                                 |                   |
| Buildings                                                                      | 1,226             |
| Land                                                                           | 2,611             |
| Secured liabilities                                                            |                   |
| Short-term loans payable                                                       | 3,810             |
| Long-term loans payable                                                        | 814               |
| <b>3. Guarantee of liabilities</b>                                             |                   |
| As stated below, the Company has guaranteed loans from financial institutions. |                   |
| Employees (housing fund)                                                       | 1,183             |
| TOSYALI TOYO CELIK ANONIM SIRKETI (L/C transactions)                           | 599               |
|                                                                                | (EUR 3 million)   |
|                                                                                | (USD 1 million)   |
| TOSYALI TOYO CELIK ANONIM SIRKETI (bank loans)                                 | 25,514            |
|                                                                                | (USD 227 million) |

(Notes to Consolidated Statement of Income)

**1. Matters concerning extraordinary income**

Gain on sales of non-current assets

Resulting from sales of land, etc., at the Company and its four (4) domestic consolidated subsidiaries.

**2. Matters concerning extraordinary losses**

1) Impairment loss

The Group posted an impairment loss on the following asset groups.

(millions of yen)

| Location                                                                                  | Purpose                                                            | Type                                                              | Amount of loss | Collectible amount |
|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------------|----------------|--------------------|
| PET Refine Technology Co., Ltd.<br>(Kawasaki-ku, Kawasaki)                                | Manufacturing facilities for recycled resin, etc., for PET bottles | Buildings and structures, machinery, equipment and vehicles, etc. | 748            | Use value          |
| Can Machinery Holdings, Inc.<br>(Delaware, United States)                                 | —                                                                  | Goodwill                                                          | 3,639          | Fair value         |
| Global Eco-can Stock (Thailand) Co., Ltd.<br>(Rayong, Thailand)                           | Manufacturing facilities for resin-coated aluminum products, etc.  | Buildings and structures, machinery, equipment and vehicles, etc. | 3,404          | Use value          |
| Nippon Tokan Package Co., Ltd.<br>Sagamihara Plant, etc.<br>(Minami-ku, Sagamihara, etc.) | Manufacturing facilities for corrugated paper products, etc.       | Buildings and structures, machinery, equipment and vehicles, etc. | 4,628          | Use value          |

The Group classifies owned assets based on management accounting categories: Business assets are mainly classified by plant or office, whereas rental and idle assets are classified by property. However, with respect to goodwill at some overseas subsidiaries, the Group classifies it based on the unit by which the impairment test is conducted in accordance with U.S. generally accepted accounting principles.

The Group estimated the future cash flow of the asset groups for which profitability significantly declined. For the asset groups for which profitability was unlikely to recover, their book value was reduced to the collectible amounts and the difference was posted as an impairment loss under extraordinary losses. The collectible amounts for individual asset groups were based on the use values and calculated by discounting at 5% the future cash flow.

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With respect to goodwill, the Group conducted an impairment test in accordance with U.S. generally accepted accounting principles. As a result, the fair value of the goodwill was lower than the book value. Therefore, the consolidated book value (excluding the amount already amortized pursuant to Japanese generally accepted accounting principles) was reduced to the fair value and the difference was posted as an impairment loss under extraordinary losses. The fair value was measured, in principle, using the income approach under U.S. generally accepted accounting principles with the discount rate of 7.6%.

The following table describes the details of the impairment loss (¥12,421 million) posted under extraordinary losses.

(millions of yen)

| Location                                                 | Buildings and structures | Machinery, equipment and vehicles | Goodwill | Others | Grand total |
|----------------------------------------------------------|--------------------------|-----------------------------------|----------|--------|-------------|
| PET Refine Technology Co., Ltd.                          | 95                       | 617                               | —        | 35     | 748         |
| Can Machinery Holdings, Inc.                             | —                        | —                                 | 3,639    | —      | 3,639       |
| Global Eco-can Stock (Thailand) Co., Ltd.                | 1,043                    | 2,307                             | —        | 54     | 3,404       |
| Nippon Tokan Package Co., Ltd.<br>Sagamihara Plant, etc. | 2,042                    | 2,509                             | —        | 75     | 4,628       |
| Total                                                    | 3,181                    | 5,434                             | 3,639    | 165    | 12,421      |

2) Cost of business structure reforms

Costs for consolidating production facilities, etc., in the process of reforming the structure of the domestic packaging and container business.

3) Provision for business structure reforms

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

4) Loss on settlement

Loss posted as a result of a completed settlement through an intervener at Stolle Machinery Company, LLC, the Company's consolidated subsidiary.

