

Note: This translation is an English translation of the original Notice of Convocation of the 78th Ordinary General Meeting of Shareholders in Japanese. In the event of any discrepancy, the original Japanese version shall prevail.

To Shareholders:

Ticker Code: 9364
June 7, 2017

Kamigumi Co., Ltd.
4-1-11, Hamabe-dori, Chuo-ku, Kobe

**Notice of Convocation of the 78th Ordinary General Meeting
of Shareholders of Kamigumi Co., Ltd.**

We are pleased to inform you that the 78th Ordinary General Meeting of Shareholders will be held as stated below. We would be grateful if you could attend the meeting.

If you are unable to attend the meeting, please study the attached Reference Documents for the General Meeting of Shareholders for the 78th Ordinary General Meeting of Shareholders and review the “Guide for Exercising Voting Rights” described on page 15, and then exercise your voting rights in writing or via the Internet etc. by 5:30 p.m., Wednesday, June 28, 2017.

Yours faithfully,

Yoshihiro Fukai
President & Representative Director

Details

1. Date and Time: June 29, 2017, Thursday, at 10:00 a.m.
2. Place: Hotel Okura Kobe,
Heian Room on 1st Floor,
2-1, Hatoba-cho, Chuo-ku, Kobe
3. Agenda:
Matters to be Reported:
Item 1. Report on the Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements for the 78th fiscal term (April 1, 2016 - March 31, 2017)
Item 2. Report of the audit of the consolidated and non-consolidated financial statements by the Independent Auditors and the Audit & Supervisory Board for the 78th fiscal term (April 1, 2016 - March 31, 2017)

Matters to be Resolved:
Item 1. Appropriation of Surplus
Item 2. Consolidation of Shares
Item 3. Partial Amendments of the Articles of Incorporation
Item 4. Election of Eleven (11) Directors
Item 5. Election of One (1) Audit & Supervisory Board Member

4. Determination for Convocation

Please refer to [Guide for Exercising Voting Rights] (page 15).

- a. When you attend the Meeting, please kindly submit the enclosed voting rights exercise form at the reception desk.
- b. If it becomes necessary to amend any item to be listed in the business report, consolidated financial statements, non-consolidated financial statements, and reference documents for the general meeting of shareholders, we will notify the amendment on the Company's website (<https://www.kamigumi.co.jp/english/ir/shareholders/>).
- c. Among the documents which should be submitted with this Notice of Convocation, the “Notes to Consolidated Financial Statements” and “Notes to Non-Consolidated Financial Statements” are available on the Company's website (<https://www.kamigumi.co.jp/english/ir/shareholders/>) in accordance with the provisions of the law and Article 17 of the Articles of Incorporation of the Company. The Attached Documents of this Notice constitute a part of the Consolidated Financial Statements or Non-Consolidated Financial Statements which have been audited by the Audit & Supervisory Board members and the Independent Auditors at creating audit reports thereof.

Reference Documents for the General Meeting of Shareholders

Matters for Resolution and Reference

Item 1. Appropriation of Surplus

Aiming to further increase its profit and shareholder value and paying attention to the business performance and change of business environment, the Company basically intends to enhance the level of internal reserve in preparation for reinforcement of its corporate structure and aggressive business expansion and to maintain steady cash dividend to shareholders.

The Company intends to use the retained earnings mainly for development of new businesses, spending on plant and equipment in growing sectors, and investment in computerization.

Accordingly, we propose to appropriate surplus as follows:

1. Items on term-end dividend

As a result of comprehensive consideration of investment, profit, and financial plans, as well as the most recent business performance, on the basis of the stable dividend policy, the Company proposes to pay a dividend of ¥9.0 per share by adding the 150th anniversary commemorative dividend of ¥1.0 per share, as a token of appreciation for shareholders, to the regular dividend of ¥8.0 per share, as described below.

With this term-end dividend, the full-year dividend becomes ¥15 per share including a mid-term dividend of ¥6.0, which is a ¥2.0 increase from a year earlier.

(1) Type of dividend property: money

(2) Allotment of dividend property and its total amount

¥9.0 per common share of the Company (regular dividend of ¥8.0 and 150th anniversary commemorative dividend of ¥1.0)

In this case, the total dividend amount is ¥2,211,384,258.

(3) Effective date of dividends from surplus

June 30, 2017

2. Other items on appropriation of surplus

As for retained earnings, we propose the followings to prepare for the aggressive business expansion in the future, including spending on plant and equipment in new businesses and growing sectors.

(1) Item of increased surplus and its amount

General reserve: ¥10,000,000,000

(2) Item of decreased surplus and its amount

Retained earnings carried forward to the following term: ¥10,000,000,000

Item 2. Consolidation of Shares

1. Reason for consolidation of shares

Japan's securities exchanges have announced the "Action Plan for Consolidating Trading Units," with the aim of standardizing the trading unit for common shares of all listed companies in Japan at 100 shares per unit by October 1, 2018.

As an enterprise listed on the Tokyo Stock Exchange, the Company will follow the above direction, and accordingly, has decided to change the number of shares as a trading unit of the Company stock from the present number of 1,000 shares to 100 shares. In conjunction with this change, the Company will implement share consolidation (every two shares to be consolidated into one share), with the intent of adapting the Company's stock investment unit level to the level which the securities exchanges desire (at least 50,000 yen and less than 500,000 yen), and in consideration of increasing investment opportunities for individual investors, fluctuations of stock prices in the medium- and long-term, etc.

2. Ratio of consolidation

The Company proposes that every two shares of the Company's common share be consolidated into one share, provided that Item 3. "Partial Amendments of the Articles of Incorporation" is approved as originally proposed. If a fraction of less than one share is created because of the share consolidation, such fractional shares will be disposed of together pursuant to the Company Act, and the proceeds will be distributed to shareholders in proportion to the number of fractional shares they owned.

3. Effective date of share consolidation

October 1, 2017

4. Total number of authorized shares on the effective date

250 million shares

5. Others

The Company asks shareholders to leave all other necessary items for procedures to the Board of Directors.

Item 3. Partial Amendments of the Articles of Incorporation

1. Reasons for Amendments

Provided that Item 2. "Consolidation of Shares" is approved as originally proposed, the Company proposes that the total number of authorized shares be changed from 499,550,000 shares to 250,000,000 shares in proportion to the ratio of the share consolidation (one-half) to optimize the total number of authorized shares, and that the number of shares constituting one unit be changed from 1,000 shares to 100 shares to make the Company stock be traded at the unit of 100 shares.

Note that a supplementary provision will be added with the statement that these changes will take effect on October 1, 2017, which is the effective date of the share consolidation, and be deleted on the same date.

2. Details of Amendments

The details of amendments are as follows:

(Proposed amendments are underlined.)

Current Provisions of Articles	Proposed Amendments
(Total Number of Authorized Shares) Article 6. The total number of shares authorized for issuance by the Company shall be <u>four hundred and ninety-nine million, five hundred and fifty thousand (499,550,000)</u> shares.	(Total Number of Authorized Shares) Article 6. The total number of shares authorized for issuance by the Company shall be <u>two hundred and fifty million (250,000,000)</u> shares.
(Number of Shares Constituting One Unit) Article 8. The number of shares constituting one unit of shares of the Company shall be <u>one thousand (1,000)</u> shares.	(Number of Shares Constituting One Unit) Article 8. The number of shares constituting one unit of shares of the Company shall be <u>one hundred (100)</u> shares.
(New)	<u>Supplementary Provisions</u> <u>(Effective date of the partial amendments of the Articles of Incorporation)</u> <u>The amendments to Article 6 and Article 8 shall take effect on October 1, 2017.</u> <u>Note that this supplementary provision shall be deleted as of said effective date.</u>

Item 4. Election of Eleven (11) Directors

At the conclusion of this Ordinary General Meeting of Shareholders, the term of office of all eleven (11) directors will expire. Accordingly, shareholders are requested to approve the appointment of eleven (11) directors.

The candidates for directors are as follows:

Candidate Number	Name	Current position and areas of responsibility at the Company	Number of the Board of Directors' meetings attended
1	Masami Kubo	Chairman & Representative Director Chief Executive Officer Chairman of the board Reappointment	15/15
2	Yoshihiro Fukai	President & Representative Director Chief Operating Officer Reappointment	15/15
3	Hideo Makita	Representative & Senior Managing Director Senior Managing Executive Officer General Manager of Kyushu Main Branch Director of Feed & Grain Div. In charge of Rice Div. In charge of Kyushu region, Sales & Marketing HQ. Director in responsible for Safety Reappointment	15/15
4	Kuniharu Saeki	Representative & Senior Managing Director Senior Managing Executive Officer In charge of Administration Dept. Vice Director in responsible for Safety Reappointment	15/15
5	Norihito Tahara	Director & Managing Executive Officer General Manager of Nagoya Main Branch In charge of East Japan & Hokkaido, Chukyo region, Sales & Marketing HQ. Reappointment	15/15
6	Toshihiro Horiuchi	Director & Managing Executive Officer In charge of Overseas Business HQ. In charge of Port & Harbor Transportation, Sales & Marketing HQ. Reappointment	15/15
7	Yoichiro Ichihara	Director & Managing Executive Officer In charge of Metal Business, Heavy Cargo & Energy Transportation Div. Vice Director in responsible for Safety Reappointment	14/15
8	Katsumi Murakami	Director & Managing Executive Officer Director of Vegetable & Fruits Div. In charge of West Japan region, Sales & Marketing HQ. Reappointment	15/15
9	Yasuo Kobayashi	Managing Executive Officer Director of International Distribution Div. and General Manager of Hanshin Div. Reappointment	12/12
10	Toshio Tamatsukuri	External Director Reappointment External Independent	15/15
11	Koichi Baba	– New External Independent	–

Note: As Director Yasuo Kobayashi was newly appointed as Director in the middle of the fiscal year under review, the above numbers of the Board of Directors meetings held and his attendance respectively present figures after his appointment of June 29, 2016.