**(Notes to Consolidated Statement of Changes in Equity)**

**1. Matters Concerning Class and Total Number of Shares Issued**

(thousands of shares)

| Class of shares                         | Number of shares at beginning of fiscal year under review | Number of shares increased in fiscal year under review | Number of shares decreased in fiscal year under review | Number of shares at end of fiscal year under review |
|-----------------------------------------|-----------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------|
| Number of shares issued and outstanding |                                                           |                                                        |                                                        |                                                     |
| Common shares                           | 217,775                                                   | —                                                      | —                                                      | 217,775                                             |
| Treasury shares                         |                                                           |                                                        |                                                        |                                                     |
| Common shares (Note)                    | 14,911                                                    | 0                                                      | —                                                      | 14,912                                              |

Note: The breakdown of the increase in treasury shares is as follows:

Purchase of shares constituting less than one unit: 0 thousand shares

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**2. Matters Concerning Dividends**

(1) Dividends paid

| Resolution                                                | Class of shares | Total dividend (millions of yen) | Dividend per share (yen) | Record date        | Effective date   |
|-----------------------------------------------------------|-----------------|----------------------------------|--------------------------|--------------------|------------------|
| Ordinary General Meeting of Shareholders on June 28, 2016 | Common shares   | 1,420                            | 7.00                     | March 31, 2016     | June 29, 2016    |
| Board of Directors Meeting on October 28, 2016            | Common shares   | 1,420                            | 7.00                     | September 30, 2016 | December 5, 2016 |

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

| Resolution                                                | Class of shares | Dividend resource | Total dividend (millions of yen) | Dividend per share (yen) | Record date    | Effective date |
|-----------------------------------------------------------|-----------------|-------------------|----------------------------------|--------------------------|----------------|----------------|
| Ordinary General Meeting of Shareholders on June 27, 2017 | Common shares   | Retained earnings | 2,434                            | 12.00                    | March 31, 2017 | June 28, 2017  |

**(Note to Tax-Effect Accounting)**

Significant components of deferred tax assets and liabilities

(millions of yen)

Deferred tax assets

|                               |        |
|-------------------------------|--------|
| Provision for bonuses         | 3,613  |
| Net defined benefit liability | 18,947 |
| Excessive depreciation        | 18,167 |
| Others                        | 22,809 |

Subtotal of deferred tax assets 63,538

Valuation reserve (16,941)

Total of deferred tax assets 46,596

Deferred tax liabilities

|                                                                |          |
|----------------------------------------------------------------|----------|
| Valuation difference on available-for-sale securities          | (29,533) |
| Reserve for advanced depreciation of non-current assets        | (9,614)  |
| Intangible assets                                              | (12,082) |
| Reserve for special depreciation                               | (382)    |
| Gain on contribution of securities to retirement benefit trust | (5,240)  |
| Others                                                         | (2,587)  |

Total of deferred tax liabilities (59,442)

Net deferred tax liabilities (12,845)

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

(millions of yen)

|                                                  |          |
|--------------------------------------------------|----------|
| Current assets—Deferred tax assets               | 11,258   |
| Non-current assets—Deferred tax assets           | 2,802    |
| Non-current liabilities—Deferred tax liabilities | (26,898) |

**(Notes to Financial Instruments)**

**1. Status of Financial Instruments**

(1) Policy on treatment of financial instruments

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

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

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

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

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

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

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

**2. Matters regarding Fair Values of Financial Instruments**

The consolidated balance sheet amounts and fair values as of March 31, 2017, and their variances, of financial instruments are as follows. However, financial instruments whose fair values are deemed to be extremely difficult to compute are not included therein (Note 2).

(millions of yen)

|                                                       | Amount recorded in the consolidated balance sheet | Fair value | Difference |
|-------------------------------------------------------|---------------------------------------------------|------------|------------|
| (1) Cash and deposits                                 | 173,859                                           | 173,859    | —          |
| (2) Notes and accounts receivable—trade               | 201,539                                           |            |            |
| (3) Electronically recorded monetary claims—operating | 27,662                                            |            |            |
| Allowance for doubtful accounts                       | (1,810)                                           |            |            |
|                                                       | 227,391                                           | 227,391    | —          |
| (4) Investment securities                             |                                                   |            |            |
| 1) Bonds held to maturity                             | 4,800                                             | 4,854      | 54         |
| 2) Available-for-sale securities                      | 140,149                                           | 140,149    | —          |
| (5) Long-term loans receivable                        | 2,269                                             |            |            |
| Allowance for doubtful accounts                       | (16)                                              |            |            |
|                                                       | 2,252                                             | 2,239      | (13)       |
| Total assets                                          | 548,453                                           | 548,494    | 40         |
| (1) Notes and accounts payable—trade                  | 83,460                                            | 83,460     | —          |
| (2) Short-term loans payable                          | 42,802                                            | 42,802     | —          |
| (3) Income taxes payable                              | 6,208                                             | 6,208      | —          |
| (4) Bonds payable                                     | 5,000                                             | 4,992      | (7)        |
| (5) Long-term loans payable                           | 113,698                                           | 115,166    | 1,468      |
| Total liabilities                                     | 251,169                                           | 252,630    | 1,460      |
| Derivatives*                                          |                                                   |            |            |
| Without the application of hedge accounting           | —                                                 | —          | —          |
| With the application of hedge accounting              | (497)                                             | (497)      | —          |
| Total derivatives                                     | (497)                                             | (497)      | —          |

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

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

### Assets

- (1) Cash and deposits  
Because this item is settled in a short period, its fair value is nearly equal to its carrying value. Therefore, the fair value amount is in accordance with the carrying value.
- (2) Notes and accounts receivable—trade and (3) Electronically recorded monetary claims—operating  
Because these items are settled in a short period, their fair values are in accordance with their carrying values less the estimated amount of doubtful accounts where credit risks are reflected. The fair value of some accounts receivable—trade is in accordance with the price presented by transacting financial institutions as these items are subject to procedures for appropriation treatment such as forward exchange contracts (refer to “Derivatives” below).
- (4) Investment securities  
The fair value of a stock is in accordance with the price on the relevant stock exchange, whereas that of a bond is in accordance with the price presented by the transacting financial institutions.
- (5) Long-term loans receivable  
The future cash flow of each loan group into which these loans are classified by specific periods is calculated at the rate of indicator such as yield of government bonds to which the elements of credit risks are added according to the credit risk category in the light of the credit controls. The resulting amount is the present value at which the fair value of this item is calculated. For doubtful receivables, the estimated amount of doubtful accounts is calculated based on the collectible amount, etc., secured by pledge and security. The fair value of this item is then in accordance with the carrying value less the estimated amount of doubtful accounts.

### Liabilities

- (1) Notes and accounts payable—trade  
Because this item is settled in a short period, its fair value is nearly equal to its carrying value. Therefore, the fair value is in accordance with the carrying value. The fair value of some accounts payable is in accordance with the price presented by transacting financial institutions as these items are subject to procedures for appropriation treatment such as forward exchange contracts (refer to “Derivatives” below).
- (2) Short-term loans payable and (3) Income taxes payable  
Because these items are settled in a short period, their fair values are nearly equal to their carrying values. Therefore, fair value is in accordance with the carrying value.
- (4) Bonds payable  
Fair value is in accordance with the present value determined by calculating the total of principal and interest at a discount rate which incorporates the remaining period of said bonds and credit risks.
- (5) Long-term loans payable  
Fair value is in accordance with present value, which is calculated at a discount rate obtained under the assumption that a similar loan is newly provided to the total of principal and interest.

### Derivatives

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

(Note 2) Financial instruments whose fair values are deemed to be extremely difficult to compute  
Unlisted shares (amount recorded in the consolidated balance sheet: ¥13,757 million) and investments in capital of subsidiaries and associates (amount recorded in the consolidated balance sheet: ¥5,790 million) do not have market prices and future cash flow cannot be estimated. Thus, they are not included in “(4) Investment securities; 2) available-for-sale securities” as computing the fair values of these items are deemed to be extremely difficult.

### **(Note to Rental Property)**

The Company and several of its consolidated subsidiaries own rental office buildings (including land) and

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rental commercial facilities, etc., in the Metropolis of Tokyo and other areas. The amounts recorded in the consolidated balance sheet, gains and losses and fair values of these rental properties are as follows.

(millions of yen)

| Purpose               | Amounts recorded in consolidated balance sheet | Revenue | Expenses | Fair value |
|-----------------------|------------------------------------------------|---------|----------|------------|
| Office buildings      | 15,714                                         | 4,882   | 2,239    | 67,932     |
| Commercial facilities | 2,526                                          | 665     | 247      | 12,339     |
| Other                 | 11,207                                         | 5,243   | 583      | 36,145     |
| Total                 | 29,448                                         | 10,791  | 3,071    | 116,417    |

- Notes: 1. "Amounts recorded in the consolidated balance sheet" are acquisition costs less accumulated depreciation and impairment loss.
2. Revenue includes rent income, gain on sales of non-current assets and others, whereas expenses include depreciation expenses, repair expenses, insurance expenses, taxes and dues and others.
3. Fair values as of the end of the fiscal year under review are mainly based on real estate appraisal reports or real estate inspection reports provided by an outside real estate appraiser.

**(Note to Per Share Information)**

|                      |           |
|----------------------|-----------|
| Net assets per share | ¥3,244.50 |
| Profit per share     | ¥60.09    |

**(Business Combinations, etc.)**

Commonly controlled transaction

Toyo Seikan Co., Ltd. (hereinafter, "Toyo Seikan"), the Company's consolidated subsidiary, resolved at the Board of Directors meeting held on April 26, 2016 to transfer its customer engineering business to Toyo Food Equipment Co., Ltd. (hereinafter, "Toyo Food Equipment"), Toyo Seikan's wholly owned subsidiary, through an absorption-type split (hereinafter, the "Absorption-type Split"). Toyo Seikan concluded an agreement on the Absorption-type Split on April 27, 2016 and conducted the Absorption-type Split on June 1, 2016.

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

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

| Parties to the business combination                   | Major business                                                                                                                    |
|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| Toyo Seikan Co., Ltd.<br>(Splitting company)          | Manufacturing and sales of packaging and containers and filling equipment                                                         |
| Toyo Food Equipment Co., Ltd.<br>(Succeeding company) | Manufacturing and sales of can making machinery, canning & bottling machinery, packaging machinery, and food processing machinery |

- (2) Date of the business combination  
June 1, 2016

- (3) Legal form of the business combination  
The absorption-type split; Toyo Seikan is the splitting company and Toyo Food Equipment is the succeeding company.

- (4) Company name after the business combination  
Toyo Seikan Group Engineering Co., Ltd.  
(Toyo Food Equipment changed its trade name, following the approval at its Extraordinary Shareholders Meeting held on May 31, 2016.)

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

(i) Purpose of the Absorption-type Split

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

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technologies through the effective use of container manufacturing technologies accumulated by group companies.