Candidate Number	Name (Date of Birth)	Career Summary (Position and areas of responsibility at the Company, and significant concurrent positions outside the Company)		Number of shares owned	Attendance to meetings of the Board of Directors
1	Masami Kubo (January 1, 1943) Reappointment	Apr. 1963	Joined Kamigumi Goshi Kaisha (Presently Kamigumi Co., Ltd.)	113,085	15/15 (100%)
		Jun. 1995	Director & General Manager of President Office & Director of Port and Harbor Transportation Div.		
		Jun. 1997	Managing Director		
		Jun. 1999	Senior Managing Director		
		Jun. 2000	Representative & Senior Managing Director		
		Jun. 2004	President & Representative Director		
		Apr. 2012	Chairman & Representative Director Chief Executive Officer Chairman of the board (incumbent)		
		<Significant concurrent positions outside the Company> - Aomi Cargo Distribution Center Co., Ltd. Chairman & Representative Director - World Cargo Distribution Center Co., Ltd. Chairman & Representative Director - Nippon Koun Shinko Co., Ltd. President & Representative Director - The Japan Harbor Transportation Association Chairman			
[Reasons for appointment as director] Masami Kubo, as President & Representative Director and Chairman, has promoted reinforcement of the foundation and the globalization of the Group through “Kamigumi Design Distribution.” He has also focused on activating the Board of Directors as Chairman of the board, using his extensive experience and achievements as a company’s management. He is proposed again as a candidate for director because he continues to be indispensable for managing the Company and implementing its business strategy.					
2	Yoshihiro Fukai (September 14, 1954) Reappointment	Apr. 1977	Joined Kamigumi Co., Ltd.	79,031	15/15 (100%)
		Apr. 2002	Executive Officer & General Manager of Kashima Branch		
			In charge of Hitachinaka Branch		
		Jun. 2003	Director & General Manager of Tokyo Branch		
			In charge of Hitachinaka Branch		
		Apr. 2006	Managing Director		
		Apr. 2010	Director & Managing Executive Officer		
		Apr. 2011	Director & Senior Managing Executive Officer		
		Apr. 2012	President & Representative Director Chief Operating Officer (incumbent)		
[Reasons for appointment as director] Yoshihiro Fukai is an expert in the Company’s core businesses, including Port & Harbor Transportation and international intermodal transport. He has been promoting expansion and reinforcement of the Group by supervising executive officers since he was appointed as President & Representative Director and Chief Operating Officer in April 2012. He is proposed again as a candidate for director because he continues to be indispensable for managing the Company and implementing its business strategy.					

Candidate Number	Name (Date of Birth)	Career Summary (Position and areas of responsibility at the Company, and significant concurrent positions outside the Company)		Number of shares owned	Attendance to meetings of the Board of Directors
3	Hideo Makita (November 26, 1950) Reappointment	Apr. 1973	Joined Kamigumi Co., Ltd.	90,031	15/15 (100%)
		Jul. 2000	Executive Officer & General Manager of Fukuoka Branch		
		Jun. 2003	Director & General Manager of Shibushi Branch In charge of Kagoshima Branch		
		Jun. 2007	Managing Director		
		Apr. 2010	Director & Managing Executive Officer		
		Apr. 2011	Director & Senior Managing Executive Officer		
		Jun. 2014	Representative & Senior Managing Director Senior Managing Executive Officer General Manager of Kyushu Main Branch Director of Feed & Grain Div. In charge of Rice Div. In charge of Kyushu region, Sales & Marketing HQ. Director in responsible for Safety (incumbent)		
[Reasons for appointment as director] Hideo Makita, as an expert in the Port & Harbor Transportation and Feed & Grain businesses, has exercised control over these businesses and the Kyushu region. He has focused on expanding the business operations of the Group as an assistant to the President since he was appointed as Representative & Senior Managing Director in June 2014. He is proposed again as a candidate for director because of his appropriate decision-making at the Board of Directors and proper monitoring of the execution of duties by directors.					

Candidate Number	Name (Date of Birth)	Career Summary (Position and areas of responsibility at the Company, and significant concurrent positions outside the Company)		Number of shares owned	Attendance to meetings of the Board of Directors
4	Kuniharu Saeki (April 18, 1947) Reappointment	Apr. 1970	Joined Kamigumi Co., Ltd.	48,386	15/15 (100%)
		Apr. 2009	Executive Officer & General Manager of Kobe Branch		
		Jun. 2012	Managing Executive Officer & General Manager of Kobe Branch Director of Vegetable & Fruits Div.		
		Jun. 2013	Director & Managing Executive Officer		
		Jun. 2014	Director & Senior Managing Executive Officer		
		Jun. 2016	Representative & Senior Managing Director Senior Managing Executive Officer In charge of Administration Dept. Vice Director in responsible for Safety (incumbent)		
		<Significant concurrent positions outside the Company > • Kobe Port International Distribution Center Co., Ltd. President & Representative Director • Kobe Koun Shinko Co., Ltd. President & Representative Director • Kobe Mega Container Terminal Co., Ltd. President & Representative Director • Hyogo Harbor Transportation Association Chairman • Kobe Port Fukurikosei Kyokai Head Director • Sunnypier Health Insurance Association Head Director			
[Reasons for appointment as director] Kuniharu Saeki, as an expert in the Port & Harbor Transportation, Vegetable & Fruits and Feed businesses, has broad insights into the Company’s operations. He has focused on improving and strengthening the internal control system since he took responsibility for the Administration Dept. in April 2015. He is proposed again as a candidate for director because of his appropriate decision-making at the Board of Directors and proper monitoring of the execution of duties by directors.					
5	Norihito Tahara (November 5, 1958) Reappointment	Apr. 1982	Joined Kamigumi Co., Ltd.	30,096	15/15 (100%)
		Apr. 2009	Executive Officer & General Manager of Nagoya Branch		
		Jun. 2011	Director & Executive Officer General Manager of Nagoya Branch		
		Apr. 2013	Director & Managing Executive Officer		
		Jun. 2016	Director & Managing Executive Officer General Manager of Nagoya Main Branch In charge of East Japan & Hokkaido, Chukyo region, Sales & Marketing HQ. (incumbent)		
[Reasons for appointment as director] Norihito Tahara, as an expert in the third-party logistics (3PL) businesses, has exercised control over business operations in Japan, including the East Japan and Chukyo regions, and has focused on expanding the business operations of the Group. He is proposed again as a candidate for director because of his appropriate decision-making at the Board of Directors and proper monitoring of the execution of duties by directors.					

Candidate Number	Name (Date of Birth)	Career Summary (Position and areas of responsibility at the Company, and significant concurrent positions outside the Company)		Number of shares owned	Attendance to meetings of the Board of Directors
6	Toshihiro Horiuchi (June 15, 1954) Reappointment	Apr. 1977 Apr. 2010	Joined Kamigumi Co., Ltd. Executive Officer & General Manager of Management & Planning Dept. & Task force team	34,775	15/15 (100%)
		Jun. 2012 Jun. 2013 Apr. 2016	Managing Executive Officer Manager of Administration Dept. & Manager of Secretarial Dept. & Task force team Director & Managing Executive Officer Director & Managing Executive Officer In charge of Overseas Business HQ. In charge of Port & Harbor Transportation, Sales & Marketing HQ. (incumbent)		
[Reasons for appointment as director] Toshihiro Horiuchi has been involved in the Port & Harbor Transportation and Overseas businesses, as well taking responsibility for the Management & Planning Dept. and Administration Dept. He, therefore, has broad knowledge of business management in general. He has been promoting the globalization of the Group since he took responsibility for overseas business in December 2014. He is proposed again as a candidate for director because of his appropriate decision-making at the Board of Directors and proper monitoring of the execution of duties by directors.					
7	Yoichiro Ichihara (December 14, 1951) Reappointment	Apr. 1974 Apr. 2009	Joined Kamigumi Co., Ltd. Executive Officer & General Manager of Hirohata Branch	31,677	14/15 (93.3%)
		Apr. 2013 Jun. 2013	Managing Executive Officer Vice Director in responsible for Metal Business In charge of Heavy Cargo & Energy Transportation Div. Director & Managing Executive Officer In charge of Metal Business, Heavy Cargo & Energy Transportation Div. Vice Director in responsible for Safety (incumbent)		
[Reasons for appointment as director] Yoichiro Ichihara has been involved in the Metal business and Heavy Cargo & Energy business for many years. He, therefore, has extensive knowledge and experience of these businesses. As the officer in charge of Metal, Heavy Cargo Transportation and Energy businesses, he has focused on expanding the business operations of the Group. He is proposed again as a candidate for director because of his appropriate decision-making at the Board of Directors and proper monitoring of the execution of duties by directors.					

Candidate Number	Name (Date of Birth)	Career Summary (Position and areas of responsibility at the Company, and significant concurrent positions outside the Company)		Number of shares owned	Attendance to meetings of the Board of Directors
8	Katsumi Murakami (January 10, 1955) Reappointment	Apr. 1977 Apr. 2012	Joined Kamigumi Co., Ltd. Executive Officer In charge of Tokyo and Yokohama Branch	26,518	15/15 (100%)
		Jun. 2013 Jun. 2014 Apr. 2016	Director & Executive Officer In charge of East Japan & Hokkaido region, Sales & Marketing HQ. Director & Managing Executive Officer Director & Managing Executive Officer Director of Vegetable & Fruits Div. In charge of West Japan region, Sales & Marketing HQ. (incumbent)		
[Reasons for appointment as director] Katsumi Murakami has been taking responsibility for offices mainly in the East Japan region. He is familiar with the Port & Harbor Transportation, Vegetable & Fruits and Feed businesses, and operations of other divisions. He has exercised control over the West Japan region and the Vegetable & Fruits business and focused on developing business operations of the Group since April 2016. He is proposed again as a candidate for director because of his appropriate decision-making at the Board of Directors and proper monitoring of the execution of duties by directors.					
9	Yasuo Kobayashi (March 24, 1953) Reappointment	Apr. 1975 Apr. 2013	Joined Kamigumi Co., Ltd. Executive Officer Director of International Distribution Div. and General Manager of Keihin Div.	26,848	12/12 (100%)
		Apr. 2014 Jun. 2016	Managing Executive Officer Director of International Distribution Div. and General Manager of Keihin Div. Director & Managing Executive Officer Director of International Distribution Div. and General Manager of Hanshin Div. (incumbent)		
[Reasons for appointment as director] Yasuo Kobayashi has been involved in third-party logistics (3PL) businesses and divisions related to international intermodal transport for many years. He has in-depth knowledge of these businesses. He has been in charge of International Distribution Div. and focused on expanding business operations of the Group since April 2013. He is proposed again as a candidate for director because of his appropriate decision-making at the Board of Directors and proper monitoring of the execution of duties by directors.					