- (ii) Details of allotments related to the Absorption-type Split  
Toyo Food Equipment, the succeeding company, will issue 720,000 common shares when the Absorption-type Split takes place, and allot all of them to Toyo Seikan.
- (iii) Treatment of stock acquisition rights and bond with stock acquisition rights for the Absorption-type Split  
Not applicable
- (iv) Increase or decrease in capital stock as a result of the Absorption-type Split  
No increase or decrease in the capital stock of Toyo Seikan, the splitting company, is expected as a result of the Absorption-type Split.
- (v) Rights and obligations assumed by the succeeding company  
Toyo Food Equipment, the succeeding company, assumed the assets and liabilities, contractual status, and other rights and obligations deemed essential to pursue the relevant business (excluding labor contracts with employees and the accompanying rights and obligations), based on the absorption-type split agreement approved by Toyo Seikan's Board of Directors as of the effective date. Toyo Seikan takes over Toyo Food Equipment's obligations based on the concomitant assumption method.
- (vi) Prospects for fulfilment of obligations  
The Company foresees no difficulties in ensuring the proper fulfillment of obligations assumed by either Toyo Seikan or Toyo Food Equipment from the effective date of the Absorption-type Split.

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

| (1) Trade name                                                                          | Toyo Seikan Co., Ltd.<br>(Splitting company)                              | Toyo Food Equipment Co., Ltd.<br>(Succeeding company)                                                                             |
|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| (2) Major business                                                                      | Manufacturing and sales of packaging and containers and filling equipment | Manufacturing and sales of can making machinery, canning & bottling machinery, packaging machinery, and food processing machinery |
| (3) Date of incorporation                                                               | April 2, 2012                                                             | October 13, 1917                                                                                                                  |
| (4) Head office                                                                         | 2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo                               | 6-19-45 Yako, Turumi-ku, Yokohama-shi, Kanagawa                                                                                   |
| (5) Title and name of representative                                                    | Ichiro Nakayama, President                                                | Yasuhiro Toyofuku, President                                                                                                      |
| (6) Capital stock                                                                       | ¥1,000 million                                                            | ¥100 million                                                                                                                      |
| (7) Number of shares issued                                                             | 20,000                                                                    | 2,000,000                                                                                                                         |
| (8) Fiscal year-end                                                                     | March 31                                                                  | March 31                                                                                                                          |
| (9) Major shareholders and shareholding ratio                                           | Toyo Seikan Group Holdings, Ltd. 100%                                     | Toyo Seikan Co., Ltd. 100%                                                                                                        |
| <b>(10) Financial position and business performance for the most recent fiscal year</b> |                                                                           |                                                                                                                                   |
| Net sales                                                                               | ¥296,892 million<br>(non-consolidated)                                    | ¥6,174 million<br>(non-consolidated)                                                                                              |
| Net assets                                                                              | ¥255,112 million<br>(non-consolidated)                                    | ¥3,609 million<br>(non-consolidated)                                                                                              |
| Total assets                                                                            | ¥343,375 million<br>(non-consolidated)                                    | ¥6,480 million<br>(non-consolidated)                                                                                              |
| Net assets per share                                                                    | ¥12,755,631.31<br>(non-consolidated)                                      | ¥1,804.99<br>(non-consolidated)                                                                                                   |

**[Translation for Reference and Convenience Purposes Only]**

(viii) Conditions after the Absorption-type Split

- i) There is no changes with respect to trade name, location of head office, principle business, capital stock, and fiscal year end of the splitting company after the absorption-type split.  
Ichio Otsuka took office of President and Representative Director of Toyo Seikan as of June 17, 2016.

ii) Succeeding company

|                                      |                                                                                                                                                              |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) Trade name                       | Toyo Seikan Group Engineering Co., Ltd.                                                                                                                      |
| (2) Major business                   | Manufacturing and sales of can making machinery, filling machinery, packaging machinery and food processing machinery as well as relevant technical services |
| (3) Head office                      | 6-19-45 Yako, Turumi-ku, Yokohama-shi, Kanagawa                                                                                                              |
| (4) Title and name of representative | Mikio Hagiwara, President (appointed as of December 20, 2016)                                                                                                |
| (5) Capital stock                    | ¥350 million*                                                                                                                                                |
| (6) Fiscal year-end                  | March 31                                                                                                                                                     |

\*Capital increase was effected as of June 1, 2016 through issuance of shares to be allocated entirely to the Company.

2. Overview of accounting treatment implemented

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

Business combination through acquisition

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

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

Subsequently, Toyo Kohan carried out a Demand for the Sale of Shares pursuant to Paragraph 1, Article 179 of the Companies Act and made the Target Company its wholly owned subsidiary as of May 26, 2016.

1. Summary of the business combination

(1) Designation and business of the acquired company

Designation of the acquired company: FUJI TECHNICA & MIYAZU Inc.

Business: Manufacturing and sales of stamping dies for car bodies and various dies

(2) Major reason for the business combination

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

(3) Date of the business combination

February 12, 2016: First takeover bid

April 13, 2016: Second takeover bid

May 26, 2016: Demand for the Sale of Shares

(Deemed acquisition date: January 1, 2016)

(4) Legal form of the business combination

Share acquisition with cash as consideration

(5) Designation of the companies after the combination

No change

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(6) Percentage of voting rights acquired

Ratio of voting rights acquired on the date of business combination (First takeover bid): 86.14%

Ratio of voting rights additionally acquired on the date of business combination (Second takeover bid): 12.88%

Ratio of voting rights additionally acquired on the date of business combination (Demand for the Sale of Shares): 0.98%

Ratio of voting rights after acquisition: 100.00%

(7) Basis for determining acquiring company

Toyo Kohan acquired shares with cash as consideration.

2. The period of performance for which acquired company is included in consolidated financial statements

April 1, 2016 to March 31, 2017

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

|                                   |      |                               |                |
|-----------------------------------|------|-------------------------------|----------------|
| Consideration for the acquisition | Cash | First takeover bid            | ¥7,394 million |
|                                   | Cash | Second takeover bid           | ¥1,642 million |
|                                   | Cash | Demand for the Sale of Shares | ¥123 million   |
| Acquisition costs                 |      |                               | ¥9,161 million |

4. Principal acquisition-related costs and their amount

Advisory costs, fees, etc. ¥330 million

(Of the above amount, ¥158 million was posted for the consolidated fiscal year under review.)

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

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

6. Amount of goodwill recognized, generating factors of goodwill and method and period for amortization of goodwill

The Company treated a series of share acquisitions through the first takeover bid, the second takeover bid and the Demand for the Sale of Shares to acquire all common shares of the Target Company as a single transaction. As for the shares that Toyo Kohan additionally acquired after it became a controlling shareholder, the goodwill was calculated assuming that the goodwill was recognized at the time of the acquisition of control.

(1) Amount of goodwill generated

¥2,582 million

(2) Generating factors of goodwill

Because of excess earning power anticipated

(3) Method and period for amortization of goodwill

Amortized using the straight-line method over a period of 10 years

7. Amount allocated to intangible assets other than goodwill and the amortization period by principal type

Intangible assets related to technology: ¥2,250 million

Amortization period: 10 years

Business divestiture

Toyo Seikan Co., Ltd. (hereinafter, "Toyo Seikan"), a consolidated subsidiary of the Company, transferred all of the shares it held in Malaysia Packaging Industry Berhad (hereinafter, "MPIB") to Taisei Lamick Co., Ltd. (hereinafter, "Taisei Lamick") as of September 29, 2016. The details of the business divestiture are as

**[Translation for Reference and Convenience Purposes Only]**

follows.

1. Summary of the business divestiture

(1) Designation of the divesting company

Taisei Lamick Co., Ltd.

(2) Description of the divested businesses

Consolidated subsidiary: Malaysia Packaging Industry Berhad

Business: Manufacturing and sales of flexible packaging materials

(3) Major reason for the business divestiture

The Toyo Seikan Group made MPIB into its subsidiary as of March 30, 2006 as part of its overseas strategy, given that placing MPIB as the hub for its film business in the rapidly growing ASEAN region would further globalize the Group and contribute to enhancing its corporate value.

MPIB has played an important role as the regional center of the film business such as exporting to surrounding areas including Thailand, Vietnam and Indonesia. MPIB, however, could not have secured profit in recent years due to higher material costs and rising personnel expenses. Meanwhile, Taisei Lamick has strengths in the food packaging film business, one of MPIB's core businesses, and regards the ASEAN region with its high growth potential as one of its new target areas under its overseas business.

The Company, through several discussions with Taisei Lamick, came to a conclusion that the corporate value of MPIB would be further enhanced if Taisei Lamick could manage MPIB after transferring all the shares of MPIB held by Toyo Seikan to Taisei Lamick. The Toyo Seikan Group also reconsidered its future strategy and determined that the Group could promote restructuring of its existing business and concentrate management resources on the core business through the share transfer.

(4) Date of the business divestiture

September 29, 2016 (effective date of share transfer)

(5) Overview of transaction including legal form

Share transfer for which consideration is limited to cash or other assets

2. Overview of accounting treatment implemented

(1) Amount of gains or losses on transfer

Loss on sales of shares of subsidiaries and associates: ¥427 million

(2) Appropriate carrying value of the assets and liabilities related to the transferred business and major breakdown thereof

|                     |                |
|---------------------|----------------|
| Current assets      | ¥923 million   |
| Non-current assets  | ¥791 million   |
| Total assets        | ¥1,715 million |
| Current liabilities | ¥773 million   |
| Total liabilities   | ¥775 million   |

(3) Accounting treatment

The difference between the consolidated carrying value and the sales value of MPIB was recorded under non-operating expenses.

3. Reporting segment in which the divested business was included

Packaging and container related business

4. Estimated amount of gains and losses pertaining to the divested business recorded in the consolidated financial statements

|                |                          |
|----------------|--------------------------|
|                | <u>Cumulative period</u> |
| Net sales      | ¥1,182 million           |
| Operating loss | ¥44 million              |

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**(Other Notes)**

(Postponement of the business integration with Hokkan Holdings Limited)

At their respective Board of Directors meetings held on April 25, 2016, the Company and Hokkan Holdings Limited (collectively, hereinafter the “Companies”) resolved to enter into a memorandum of understanding (MOU) regarding the business integration of the Companies, and executed the MOU on the same day. The Companies are proceeding with detailed discussions and deliberations regarding the business integration in a spirit of equality.

The business integration is subject to the approval and permission of the relevant authorities necessary for its implementation, and is currently under business combination review by the Japan Fair Trade Commission. Therefore, the Companies have decided to postpone the business integration.

The Companies aim to realize the business integration at an early stage, and will continue working in cooperation so that the business combination review by the Japan Fair Trade Commission goes smoothly.