Candidate Number	Name (Date of Birth)	Career Summary (Position and areas of responsibility at the Company, and significant concurrent positions outside the Company)		Number of shares owned	Attendance to meetings of the Board of Directors
10	Toshio Tamatsukuri (November 22, 1946) Reappointment External director candidate Independent officer	Jul. 1969	Entered National Police Agency	1,397	15/15 (100%)
		Oct. 1996	Director General, Japanese Organized Crime Department, Criminal Affairs Bureau, National Police Agency		
		Jan. 1998	Director General, Traffic Bureau, National Police Agency		
		Mar. 2000	Director and Deputy Governor, New Tokyo International Airport Authority		
		Apr. 2004	Representative Director and Vice President, Narita International Airport Corporation		
		Jun. 2011	Chief Executive Director, Universal Traffic Management Society of Japan (Presently UTMS Society of Japan)		
		Jun. 2015	External Director (incumbent)		
[Reasons for appointment as external director] Toshio Tamatsukuri has been an external director of the Company for two years up to the time of the conclusion of this Ordinary General Meeting of Shareholders, and has been involved in police administration for many years. He also has tremendous knowledge about crisis management including the exclusion of anti-social forces and organizational management, and based on this knowledge, he has provided appropriate advice and suggestions on the overall business of the Company at the meetings of the Board of Directors, etc. Therefore, we believe he will contribute to the enhancement and reinforcement of governance of the Company, and the Company requests his reelection as an external director. [Items on independence] Since there are no conflicts of interests between Toshio Tamatsukuri and the Company, Toshio Tamatsukuri satisfies the standards for independence stipulated by the Company and the Company has appointed him as an independent officer and registered this at Tokyo Stock Exchange, Inc. If he is reelected as an external director in accordance with the original agreement, the Company will continue to designate him as an independent officer.					

Candidate Number	Name (Date of Birth)	Career Summary (Position and areas of responsibility at the Company, and significant concurrent positions outside the Company)		Number of shares owned	Attendance to meetings of the Board of Directors
11	Koichi Baba (February 12, 1951) New Appointment External director candidate Independent officer	Apr. 1973	Entered Ministry of Transport (Presently Ministry of Land, Infrastructure, Transport and Tourism)	—	—
		Mar. 1988	General Manager, Planning Department, Kinki District Transport Bureau, Ministry of Transport		
		Aug. 1994	Chief of Fukui Prefectural Police		
		Jul. 2001	Director, Kinki District Transport Bureau, Ministry of Land, Infrastructure, Transport and Tourism		
		Jul. 2003	Senior Deputy Director-General, Maritime Bureau, Ministry of Land, Infrastructure, Transport and Tourism		
		Jul. 2006	Retired from the Ministry		
		Jul. 2008	Standing Corporate Auditor, JAL CAPITAL CO., LTD.		
		Jun. 2011	Senior Managing Director, Fukuoka Airport Building Co., Ltd.		
		Jun. 2013	Vice President and Representative Director, Fukuoka Airport Building Co., Ltd. (incumbent)		
		<Significant concurrent positions outside the Company>			
• Vice President, Fukuoka Airport Building Co., Ltd.					
[Reasons for appointment as external director] Koichi Baba has been engaged in the transport administration for many years, and has tremendous knowledge about the Company’s major businesses, as well as solid experience in corporate management. He is highly independent from the Company, as stated below, and therefore, we believe he will contribute to the reinforcement and development of the governance of the Company through the engagement in the Board of Directors, etc. Accordingly, the Company requests his appointment as an external director. [Items on independence] The Company has no transaction relationships with Fukuoka Airport Building Co., Ltd. to which Koichi Baba belongs. From the above, Koichi Baba satisfies the standards for independence stipulated by the Company, and the Company will appoint him as an independent officer and register this at Tokyo Stock Exchange, Inc.					

Notes: 1. There are no conflicts of interests between the each candidate for Directors and the Company.

2. The number of shares owned by each candidate for Director includes shares they own through Kamigumi Officers Shareholding Association.
3. The Company has concluded with Toshio Tamatsukuri a contract for limitation of liability for damages described in Paragraph 1 of Article 423 of the Company Act to limit the amount of liability to the minimum liability amount stipulated in Paragraph 1 of Article 425 of the Company Act, and if he is reelected according to the original agreement, the Company will renew the said contracts for limitation of liability for damages. In addition, if the election of Koichi Baba is approved, the Company will conclude with him the said contract for limitation of liability for damages.

Item 5. Election of One (1) Audit & Supervisory Board Member

At the conclusion of this Ordinary General Meeting of Shareholders, the term of office of Audit & Supervisory Board Member Hirokazu Hayashi will expire. Accordingly, shareholders are requested to approve the appointment of one (1) audit & supervisory board member.

This item was approved in advance by the Audit & Supervisory Board.

The candidate for audit & supervisory board member is as follows:

Name (Date of Birth)	Career Summary (Position at the Company, and significant concurrent positions outside the Company)		Number of shares owned	Attendance to meetings of the Board of Directors
Ai Kuroda (October 14, 1966) New Appointment	Apr. 1995	Registered as an attorney at law (Osaka Bar Association)	—	—
	Mar. 2002	Entered Kuboi & Partners Law Office		
External audit & supervisory board member candidate	Oct. 2006	Retired from Kuboi & Partners Law Office		
	Oct. 2006	Entered OHASHI & HORN LLP (New York office)		
	Jan. 2009	Retired from OHASHI & HORN LLP		
Independent officer	Feb. 2009	Re-entered Kuboi & Partners Law Office (incumbent)		
[Reasons for appointment as external audit & supervisory board member] Ai Kuroda possesses broad experience and considerable knowledge and insights as an attorney at law, with engagement in the field of the Company Act of Japan and other corporate legal affairs, as well as work experience at the overseas office, and therefore, she is expected to be suitable for performing as an external audit & supervisory board member to oversee the audit of the Company's overall business activities operated globally. Accordingly, although she does not have experience being directly involved in corporate management, we believe she will contribute to the reinforcement and development of the governance of the Company through the engagement in the Board of Directors, etc., and propose her as an external audit & supervisory board member. [Items on independence] Since there are no conflicts of interests between Ai Kuroda and the Company, Ai Kuroda satisfies the standards for independence stipulated by the Company, and the Company will appoint her as an independent officer and register this at Tokyo Stock Exchange, Inc.				

Notes: 1. There are no conflicts of interests between the candidate for audit & supervisory board member and the Company.

2. If the election of Ai Kuroda is approved, the Company will conclude with her a contract for limitation of liability for damages described in Paragraph 1 of Article 423 of the Company Act to limit the amount of liability to the minimum liability amount stipulated in Paragraph 1 of Article 425 of the Company Act.

(Reference) Standards for the Independence of External Officers

The Company stipulates the standards for the independence of external directors and audit & supervisory board members (“External Officers”) as follows. When an External Officer (including a candidate) falls under any the following items, he/she is deemed not to have sufficiently satisfied the requirements for independence of the Company.

1. He/she currently serves or has previously served in the last ten years as a person who has executed business of the Company or its consolidated subsidiary.
2. He/she currently falls under any of the following items from (1) to (6), or has fallen under such items in the last three years:
 - (1) a business partner or a person who executing business of such business partner in which the amount of the transactions with the Company for one fiscal year exceeds 2% of the consolidated net sales of the Company or the business partner
 - (2) a major shareholder of the Company holding over 5% of the ownership of the Company or a person who executing business of such shareholder
 - (3) a major creditor of the Company or a person who executing business of such creditor
 - (4) a person who has received annual donations of over 10 million yen from the Company or belongs to an organization that has received annual donations of over 10 million yen from the Company
 - (5) a lawyer, certified public accountant, certified tax accountant, or consultant who has received remuneration of over 10 million yen (other than officers’ compensation) from the Company (if it is a judicial person and other similar organization, a person who belongs to the organization in which compensation provided from the Company exceeds 2% of the annual revenue of the organization)
 - (6) When a person who executing the Company’s business concurrently serves as a director of other company, a person who executing business of the other company
3. Spouse or relative within the second degree of kinship of a person described in 1. and 2. above

Guide for Exercising Voting Rights

1. Exercise of Voting Rights in Writing

Please indicate your votes for or against the Items on the enclosed Voting Rights Exercise Form and return it to the Company no later than 5:30 p.m., Wednesday, June 28, 2017.

2. Exercise of Voting Rights via the Internet

When you exercise your voting rights on the Internet, please carefully review the guide below. If you have any inquiries, please contact the help desk mentioned below as soon as possible.

1. Voting Right Exercise Site

- (1) Exercise of voting rights via the Internet, from a personal computer, smart-phone or a cell phone is only possible by accessing the website (<http://www.evot.jp/>) designated by the Company for the purpose of exercising voting rights. (However, the website is unavailable from 2:00 a.m. through 5:00 a.m. every day).
- (2) Firewalls, anti-virus software, proxy servers, or other aspects of the shareholder's Internet usage environment may prevent the use of a personal computer or a smart-phone to exercise of voting rights.
- (3) Voting rights may be exercised until 5:30 p.m. on June 28, 2017 (Wednesday), but shareholders are requested to do so as early as possible.