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

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## **Non-Consolidated Balance Sheet**

(As of March 31, 2017)

(millions of yen)

| Accounting title                                            | Amount  | Accounting title                                        | Amount   |
|-------------------------------------------------------------|---------|---------------------------------------------------------|----------|
| (Assets)                                                    |         | (Liabilities)                                           |          |
| Current assets                                              | 143,828 | Current liabilities                                     | 86,373   |
| Cash and deposits                                           | 120,164 | Short-term loans payable                                | 19,542   |
| Deferred tax assets                                         | 461     | Lease obligations                                       | 56       |
| Short-term loans receivable                                 | 20,361  | Accounts payable—other                                  | 2,055    |
| Accrued receivable                                          | 4,666   | Accrued expenses                                        | 1,545    |
| Other                                                       | 372     | Income taxes payable                                    | 914      |
| Allowance for doubtful accounts                             | (2,199) | Deposits received                                       | 62,203   |
|                                                             |         | Provision for directors' bonuses                        | 55       |
|                                                             |         | Non-current liabilities                                 | 122,351  |
|                                                             |         | Long-term loans payable                                 | 105,992  |
|                                                             |         | Lease obligations                                       | 140      |
|                                                             |         | Deferred tax liabilities                                | 10,942   |
|                                                             |         | Provision for retirement benefits                       | 20       |
|                                                             |         | Provision for asbestos                                  | 155      |
|                                                             |         | Asset retirement obligations                            | 582      |
|                                                             |         | Other                                                   | 4,519    |
| Non-current assets                                          | 503,797 | Total liabilities                                       | 208,724  |
| Property, plant and equipment                               | 28,665  | (Net assets)                                            |          |
| Buildings                                                   | 23,266  | Shareholders' equity                                    | 370,374  |
| Structures                                                  | 369     | Capital stock                                           | 11,094   |
| Machinery and equipment                                     | 405     |                                                         |          |
| Vehicles                                                    | 18      | Capital surplus                                         | 1,361    |
| Tools, furniture and fixtures                               | 847     | Legal capital surplus                                   | 1,361    |
| Land                                                        | 3,334   | Retained earnings                                       | 383,594  |
| Leased assets                                               | 184     | Legal retained earnings                                 | 2,773    |
| Construction in progress                                    | 240     | Other retained earnings                                 | 380,820  |
| Intangible assets                                           | 35      | Reserve for advanced depreciation of non-current assets | 71       |
| Software                                                    | 12      | General reserve                                         | 342,441  |
| Other                                                       | 22      | Retained earnings brought forward                       | 38,308   |
| Investments and other assets                                | 475,097 | Treasury shares                                         | (25,675) |
| Investment securities                                       | 135,340 | Valuation and translation adjustments                   | 68,527   |
| Shares of subsidiaries and associates                       | 251,012 | Valuation difference on available-for-sale securities   | 68,622   |
| Long-term loans receivable from subsidiaries and associates | 86,792  | Deferred gains or losses on hedges                      | (95)     |
| Other                                                       | 3,260   | Total net assets                                        | 438,901  |
| Allowance for doubtful accounts                             | (1,307) | Total liabilities and net assets                        | 647,626  |
| Total assets                                                | 647,626 |                                                         |          |

[Translation for Reference and Convenience Purposes Only]

## **Non-Consolidated Statement of Income**

( From April 1, 2016  
to March 31, 2017 )

(millions of yen)

| Accounting title                                                            | Amount |        |
|-----------------------------------------------------------------------------|--------|--------|
| Operating revenue                                                           |        |        |
| Management fee income from subsidiaries and associates                      | 3,122  |        |
| Income from operations consignment by subsidiaries and associates           | 4,116  |        |
| Dividends from subsidiaries and associates                                  | 4,665  |        |
| Rent income of real estate                                                  | 6,310  | 18,214 |
| Operating expenses                                                          |        |        |
| Expenses of real estate rent                                                | 2,933  |        |
| Selling, general and administrative expenses                                | 10,043 | 12,977 |
| Operating income                                                            |        | 5,237  |
| Non-operating income                                                        |        |        |
| Interest and dividend income                                                | 4,382  |        |
| Gain on valuation of securities                                             | 967    |        |
| Other                                                                       | 816    | 6,166  |
| Non-operating expenses                                                      |        |        |
| Interest expenses                                                           | 1,042  |        |
| Contribution                                                                | 1,112  |        |
| Other                                                                       | 306    | 2,460  |
| Ordinary income                                                             |        | 8,943  |
| Extraordinary income                                                        |        |        |
| Reversal of provision for loss on guarantees of subsidiaries and associates | 1,500  | 1,500  |
| Profit before income taxes                                                  |        | 10,443 |
| Income taxes—current                                                        | (276)  |        |
| Income taxes—deferred                                                       | 1,269  | 992    |
| Profit                                                                      |        | 9,450  |

[Translation for Reference and Convenience Purposes Only]

# **Non-Consolidated Statement of Changes in Equity**

( From April 1, 2016  
to March 31, 2017 )