2. Exercising voting rights

- (1) Enter your "Login ID" and "Temporary Password," both of which are noted on the voting form, in the appropriate spaces on the voting rights exercise site (<http://www.evot.jp/>). Follow the instructions on your computer screen and indicate whether you are for or against each item.
- (2) To prevent unauthorized access by parties other than shareholders and the alteration of shareholder votes, shareholders voting via the Internet will be asked to change their "Temporary Password" on the voting rights exercise site.

3. Handling of Cases where Voting Rights have been Exercised Multiple Times

- (1) If having exercised voting rights both in writing and via the Internet, the vote cast via the Internet shall be deemed valid.
- (2) If having voted multiple times via the Internet, the last vote cast shall be deemed valid.

4. Cost for accessing the Voting Right Exercise Site

Costs (the Internet connection fees, packet communication fees, telephone charges, etc.) for accessing the voting rights exercise site shall be borne by the shareholder.

-Inquiries regarding the Voting Right Exercise Site, etc.

Transfer Agent Department (Help Desk)

Mitsubishi UFJ Trust and Banking Corporation

Phone: 0120-173-027 (9:00 to 21:00 (Japan Time), toll free (Japan only))

Use of Electronic voting platform (To institutional shareholders)

An electronic voting platform (TSE Platform) operated by ICJ Inc. can be used as a mean to exercise voting rights.

Business Report

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

1. Current Status of the Group

(1) Business Situation for the Current Fiscal Term

i) Progress and Results of Business

The global economy in the current fiscal year under review has moved on a trend of a moderate recovery overall, though some areas suffered weak resilience. Its outlook, however, faces uncertainties due to the possibilities of certain economic policies coming into force in the U.S., slowdowns in economies of China and other Asian emerging countries, the issue of the U.K.'s exit from the European Union, etc.

Japan's economy maintained a moderate recovery, albeit recovery lagged in some areas.

In the distribution services industry, the business environment has continuously faced severe conditions due to the impact of volatile foreign exchange rates, and the hovering state of low demand for both export and import cargos.

Under these circumstances, the Group established an office in Hachinohe, Aomori Prefecture, and a new controlled-temperature warehouse in Shibushi, Kagoshima Prefecture to enhance the operational capability for the distribution of grain. In addition, the Group newly constructed distribution and processing warehouses in Port Island, Kobe, and Kakamigahara, Gifu Prefecture respectively to meet customer needs. As a result, the Group has pushed ahead with "Kamigumi Design Distribution" by further strengthening the logistics infrastructure.

As a result, the Group recorded ¥246,212 million in net sales, a 1.6% year-on-year increase, in the fiscal term under review due to the increase in the volume of car-related cargo and containers in addition to the increase in the volume of grain and feedstuffs because of the increased distribution facilities while the decrease in the volume of vegetables and fruits and the cargo of international project transport. In terms of profit, operating profit amounted to ¥22,550 million, up 2.5% year on year, and recurring profit amounted to ¥24,035 million, up only 0.8% year on year, due to a decrease in dividend income and equity in gain of affiliates. Profit attributable to owners of parent increased 2.3% to ¥16,383 million from a year earlier due to a drop in the corporate income tax rate, etc.

The following provides an overview of our businesses by segment.

(Domestic Distribution Business)

In the Domestic Distribution Business, the transaction volume of containers increased due to the restructuring of the ship company's container business, and the volume of grain, feedstuffs, and car-related cargo also increased, while the transaction volume of imported vegetables and fruits decreased due to bad weather. As a result, net sales for this segment increased 4.1% year on year to ¥209,180 million and segment profit increased 4.8% to ¥20,723 million.

(International Distribution Business)

In the International Distribution Business, in addition to a fall in the volume of air cargo and NVOCC cargo, the transaction volume of project transport cargo decreased due to falling on the off-peak time for orders. As a result, net sales declined to ¥28,492 million, down 13.9% year on year and segment profit decreased 3.1% to ¥1,059 million.

(Other Businesses)

In Other Businesses, the transaction volume of transportation business for energy-related facilities, real-estate leasing business, and renewable energy business increased, while the volume of construction machinery business, business of manufacture and sale of alcoholic liquor and selling business decreased. As a result, net sales decreased to ¥20,418 million, down 2.6% year on year and segment profit decreased to ¥768 million, down 32.2% year on year.

ii) Capital Investment and Fund Raising

Capital investment for the fiscal term under review, which totaled ¥14,724 million, consisted primarily of the construction of distribution facilities such as Hachinohe Controlled-Temperature Logistics Center and Kobe Kamigumi Port-Island Distribution Processing Center, the acquisition of the land for the Hibiki feedstuffs warehouse and the logistics facility inside the Shibushi Seaside Industrial Park, and purchases of vehicles and cargo handling machines, etc. All capital investment was covered by funds on hand.

(2) Issues to be Faced

While Japan's domestic economy is expected to move on a moderate upward trend, backed by the U.S. economy's pick-up, uncertain factors in the U.S. and Europe need to be watched. Accordingly, uncertainty still remains about the future of the economic environment and the outlook will continue to be unclear.

In the distribution services industry, market participants are expecting a recovery of demand for cargo corresponding to a recovery trend of the global economy, while seeing increasingly intensifying competition over cargo orders toward globalization.

Under these circumstances, the Group also commemorated 150 years since foundation, a history that began with the opening of Port of Kobe. Going forward, in a bid to further step up competitiveness as a comprehensive logistics corporation, the Group, in domestic business activities, will focus on appropriate capital investments with an eye on a demand trend in the domestic market, while, in international business activities, continue to work on the expansion of operating networks and acquisition of local logistics demand, striving to attain sustainable growth and raise corporate value through new logistics solutions toward the next generation.

(3) Assets and Profit and Loss

Item	75 th Fiscal Term (Ended March 2014)	76 th Fiscal Term (Ended March 2015)	77 th Fiscal Term (Ended March 2016)	78 th Fiscal Term (Consolidated fiscal term under review) (Ended March 2017)
Net Sales (¥ mil.)	237,871	242,861	242,399	246,212
Recurring Profit (¥ mil.)	23,260	23,640	23,850	24,035
Profit attributable to owners of parent (¥ mil.)	15,268	14,962	16,018	16,383
Basic earnings per share (¥)	59.22	58.15	63.23	65.53
Total Assets (¥ mil.)	339,838	353,865	359,942	370,872
Total Net Assets (¥ mil.)	286,339	297,969	301,944	312,116
Total Net Assets per Share (¥)	1,110.40	1,166.39	1,205.57	1,270.04

(4) Principal Subsidiaries (As of March 31, 2017)

Company's Name	Capital	Percentage of Investment by the Company	Principal Business
	Million yen	%	
Kamigumi Land Transport Co., Ltd.	150	100.00	Road Transportation
Kamigumi Marine Transport Co., Ltd.	200	95.00	Marine Transportation
Kamigumi Air Service Co., Ltd.	100	100.00	Air Freight Forwarding
Izumi Sangyo Co., Ltd.	20	100.00	Freight Forwarding
Kamix Corp.	164	100.00	Selling and Leasing
Oita Koun Co., Ltd.	40	100.00	General harbor transportation
Iwagawa Jozo Co., Ltd.	10	100.00 (100.00)	Manufacturer and wholesaler of alcoholic beverages
	Million HK\$		
Kamigumi (Hong Kong) Co., Ltd.	55	100.00	Freight Forwarding

Notes: 1. A parenthetic figure for Percentage of Investment by the Company is an indirect ownership percentage (inclusive).
2. Capital unit of Kamigumi (Hong Kong) Co., Ltd. is 1 million HK\$.

(5) Principal Business (As of March 31, 2017)

Segment	Principal Business
Domestic Distribution Business	General Harbor Transportation, Warehousing, Road Transportation, Warehouse and Factory Cargo Handling
International Distribution Business	International Transportation
Other Businesses	Heavy Cargo Transportation and installation, Real-estate leasing, Selling, Manufacture and sale of alcoholic liquors, Production and sales of agricultural products, Solar Power Generation, etc.

(6) Principal Offices (As of March 31, 2017)

i) Domestic Principal Offices

Kamigumi Co., Ltd.	Registered Head Office	4-1-11, Hamabe-dori, Chuo-ku, Kobe	
	Tokyo Head Office	3-7-11, Shibaura, Minato-ku, Tokyo	
	Main Branch	Nagoya Main Branch (Nagoya), Kyushu Main Branch (Fukuoka)	
	Divisions/Departments etc.	Overseas Business Headquarters (Tokyo) Sales & Marketing HQ (Tokyo) International Distribution Division (Tokyo) Port & Harbor Transportation Division (Kobe) Heavy Cargo & Energy Transportation Division (Kobe) Rice Division (Tokyo) Vegetable & Fruits Division (Kobe) Feed & Grain Division (Fukuoka) Sunny Place Real Estate (Kobe)	
	Branches	Tokyo, Kashima, Yokohama, Niigata, Tomakomai, Hamaoka, Toyokawa, Tokai, Nagoya, Osaka, Kobe, Hirohata, Tamashima, Fukuyama, Minooki, Tokuyama, Sakaiminato, Moji, Yahata, Fukuoka, Oita, Yatsushiro, Kagoshima, Shibushi	
Subsidiaries	Kamigumi Land Transport Co., Ltd. (Kobe) Kamigumi Marine Transport Co., Ltd. (Kobe) Kamigumi Air Service Co., Ltd. (Tokyo) Izumi Sangyo Co., Ltd. (Osaka) Kamix Corp. (Kobe) Oita Koun Co., Ltd. (Oita Prefecture) Iwagawa Jozo Co., Ltd. (Kagoshima Prefecture) Kamitsu Unyu Co., Ltd. (Hyogo Prefecture) Maruko Marine Transport Co., Ltd. (Osaka)	Affiliates	Japan Port Industry Co., Ltd. (Kobe) Kamitsu Koun Co., Ltd. (Kobe) CHUO KOUN CO., LTD. (Kobe) Kobe Mega Container Terminal Co., Ltd. (Kobe) Tokachi Grain Center Co., Ltd. (Hokkaido) West-Japan Coastal Feeder G.K. (Kobe) Kobe Port International Distribution Center Co., Ltd. (Kobe) PIT Co., Ltd. (Kobe) Sunny Place Farm Company Inc. (Oita Prefecture) MCKG Port Holding Co., Ltd. (Tokyo) Mizuho Shoji Co., Ltd. (Osaka)

ii) Overseas Principal Offices

Kamigumi Co., Ltd.	Main Branch	Global Management Office (Singapore)
	Representative offices	Beijing Office (China) Dubai Branch (United Arab Emirates, UAE) Yangon Office (Myanmar)
Subsidiaries	Kamigumi (Hong Kong) Co., Ltd. (Hong Kong) Kamigumi Singapore PTE. LTD. (Singapore) Kamigumi International Forwarding (Shanghai) Co., Ltd. (China) Kamigumi International Forwarding (Shenzhen) Co., Ltd. (China) Kamigumi (Taiwan) Co., Ltd. (Taiwan) KAMIGUMI (VIETNAM) CO., LTD. (Vietnam) PT.KAMIGUMI INDONESIA (Indonesia) KAMIGUMI-EFR LOGISTICS (MYANMAR) CO., LTD. (Myanmar) PT.KAMIGUMI LOGISTICS INDONESIA (Indonesia) KAMIGUMI GLOBAL SOLUTIONS MALAYSIA SDN. BHD. (Malaysia) KAMIGUMI MEXICO S.A. de C.V. (Mexico)	
Affiliates	EASTERN SEA LAEM CHABANG TERMINAL CO., LTD. (Thailand) KAMIGUMI (MALAYSIA) SDN. BHD. (Malaysia) THAI LOGISTICS SERVICE CO., LTD. (Thailand) SHANGHAI KAMIGUMI LOGISTIC SERVICE CO., LTD. (China) TOYOTSU KAMIGUMI LOGISTICS (CHANGSHU) CO., LTD. (China) THILAWA GLOBAL LOGISTICS CO., LTD. (Myanmar)	

(7) Employees (As of March 31, 2017)

i) Employees of the Group

Segment	Number of Employees	Increase or decrease from the end of the 77 th fiscal term
Domestic Distribution Business	3,445	Decrease by 19
International Distribution Business	285	Decrease by 11
Other Businesses	257	Decrease by 2
Administration Operations	124	Decrease by 4
Total	4,111	Decrease by 36

Note: The number of employees is the number of persons at work (which excludes the number of persons seconded from the Group to outside and includes the number of persons seconded from outside to the Group).

ii) Employees of Kamigumi Co., Ltd.

Number of Employees	Increase or decrease over the Previous Term	Average Age (years)	Average Length of Service (years)
3,707	Decrease by 16	37.9	14.3

Note: The number of employees is the number of persons at work (which excludes the number of persons seconded from the Company to outside and includes the number of persons seconded from outside to the Company).

2. Current Status of the Company

(1) Shares Outstanding (As of March 31, 2017)

i) Total number of shares authorized to be issued	499,550,000
ii) Number of shares issued	274,345,675
iii) Number of shareholders	6,531
iv) Major shareholders (the top 10)	

Shareholders' Name	Number of Shares	Ratio of Shareholding
	Thousand shares	%
Kamigumi Customers and Subcontractors Shareholding Association	13,334	5.42
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,026	4.89
Northern Trust Co. (AVFC) Re Silchester International Investors International Value Equity Trust	10,071	4.09
Japan Trustee Services Bank Ltd. (Trust Account)	9,971	4.05
National Mutual Insurance Federation of Agricultural Cooperatives	7,344	2.98
Aioi Nissay Dowa Insurance Co., Ltd.	6,737	2.74
Northern Trust Co. (AVFC) Re U.S. Tax Exempted Pension Funds	6,556	2.66
Kamigumi Employees Shareholding Association	6,107	2.48
The Murao Educational Foundation	4,912	1.99
State Street Bank West Client - Treaty 505234	4,784	1.94

Notes: 1. Number of shares less than one thousand is rounded down to the nearest thousand.

2. While holding 28,636 thousand shares of treasury stocks, the Company is not included in the above-mentioned major shareholders. The ratio of shareholding is calculated by deducting treasury stocks and rounding down a number to two (2) decimal places.

(2) Situation of Corporate Officers

i) Situation of Directors and Audit & Supervisory Board Members (As of March 31, 2017)

Name	Title	Areas of responsibility at the Company and significant concurrent positions outside the Company
Masami Kubo	Chairman & Representative Director	Chief Executive Officer Chairman of the board Aomi Cargo Distribution Center Co., Ltd. Chairman & Representative Director World Cargo Distribution Center Co., Ltd. Chairman & Representative Director Nippon Koun Shinko Co., Ltd. President & Representative Director The Japan Harbor Transportation Association Chairman
Yoshihiro Fukai	President & Representative Director	Chief Operating Officer
Hideo Makita	Representative & Senior Managing Director	Senior Managing Executive Officer General Manager of Kyushu Main Branch Director of Feed & Grain Div. In charge of Rice Div. In charge of Kyushu region, Sales & Marketing HQ. Director in responsible for Safety
Kuniharu Saeki	Representative & Senior Managing Director	Senior Managing Executive Officer In charge of Administration Dept. Vice Director in responsible for Safety Kobe Port International Distribution Center Co., Ltd. President & Representative Director Kobe Koun Shinko Co., Ltd. President & Representative Director Kobe Mega Container Terminal Co., Ltd. President & Representative Director Hyogo Harbor Transportation Association Chairman Kobe Port Fukurikosei Kyokai Head Director Sunnypier Health Insurance Association Head Director
Norihito Tahara	Director	Managing Executive Officer General Manager of Nagoya Main Branch In charge of East Japan & Hokkaido and Chukyo regions, Sales & Marketing HQ.
Toshihiro Horiuchi	Director	Managing Executive Officer In charge of Overseas Business HQ. In charge of Port & Harbor Transportation, Sales & Marketing HQ.
Yoichiro Ichihara	Director	Managing Executive Officer In charge of Metal Business, Heavy Cargo & Energy Transportation Div. Vice Director in responsible for Safety

Name	Title	Areas of responsibility at the Company and significant concurrent positions outside the Company
Katsumi Murakami	Director	Managing Executive Officer Director of Vegetable & Fruits Div. In charge of West Japan region, Sales & Marketing HQ.
Yasuo Kobayashi	Director	Managing Executive Officer Director of International Distribution Div. and General Manager of Hanshin Div.
Tatsuhiko Miyazaki	Director	Attorney at law The Japan Cargo Tally Corporation Advisor Japan Transport Research Institute Auditor-secretary Airport Transport Service Co., Ltd. External Audit & Supervisory Board Member
Toshio Tamatsukuri	Director	–
Masahide Komae	Standing Audit & Supervisory Board Member (Full-time)	–
Tetsuo Itakura	Audit & Supervisory Board Member (Full-time)	–
Katsumasa Muneyoshi	Audit & Supervisory Board Member	Certified Tax Accountant F&M CO., LTD. External Director and Audit and Supervisory Committee Member
Takumi Nakao	Audit & Supervisory Board Member	Attorney at law Mitsuboshi Co., Ltd. External Auditor
Hirokazu Hayashi	Audit & Supervisory Board Member	The Distribution Systems Research Institute Chairman External Director, Toyo Engineering Corporation

Notes: 1. Institution For Transport Policy Studies changed its name to Japan Transport Research Institute as of June 16, 2016.

2. Directors Tatsuhiko Miyazaki and Toshio Tamatsukuri are the external directors. The Company has designated them the independent officers in accordance with the regulations of Tokyo Stock Exchange, Inc. and registered therein.
3. Audit & Supervisory Board Members Katsumasa Muneyoshi, Takumi Nakao and Hirokazu Hayashi are the external audit & supervisory board members. The Company has designated those three (3) audit & supervisory board members the independent officers in accordance with the regulations of Tokyo Stock Exchange, Inc. and registered therein.
4. Audit & Supervisory Board Member Masahide Komae has worked for the finance department of the Company over the years and has considerable insight in the areas of finance and accounting.
5. Audit & Supervisory Board Member Katsumasa Muneyoshi is Certified Tax Accountant and has considerable insight in the areas of tax and accounting.

ii) Directors who assumed office during the fiscal term under review

Name	Position at the Company upon assumption	Areas of responsibility at the Company and significant concurrent positions outside the Company upon assumption	Date of assumption
Yasuo Kobayashi	Director	Managing Executive Officer Director of International Distribution Div. and General Manager of Hanshin Div.	June 29, 2016

iii) Change of title and charge of directors during the fiscal term under review

Name	New title	Former title	Date of change
Kuniharu Saeki	Representative & Senior Managing Director In charge of Administration Dept. Vice Director in responsible for Safety	Representative & Senior Managing Director In charge of Administration Dept.	June 29, 2016
Norihito Tahara	Director & Managing Executive Officer General Manager of Nagoya Main Branch In charge of East Japan & Hokkaido and Chukyo regions, Sales & Marketing HQ.	Director & Managing Executive Officer General Manager of Nagoya Main Branch In charge of East Japan & Hokkaido and Chukyo regions, Sales & Marketing HQ. Director of International Distribution Div.	June 29, 2016

Notes: Important changes in concurrent positions outside the Company during fiscal term under review

Chairman & Representative Director Masami Kubo retired from office as Chairman & Representative Director of Kobe Port International Distribution Center Co., Ltd. on May 31, 2016.