(millions of yen)

|                                                                     | Shareholders' equity |                       |                         |                                                         |                 |                                   |                         |                 |                            |
|---------------------------------------------------------------------|----------------------|-----------------------|-------------------------|---------------------------------------------------------|-----------------|-----------------------------------|-------------------------|-----------------|----------------------------|
|                                                                     | Capital stock        | Capital surplus       | Retained earnings       |                                                         |                 |                                   |                         | Treasury shares | Total shareholders' equity |
|                                                                     |                      | Legal capital surplus | Legal retained earnings | Other retained earnings                                 |                 |                                   | Total retained earnings |                 |                            |
|                                                                     |                      |                       |                         | Reserve for advanced depreciation of non-current assets | General reserve | Retained earnings brought forward |                         |                 |                            |
| Balance at beginning of current period                              | 11,094               | 1,361                 | 2,773                   | 72                                                      | 342,441         | 31,696                            | 376,983                 | (25,674)        | 363,765                    |
| Changes of items during the period                                  |                      |                       |                         |                                                         |                 |                                   |                         |                 |                            |
| Reversal of reserve for advanced depreciation of non-current assets |                      |                       |                         | (1)                                                     |                 | 1                                 | —                       |                 | —                          |
| Dividends of surplus                                                |                      |                       |                         |                                                         |                 | (2,840)                           | (2,840)                 |                 | (2,840)                    |
| Profit                                                              |                      |                       |                         |                                                         |                 | 9,450                             | 9,450                   |                 | 9,450                      |
| Purchase of treasury shares                                         |                      |                       |                         |                                                         |                 |                                   |                         | (1)             | (1)                        |
| Net changes of items other than shareholders' equity                |                      |                       |                         |                                                         |                 |                                   |                         |                 |                            |
| Total changes of items during period                                | —                    | —                     | —                       | (1)                                                     | —               | 6,612                             | 6,610                   | (1)             | 6,608                      |
| Balance at end of current period                                    | 11,094               | 1,361                 | 2,773                   | 71                                                      | 342,441         | 38,308                            | 383,594                 | (25,675)        | 370,374                    |

**[Translation for Reference and Convenience Purposes Only]**

(millions of yen)

|                                                                     | Valuation and translation adjustments                 |                                    |                                             | Total net assets |
|---------------------------------------------------------------------|-------------------------------------------------------|------------------------------------|---------------------------------------------|------------------|
|                                                                     | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments |                  |
| Balance at beginning of current period                              | 53,629                                                | (319)                              | 53,310                                      | 417,075          |
| Changes of items during the period                                  |                                                       |                                    |                                             |                  |
| Reversal of reserve for advanced depreciation of non-current assets |                                                       |                                    |                                             | —                |
| Dividends of surplus                                                |                                                       |                                    |                                             | (2,840)          |
| Profit                                                              |                                                       |                                    |                                             | 9,450            |
| Purchase of treasury shares                                         |                                                       |                                    |                                             | (1)              |
| Net changes of items other than shareholders' equity                | 14,993                                                | 223                                | 15,216                                      | 15,216           |
| Total changes of items during period                                | 14,993                                                | 223                                | 15,216                                      | 21,825           |
| Balance at end of current period                                    | 68,622                                                | (95)                               | 68,527                                      | 438,901          |

## **Notes to Non-Consolidated Financial Statements**

### **(Summary of Significant Accounting Policies)**

#### **1. Valuation Basis and Method for Securities**

- 1) Bonds held to maturity:  
Valued at amortized cost determined by the straight-line method.
- 2) Shares of subsidiaries and associates:  
Valued at cost determined by the moving-average method.
- 3) Available-for-sale securities
  - With fair value: Valued at fair market value as of the balance-sheet date with changes in net unrealized gain or loss included directly in net assets. Cost of securities sold is determined by the moving-average method.
  - Without fair value: Valued at cost determined by the moving-average method.

#### **2. Valuation Basis and Method for Derivatives**

Derivatives are valued using the fair value method.

#### **3. Depreciation and Amortization Methods of Non-Current Assets**

- 1) Property, plant and equipment (excluding leased assets):  
Depreciated using the straight-line method.
- 2) Intangible assets  
Amortized using the straight-line method.
- 3) Leased assets (non-ownership-transfer finance lease transactions)  
Depreciated over the lease period using the straight-line method with no residual value.

#### **4. Accounting for Reserves**

- 1) Allowance for doubtful accounts  
The allowance for doubtful accounts is provided at an amount of uncollectible receivables based on the actual rate of bad-debt losses for ordinary receivables, and on the estimated recoverability for specific doubtful receivables.
- 2) Provision for directors' bonuses  
The provision for directors' bonuses is provided at an amount that is expected to be sufficient to cover payouts of bonuses to Directors.
- 3) Provision for retirement benefits  
The provision for retirement benefits is provided at an amount calculated based on the projected benefit obligations at the end of the fiscal year under review.

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

- 1) Hedge accounting method  
The Company has adopted the deferral method for hedging activities. Certain forward foreign exchange contracts are subject to appropriation if they satisfy the requirements of appropriation treatment ("*furiate-shori*").
- 2) Accounting for consumption tax, etc.  
Transactions subject to the consumption tax and local consumption tax are recorded at amounts exclusive of the consumption taxes.  
However, the nondeductible consumption tax, etc., in respect of assets is recorded as period costs for the fiscal year when such costs are incurred.
- 3) Application of consolidated tax payment system  
The Company has applied the consolidated tax payment system effective from the fiscal year under review.