(Reference) Situation of Executive Officers (As of April 1, 2017)

Name	Title	Positions of responsibility
*Yoshihiro Fukai	President	Chief Operating Officer
*Hideo Makita	Senior Managing Executive Officer	General Manager of Kyushu Main Branch Director of Feed & Grain Div. In charge of Rice Div. In charge of Kyushu region, Sales & Marketing HQ. Director in responsible for Safety
*Kuniharu Saeki	Senior Managing Executive Officer	In charge of Administration Dept. Vice Director in responsible for Safety
*Norihito Tahara	Managing Executive Officer	General Manager of Nagoya Main Branch In charge of East Japan & Hokkaido, Chukyo region, Sales & Marketing HQ.
*Toshihiro Horiuchi	Managing Executive Officer	In charge of Overseas Business HQ. In charge of Port & Harbor Transportation, Sales & Marketing HQ.
*Yoichiro Ichihara	Managing Executive Officer	In charge of Metal Business, Heavy Cargo & Energy Transportation Div. Vice Director in responsible for Safety
*Katsumi Murakami	Managing Executive Officer	Director of Vegetable & Fruits Div. In charge of West Japan region, Sales & Marketing HQ.
*Yasuo Kobayashi	Managing Executive Officer	Director of International Distribution Div. and General Manager of Hanshin Div.
Koichi Hiramatsu	Executive Officer	General Manager of Fukuyama Branch
Yukihiro Nagata	Executive Officer	Director of Port and Harbor Transportation Div.
Kazuhiro Yasuda	Executive Officer	General Manager of Tokuyama Branch
Keigo Akita	Executive Officer	General Manager of Personnel Affairs Dept.
Kazuhisa Shino	Executive Officer	General Manager of Nagoya Branch In charge of Toyokawa Branch
Kazuya Maeda	Executive Officer	Vice Director of International Distribution Div. and General Manager of Keihin Div.
Yasuhiro Kishino	Executive Officer	Director of Financial Div. General Manager of Financial Management Dept. and Securities Finance Dept.
Yoshio Kiyohara	Executive Officer	General Manager of Sunny Place Real Estate Manager of Safety & Quality assurance Dept.
Makoto Yokomizo	Executive Officer	Director of Overseas Business HQ.
Masayuki Gomi	Executive Officer	General Manager of Fukuoka Branch
Mitsuhiko Hase	Executive Officer	General Manager of Osaka Branch

Note: Executive Officers with “*” concurrently serve as Director.

iv) Total amount of compensation, etc. paid to directors and audit & supervisory board members

Title	Number	Total compensation
Director	11	¥362 million
Audit & Supervisory Board Member	5	¥37 million
Total (external officer)	16 (5)	¥400 million (¥26 million)

Notes: 1. The total amount of compensation paid to directors does not include the salaries as employee of the directors who also serve as employees.

2. The maximum amount of monthly compensation paid to directors was determined to be 40 million yen (excluding salaries as employees of directors who also serve as employees), based on a resolution passed at the 67th Ordinary General Meeting of Shareholders held on June 29, 2006.

3. The maximum amount of monthly compensation paid to audit & supervisory board members was determined to be 4 million yen, based on a resolution passed at the 71st Ordinary General Meeting of Shareholders held on June 29, 2010.

v) Items on external officers

1) Status of concurrent position at other companies, etc. by external officers

Title	Name	Companies, etc. where concurrent position is performed	Details of concurrent position
Director	Tatsuhiko Miyazaki	The Japan Cargo Tally Corporation Japan Transport Research Institute Airport Transport Service Co., Ltd.	Advisor Auditor-secretary External Audit & Supervisory Board Member
Audit & Supervisory Board Member	Katsumasa Muneyoshi	F&M CO., LTD.	External Director and Audit and Supervisory Committee Member
Audit & Supervisory Board Member	Takumi Nakao	Mitsuboshi Co., Ltd.	External Auditor
Audit & Supervisory Board Member	Hirokazu Hayashi	The Distribution Systems Research Institute Toyo Engineering Corporation	Chairman External Director

Note: The Company engages The Japan Cargo Tally Corporation, for which Director Tatsuhiko Miyazaki serves as Advisor, to perform harbor cargo tally services; however, the amount of transactions was less than 0.5% of the total amount of operating expenses of the Company, and there is nothing significant that would cause special interests to arise. There is no trading and other important relationships between the Company and other companies where concurrent positions are performed.

2) Principal activities during the fiscal term under review

- Attendance to meetings of the Board of Directors and Audit & Supervisory Board

Title	Name	Meeting of the Board of Directors		Meeting of the Audit & Supervisory Board	
		Number of attendances	Percentage of attendance	Number of attendances	Percentage of attendance
Director	Tatsuhiko Miyazaki	15/15	100%	—	—
Director	Toshio Tamatsukuri	15/15	100%	—	—
Audit & Supervisory Board Member	Katsumasa Muneyoshi	14/15	93.3%	11/12	91.7%
Audit & Supervisory Board Member	Takumi Nakao	15/15	100%	12/12	100%
Audit & Supervisory Board Member	Hirokazu Hayashi	13/15	86.7%	10/12	83.3%

- Statement at meetings of the Board of Directors and Audit & Supervisory Board
(Director Tatsuhiko Miyazaki)
He expressed his opinions from a professional point of view through his long experience in transport administration as an attorney at law, and gave advice and advanced proposals to secure lawfulness and appropriateness of decision making at the meetings of the Board of Directors.

(Director Toshio Tamatsukuri)

He expressed his opinions from a professional point of view based on his long experience in police administration, and gave advice and proposals to secure lawful and appropriate decision making at meetings of the Board of Directors.

(Audit & Supervisory Board Member Katsumasa Muneyoshi)

He expressed his opinions from a professional point of view through his long experience in tax affairs administration as a Certified Tax Accountant, and gave advice and advanced proposals to secure lawfulness and appropriateness of decision making at the meetings of the Board of Directors. He also made necessary statements mainly from a professional point of view through his long experience in the tax affairs administration from time to time at the meetings of the Audit & Supervisory Board.

(Audit & Supervisory Board Member Takumi Nakao)

He expressed his opinions from a professional point of view through his long experience in prosecutorial administration as an attorney at law, and gave advice and advanced proposals to secure lawfulness and appropriateness of decision making at the meetings of the Board of Directors. He also made necessary statements mainly from a professional point of view through his long experience in the prosecution administration from time to time at the meetings of the Audit & Supervisory Board.

(Audit & Supervisory Board Member Hirokazu Hayashi)

He expressed his opinions from a professional point of view gained from his long experience in economic administration and his experience gained from corporate management, and gave advice and advanced proposals to secure lawfulness and appropriateness of decision making at the meetings of the Board of Directors. He also made necessary statements mainly from a professional point of view through his long experience in the economic administration from time to time at the meetings of the Audit & Supervisory Board.

3) Outline of contracts for limitation of liability

The external director and external audit & supervisory board member of the Company concluded a contract with the Company for limitation of liability for damages described in Paragraph 1 of Article 423 of the Company Act pursuant to the provisions of Paragraph 1 of Article 427 of the Act. The maximum liability for damages of the external director and external audit & supervisory board member under the contract is the amount of the minimum liability stipulated in Paragraph 1 of Article 425 of the Company Act as set forth in Paragraph 2 of Article 29 of the Articles of Incorporation.

(3) Independent Auditors

i) Name: Shinyo Audit Corporation

ii) Amount of compensation, etc.

Item	Amount of compensation, etc.
Amount of compensation, etc. to be paid to independent auditors for the fiscal term under review	¥37 million
Total amount of money and other property interests to be paid by the Company and its subsidiaries to independent auditors	¥37 million

Notes: 1. In the audit agreement between the Company and independent auditors, the amount of audit compensation, etc. for audit under the Company Act is not clearly distinguished and cannot be substantially distinguished from the one under the Financial Instruments and Exchange Law. Therefore, the total amount is described as the amount of compensation, etc. for the fiscal term under review.

2. Audit & Supervisory Board verifies and examines the contents of the audit plan for the fiscal term under review, such as the audit hours, the personnel allocation plan, the status of execution of duties by the Independent Auditor and the grounds for calculation of compensation estimates, etc., taking into consideration

an analysis and evaluation of audit performance for the previous fiscal term. As a result, the Audit & Supervisory Board approves the compensation paid to the independent auditor and other necessary matters pursuant to Paragraph 1 of Article 399 of the Company Act.

3. Among principal subsidiaries, subsidiaries located in foreign countries have received audits by certified public accountants or an audit firm other than the independent auditors of the Company.

iii) Policy on how to determine dismissal or nonreappointment of independent auditors

If the independent auditor infringes professional duties, fails to perform duties, or performs inappropriate actions as an independent auditor, and the Audit & Supervisory Board deems that such could cause a substantial impediment as the Company's independent auditor, the Audit & Supervisory Board will, pursuant to the provisions of Paragraph 1 of Article 340 of the Company Act, dismiss the independent auditor by the unanimous consent of all audit & supervisory board members. In this case, the audit & supervisory board member chosen by the Audit & Supervisory Board will declare the dismissal of the independent auditor and the reason for the dismissal at the first general meeting of shareholders convoked after the dismissal. In addition, if the independent auditor is deemed to have difficulty in properly executing its duties, or a change of independent auditor is deemed reasonable to further enhance the appropriateness of audits, the Audit & Supervisory Board will determine the contents of the item for electing a new independent auditor, as well as dismissal and nonreappointment of the current independent auditor.

(4) Framework to secure appropriateness of operations

Matters on which the Company has passed a resolution at the Board of Directors as a framework to secure the appropriateness of operations are as follows.

This matter of this resolution shall be reviewed regularly and continuously when changes occur in the business environment.

(Basic policy about internal control system)

The Company, as a general distribution company, aims to realize continued growth and implement social responsibility by setting the management philosophy as "keeping up with the current of the times, keenly Responding to the demand of ever-changing society, we challenge the subject one step ahead of the day, we make efforts to enhance our corporate value and stability of our management, eventually, contribute to the realization of affluent society."

For achieving this objective, the Company will establish and manage the framework and system, and carry out regular review and improvement by setting up the basic policy on the internal control system as follows.

i) Framework to make performance of duties by directors and employees conform to laws and ordinances and Articles of Incorporation

The Company has set the compliance first as basis for corporate activities, and has established the "Kamigumi Group Charter of Corporate Behavior" that shall be applied to the entire Group for the purpose of establishing and practicing law-abiding spirit.

Based on the relevant Charter, in order to establish and promote the internal control system in the Group, the Company has set up the "Compliance Risk Management Committee," has formulated internal rules including the "Compliance Rules," etc., and shall improve and manage the whistle-blowing system called as the "Help Line for Corporate Ethics."

In addition, for business monitoring, the Company shall set up the Internal Audit Department as an independent organization under the direct supervision of the President, which shall carry out the audit of the Group.

ii) Framework to preserve and manage information about directors' performance of duties

We appropriately preserve and manage information about implementation of duties by directors by recording it in writing, etc. in accordance with "Document Management Regulations" and other relevant regulations.

Also, we promote an effective management system so that directors and audit & supervisory board members can easily access the information.

iii) Rules about loss risk controls and other frameworks

Divisions responsible for relevant fields manage various risks in business operations in accordance with "Risk Control Rules," etc. In addition, the Compliance Risk Management Committee operates cross-sectional control structure of the whole group.

- iv) Framework to secure efficient implementation of directors' duties
 The Group formulates the medium-term management plan in consideration of the business environment in the future, and draws up and carries out specific plans for achieving the relevant goal.
 In addition, a regular meeting of the Board of Directors is held once a month in principle to decide on important matters related to the Company and the Group for ensuring the effectiveness and efficiency of execution of duties as well as carrying out the monitoring of the status of execution of duties performed by directors.
 Furthermore, the Company aims to improve the efficiency of management by separating the decision-making and monitoring of management from the execution of operation through introducing the executive officer system.
- v) Framework to secure appropriateness of operations of the corporate group consisting of the Company and subsidiaries
 The Company formulates the "Management Rules for Affiliates and Subsidiaries," and obliges the Group to make a regular report about important matters on management, operating results, etc. in the Group.
 In addition, the Compliance Risk Management Committee of the Company and separate committees established in individual offices manage the compliance, and risk management structure and other systems necessary for internal control, decide on important policies, etc. on its operation and supervise the implementation status through the monitoring conducted by the Internal Audit Department of the Company.
- vi) Items on employees whom audit & supervisory board members request to appoint as their assistants in their duties
 We prepare a system for appointing appropriate persons as audit assistants from within the Company to support audit & supervisory board members' work in order to make audit more efficient and enhance the level of audit functions.
- vii) Items concerning keeping independence of the employees described in the preceding item from directors and ensuring effectiveness of instructions to the relevant employees
 When receiving an order necessary for audit work from audit & supervisory board members, the audit assistants defined in the preceding item preserve independence to be able to carry out an audit without being subjected to any unreasonable restriction from directors and employees with respect to the order. In addition, the audit assistants shall comply with the instructions of audit & supervisory board members upon the implementation of their duties.
- viii) Reporting framework enabling directors and employees to report to audit & supervisory board members
 Directors and employees of the Group report the following matters to audit & supervisory board members in time.
- Decision on important matters which have an effect on the Group
 - Business performance of the Company and the Group
 - Items on noncompliance of the Group
 - Items on the whistle-blowing contents in the Help Line for Corporate Ethics and survey results for the relevant whistle-blowing.
 - Cases discussed and reported at important meetings such as management conferences
 - Results of internal audits carried out by Internal Audit Department
 - Items which may cause substantial damage to the Group
- ix) System which ensures that a person who made a report to audit & supervisory board members based on the preceding item shall not be disadvantageously treated due to the fact that such person made such report
 The Company stipulates that it shall be prohibited that a person who made a report based on the preceding item may be disadvantageously treated due to the fact that such person made such report, and that a whistle-blower shall not be disadvantageously treated due to the fact of whistle-blowing.
- x) Items on the policy in relation to an advance payment of expenses or debt disposal incurred in connection with the execution of duties of audit & supervisory board members
 When an audit & supervisory board member claims to the Company an advance payment of expenses based on Article 388 of the Companies Act in association with the execution of the duties, the department

in charge shall, after deliberation, settle the relevant expenses or debt promptly except the case where the relevant expenses or debt related to the relevant claim shall be deemed not to be necessary for the execution of the duties by such an audit & supervisory board member.

xi) Other framework to ensure effective auditing by audit & supervisory board members

The Company formulates a framework where audit & supervisory board members can receive reports and exchange opinions and information about performance of their duties at meetings of the Board of Directors, and where audit & supervisory board members can have regular meetings and exchange opinions and information with respect to development and implementation of audit plans for individual fiscal terms with the Internal Audit Department and independent auditors.

In addition, the Company formulates a framework that enables audit & supervisory board members to peruse important minutes of meetings, documents for final decision and others if necessary.

(Operation of framework to secure appropriateness of operations)

i) Operation regarding the compliance system

The Compliance Risk Management Committee, which is responsible for establishing and promoting the internal control system, strives to fully disseminate compliance relating to internal rules and related laws and ordinances throughout the company using company bulletin boards and issuing newsletters. The Compliance Risk Management Committee also receives regular self-assessment reports from separate committees and successively implements appropriate measures to strengthen compliance.

In addition, the Company has formulated and managed the “Rules of Help Line for Corporate Ethics” as part of the whistle-blowing system, in order to identify violations of laws and ordinances and misconduct at an early stage, and prevent those acts.

ii) Operation of risk control system

To prevent various risks that occur in the performance of everyday duties, the Group has formulated “Risk Control Rules.” Pursuant to the rules, meetings of the Compliance Risk Management Committee were held regularly (12 times during the fiscal term under review) to understand risks in the Group and plan and implement necessary measures.

iii) Efforts to ensure appropriateness and efficiency of the execution of duties

The Board of Directors comprises eleven (11) directors, including two (2) external directors. During the fiscal term under review, Board of Directors’ meetings were held fifteen (15) times with the attendance of five (5) audit & supervisory board members, including three (3) external audit & supervisory board members. Attendees actively exchanged opinions regarding items, thereby ensuring the effectiveness of decision-making and supervision.

The Company has adopted an executive officer system. During the fiscal term under review, Executive Officers Committee meetings were held twelve (12) times with the attendance of all executive officers aiming to flexibly make decisions regarding the execution of duties.

iv) Operation regarding ensuring the appropriateness of operations in the Group

Important matters of Group management are discussed at the Company’s Board of Directors’ meetings and other internal management conferences or are reported in accordance with the “Management Rules for Affiliates and Subsidiaries.”

In addition, the Company’s Internal Audit Department conducts audits for major subsidiaries based on the audit plan to ensure the appropriateness of business operations in the Group.

v) Efforts to ensure the effectiveness of audits conducted by audit & supervisory board members

The Company’s audit & supervisory board members attend Board of Directors’ meetings and other important meetings, and have regular meetings with the Representative Director to secure opportunities to exchange opinions on corporate management. They also receive reports on the results of internal audits from the Internal Audit Department, and receive major reports and documentary materials from related departments of the Company. In addition, they receive reports and collect documentary materials regarding group companies as needed. Moreover, they receive regular reports on audit results from the independent auditor and inquire about the status of audits to the independent auditor as necessary, thereby ensuring the effectiveness of audits conducted by audit & supervisory board members.

Consolidated Balance Sheet

(As of March 31, 2017)

(Million yen)

<Assets>		<Liabilities>	
Current assets	99,097	Current liabilities	42,005
Cash and deposits	47,381	Notes payable and trade accounts payable	25,674
Notes receivable and trade accounts receivable	41,765	Income taxes payable	4,282
Marketable securities	700	Deferred tax liabilities	1
Inventories	1,100	Allowance for employees' bonuses	140
Deferred tax assets	1,126	Other current liabilities	11,906
Other current assets	7,077	Fixed liabilities	16,750
Allowance for doubtful accounts	(53)	Deferred tax liabilities	165
Fixed assets	271,775	Allowance for retirement benefits for directors and audit & supervisory board members	25
< Tangible fixed assets >	< 225,160 >	Accrued expenses for overhaul of vessels	11
Buildings and structures	110,043	Liabilities for employees' severance and retirement benefits	15,547
Machinery and equipment	13,680	Other fixed liabilities	1,001
Land	93,317	Total liabilities	58,755
Construction in progress	7,180	< Net assets >	
Other fixed assets	937	Shareholders' equity	306,855
< Intangible fixed assets >	< 7,807 >	Capital stock	31,642
< Investments and long-term receivable >	< 38,807 >	Additional paid-in capital	26,854
Investment securities	30,825	Retained earnings	272,709
Long-term loan receivable	135	Treasury stock	(24,349)
Deferred tax assets	1,552	Accumulated other comprehensive income	5,204
Other investments	6,515	Differences in valuation of available-for-sale securities	6,097
Allowance for doubtful accounts	(220)	Foreign currency translation adjustment	(82)
		Accumulated adjustment for employees' severance and retirement benefits	(810)
		Non-controlling interests	56
		Total net assets	312,116
Total assets	370,872	Total liabilities and net assets	370,872

Note: Figures of less than one million yen have been omitted.