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**(Additional Information)**

(Adoption of the Revised Implementation Guidance on Recoverability of Deferred Tax Assets)

Effective from the consolidated fiscal year under review, the Company adopted the “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

**(Notes to Non-Consolidated Balance Sheet)**

|                                                                                | (millions of yen) |
|--------------------------------------------------------------------------------|-------------------|
| <b>1. Accumulated depreciation on property, plant and equipment</b>            | 25,623            |
| <b>2. Guarantee of liabilities</b>                                             |                   |
| As stated below, the Company has guaranteed loans from financial institutions. |                   |
| Stolle Machinery Company, LLC (debt obligations, etc.)                         | 10,196            |
| Stolle Machinery Company, LLC (lease agreements)                               | 850               |
| Tokan Trading Corporation (accounts payable)                                   | 76                |
| <b>3. Monetary receivables due from subsidiaries and associates</b>            | 25,258            |
| <b>4. Monetary payables due to subsidiaries and associates</b>                 | 63,302            |

**(Note to Non-Consolidated Statement of Income)**

**Volume of Trading with Subsidiaries and Associates**

|                                      | (millions of yen) |
|--------------------------------------|-------------------|
| Operating revenue                    | 13,063            |
| Operating expenses                   | 309               |
| Volume of non-operating transactions | 3,052             |

**(Note to Non-Consolidated Statement of Changes in Equity)**

**Matters concerning class and total number of treasury shares**

(thousands of shares)

| Class of shares | Number of shares at beginning of fiscal year under review | Number of shares increased in fiscal year under review | Number of shares decreased in fiscal year under review | Number of shares at end of fiscal year under review |
|-----------------|-----------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------|
| Common shares   | 14,911                                                    | 0                                                      | —                                                      | 14,912                                              |

Note: The breakdown of an increase in treasury shares is as follows:

Purchase of shares constituting less than one unit: 0 thousand shares

**(Note to Tax-Effect Accounting)**

**Significant components of deferred tax assets and liabilities**

(millions of yen)

|                                                         |          |
|---------------------------------------------------------|----------|
| Deferred tax assets                                     |          |
| Shares of subsidiaries and associates                   | 15,540   |
| Excessive depreciation                                  | 1,055    |
| Net loss carried forward                                | 568      |
| Other                                                   | 4,180    |
| Subtotal of deferred tax assets                         | 21,345   |
| Valuation reserve                                       | (3,925)  |
| Total of deferred tax assets                            | 17,419   |
| Deferred tax liabilities                                |          |
| Valuation difference on available-for-sale securities   | (27,696) |
| Reserve for advanced depreciation of non-current assets | (31)     |
| Assets adjusted for gains or losses on transfer         | (172)    |
| Total of deferred tax liabilities                       | (27,900) |
| Net deferred tax liabilities                            | (10,480) |

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**(Notes to Transactions with Related Parties)**

**Subsidiaries**

1. Transactions with related parties

| Attribute  | Company name                                | Ratio of voting rights  | Relationship with the related party                    | Description of transactions                | Transaction amount (millions of yen) |
|------------|---------------------------------------------|-------------------------|--------------------------------------------------------|--------------------------------------------|--------------------------------------|
| Subsidiary | Toyo Seikan Co., Ltd.                       | Direct holding (100%)   | Business administration<br>Concurrent post of officers | Management fee<br>Outsourcing fee (Note 1) | 3,678<br>(Note 2)                    |
| Subsidiary | Malaysia Packaging Industry Berhad (Note 3) | Indirect holding (100%) | Lending of funds                                       | Debt forgiveness                           | 828<br>(Note 4)                      |

(Note 1) The amount is determined based on certain reasonable standards for the purpose of business administration, etc.

(Note 2) The transaction amount above does not include consumption taxes.

(Note 3) Toyo Seikan Co., Ltd., a consolidated subsidiary of the Company, transferred all of the shares it held in Malaysia Packaging Industry Berhad to Taisei Lamick Co., Ltd. as of September 29, 2016. As a result, Malaysia Packaging Industry Berhad was excluded from the scope of related parties on the same day.

(Note 4) Out of the amount of debt forgiveness, ¥762 million was posted as allowance for doubtful accounts for the previous fiscal year.

2. Debt guarantees

| Attribute    | Balance at end of period (millions of yen) | Remark       |
|--------------|--------------------------------------------|--------------|
| Subsidiaries | 11,122                                     | (Notes 1, 2) |

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

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

3. Debt guarantees received

| Attribute    | Balance at end of period (millions of yen) | Remark                                                                             |
|--------------|--------------------------------------------|------------------------------------------------------------------------------------|
| Subsidiaries | 122,555                                    | The Company receives a guarantee for debt obligations from financial institutions. |

**(Note to Per Share Information)**

|                      |           |
|----------------------|-----------|
| Net assets per share | ¥2,163.54 |
| Profit per share     | ¥46.59    |

**(Other Notes)**

(Postponement of the business integration with Hokkan Holdings Limited)

At their respective Board of Directors meetings held on April 25, 2016, the Company and Hokkan Holdings Limited (collectively, hereinafter the “Companies”) resolved to enter into a memorandum of understanding (MOU) regarding the business integration of the Companies, and executed the MOU on the same day. The Companies are proceeding with detailed discussions and deliberations regarding the business integration in a spirit of equality.

The business integration is subject to the approval and permission of the relevant authorities necessary for its implementation, and is currently under business combination review by the Japan Fair Trade Commission. Therefore, the Companies have decided to postpone the business integration.

The Companies aim to realize the business integration at an early stage, and will continue working in cooperation so that the business combination review by the Japan Fair Trade Commission goes smoothly.

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