Consolidated Statement of Income
(From April 1, 2016 to March 31, 2017)

(Million yen)

Net sales		246,212
Cost of sales		207,051
Gross profit		39,160
Selling, general and administrative expenses		16,609
Operating profit:		22,550
Non-operating revenues:		
Interests and dividend income	673	
Equity in gain of affiliates	389	
Other non-operating revenues	531	1,593
Non-operating expenses:		
Foreign exchange losses	88	
Other non-operating expenses	20	108
Recurring profit:		24,035
Non-recurring income:		
Gain on sales of fixed assets	64	
Gain on sales of investment securities	302	
Subsidy income	225	592
Non-recurring losses:		
Loss on sales and retirement of fixed assets	155	
Loss on valuation of investment securities	2	
Loss on sale of investments in capital	401	
Loss on disaster	96	656
Profit before income taxes:		23,970
Corporation, inhabitant, and enterprise taxes	7,694	
Deferred tax expenses	(111)	7,583
Profit		16,387
Profit attributable to non-controlling interests		3
Profit attributable to owners of parent		16,383

Note: Figures of less than one million yen have been omitted.

Consolidated Statements of Changes in Net Assets
(From April 1, 2016 to March 31, 2017)

(Million yen)

	Shareholders' equity				
	Capital stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the term	31,642	26,854	259,580	(19,347)	298,729
Changes in the term					
Dividends from surplus			(3,255)		(3,255)
Profit attributable to owners of parent			16,383		16,383
Purchase of treasury stocks				(5,001)	(5,001)
Net changes of items other than shareholders' equity in the term					
Total changes in the term	—	—	13,128	(5,001)	8,126
Balance at end of the term	31,642	26,854	272,709	(24,349)	306,855

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Differences in valuation of available-for-sale securities	Foreign currency translation adjustment	Accumulated adjustment for employees' severance and retirement benefits	Total accumulated other comprehensive income		
Balance at beginning of the term	4,538	(7)	(1,368)	3,162	52	301,944
Changes in the term						
Dividends from surplus						(3,255)
Profit attributable to owners of parent						16,383
Purchase of treasury stocks						(5,001)
Net changes of items other than shareholders' equity in the term	1,559	(74)	557	2,042	3	2,046
Total changes in the term	1,559	(74)	557	2,042	3	10,172
Balance at end of the term	6,097	(82)	(810)	5,204	56	312,116

Note: Figures of less than one million yen have been omitted.

Non-Consolidated Balance Sheet
(As of March 31, 2017)

(Million yen)

<Assets>		<Liabilities>	
Current assets	91,922	Current liabilities	38,532
Cash and deposits	44,780	Trade accounts payable	22,378
Notes receivable	922	Other accounts payable	5,610
Trade accounts receivable	37,820	Income taxes payable	4,181
Marketable securities	700	Accrued expenses	3,881
Supplies	191	Other current liabilities	2,480
Short-term loan receivable	5,081	Fixed liabilities	14,578
Deferred tax assets	1,073	Allowance for employees' severance and retirement benefits	13,887
Other current assets	1,397	Other fixed liabilities	690
Allowance for doubtful accounts	(45)	Total liabilities	53,111
Fixed assets	270,877	<Net assets>	
<Tangible fixed assets>	<223,300>	Shareholders' equity	304,200
Buildings	99,782	Capital stock	31,642
Structures	9,229	Additional paid-in capital	26,854
Machinery and equipment	11,887	Capital reserve	26,854
Vehicles	1,352	Retained earnings	270,053
Tools and fixtures	663	Legal retained earnings	5,978
Land	93,204	Other retained earnings	264,075
Construction in progress	7,180	Reserve for employees' severance and retirement benefits	800
<Intangible fixed assets>	<7,730>	Reserve for cash dividends	1,138
Leaseholds	6,084	Reserve for advanced depreciation of fixed assets	2,334
Other intangible fixed assets	1,645	Reserve for special depreciation	486
<Investments and long-term receivable>	<39,846>	General reserve	234,000
Investment securities	22,639	Retained earnings carried forward to the following term	25,315
Shares of affiliates	8,334	Treasury stock	(24,349)
Contribution to affiliates	308	Valuation / translation differences, etc.	5,487
Long-term loan receivable	2,215	Differences in valuation of available-for-sale securities	5,487
Guarantees	4,161		
Deferred tax assets	1,051		
Other investments	1,355		
Allowance for doubtful accounts	(220)	Total net assets	309,687
Total assets	362,799	Total liabilities and net assets	362,799

Note: Figures of less than one million yen have been omitted.

Non-Consolidated Statement of Income
(From April 1, 2016 to March 31, 2017)

(Million yen)

Net sales		228,376
Cost of sales		191,006
Gross profit		37,369
Selling, general and administrative expenses		15,433
Operating profit:		21,935
Non-operating revenues:		
Interests and dividend income	1,173	
Other non-operating revenues	543	1,717
Non-operating expenses:		
Foreign exchange losses	79	
Other non-operating expenses	23	102
Recurring profit:		23,550
Non-recurring income:		
Gain on sales of fixed assets	54	
Gain on sales of investment securities	302	
Subsidy income	225	582
Non-recurring losses:		
Loss on sales and retirement of fixed assets	155	
Loss on valuation of investment securities	2	
Loss on disaster	96	254
Profit before income taxes:		23,877
Corporation, inhabitant and enterprise taxes	7,478	
Deferred tax expenses	(120)	7,358
Profit:		16,519

Note: Figures of less than one million yen have been omitted.

Non-Consolidated Statements of Changes in Net Assets
(From April 1, 2016 to March 31, 2017)

(Million yen)

	Shareholders' equity							Valuation / translation differences, etc.		Total net assets
	Capital stock	Additional paid-in capital	Retained earnings			Treasury stock	Total shareholders' equity			
		Capital reserve	Legal retained earnings	Other retained earnings	Total retained earnings			Differences in valuation of available-for-sale securities	Total valuation / translation differences, etc.	
Balance at beginning of the term	31,642	26,854	5,978	250,811	256,789	(19,347)	295,938	4,023	4,023	299,961
Changes in the term										
Provision of reserve for advanced depreciation of fixed assets				—	—		—			—
Reversal of reserve for advanced depreciation of fixed assets				—	—		—			—
Provision of reserve for special depreciation				—	—		—			—
Reversal of reserve for special depreciation				—	—		—			—
Provision of general reserve				—	—		—			—
Dividends from surplus				(3,255)	(3,255)		(3,255)			(3,255)
Profit				16,519	16,519		16,519			16,519
Purchase of treasury stocks						(5,001)	(5,001)			(5,001)
Net changes of items other than shareholders' equity in the term								1,463	1,463	1,463
Total changes in the term	—	—	—	13,263	13,263	(5,001)	8,262	1,463	1,463	9,726
Balance at end of the term	31,642	26,854	5,978	264,075	270,053	(24,349)	304,200	5,487	5,487	309,687

Note: Figures of less than one million yen have been omitted.

(Breakdown of other retained earnings)

(Million yen)

	Other retained earnings						Total
	Reserve for employees' severance and retirement benefits	Reserve for cash dividends	Reserve for advanced depreciation of fixed assets	Reserve for special depreciation	General reserve	Retained earnings carried forward to the following term	
Balance at beginning of the term	800	1,138	2,334	618	224,000	21,920	250,811
Changes in the term							
Provision of reserve for advanced depreciation of fixed assets			86			(86)	–
Reversal of reserve for advanced depreciation of fixed assets			(85)			85	–
Provision of reserve for special depreciation				–		–	–
Reversal of reserve for special depreciation				(131)		131	–
Provision of general reserve					10,000	(10,000)	–
Dividends from surplus						(3,255)	(3,255)
Profit						16,519	16,519
Purchase of treasury stocks							
Net changes of items other than shareholders' equity in the term							
Total changes in the term	–	–	0	(131)	10,000	3,395	13,263
Balance at end of the term	800	1,138	2,334	486	234,000	25,315	264,075

Note: Figures of less than one million yen have been omitted.

INDEPENDENT AUDITORS' REPORT

May 10, 2017

To The Board of Directors
Kamigumi Co., Ltd.

The Shinyo Audit Corporation
Akio Kawamoto (Seal)
Representative and Engagement Partner
Certified Public Accountant
Satoshi Inaba (Seal)
Representative and Engagement Partner
Certified Public Accountant

We have audited Kamigumi Co., Ltd.'s consolidated financial statements which consist of consolidated balance sheet, consolidated statement of income, consolidated statements of changes in net assets, and notes to consolidated financial statements, for the consolidated fiscal term from April 1, 2016 to March 31, 2017 in accordance with the provisions of Paragraph 4 of Article 444 of the Company Act.

Responsibilities of the Company management for consolidated financial statements

The Company's management is responsible for preparation and appropriate presentation of these consolidated financial statements in accordance with generally accepted corporate accounting standards in Japan. The responsibilities include enhancement and operation of internal control which is considered necessary by the Company's management in order to prepare and appropriately present the consolidated financial statements without material misstatements attributable to frauds and errors.

Responsibilities of Auditors

We are responsible for independently expressing our opinions on the consolidated financial statements based on an audit performed by us. We conducted our audit in accordance with generally accepted auditing standards in Japan. Those auditing standards require us to formulate an audit plan and conduct the audit based on the plan in order to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

In an audit, audit procedures are implemented to obtain audit evidence concerning amounts and disclosure in the consolidated financial statements. The audit procedures are selected and applied at our discretion on the basis of risk assessment related to material misstatement attributable to frauds and errors in the consolidated financial statements. While the purpose of audit is not to express our opinions on effectiveness of the internal control, we review internal control involved in preparation and appropriate presentation of the consolidated financial statements in order to formulate flexible and proper audit procedures for implementation of the risk assessment. An audit also includes assessing the accounting principles used, the method of their application and estimates made by the Company's management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that we obtained adequate and appropriate audit evidence which provides a basis for our opinion.

Auditors' opinion

We affirm that the abovementioned consolidated financial statements contain all important matters with respect to the situation of assets and profit and loss of the corporate group consisting of Kamigumi Co., Ltd. and its consolidated subsidiaries for the term pertaining to the consolidated financial statements in accordance with the corporate accounting standards which are generally accepted in Japan.

Interests

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law.

INDEPENDENT AUDITORS' REPORT

May 10, 2017

To The Board of Directors
Kamigumi Co., Ltd.

The Shinyo Audit Corporation
Akio Kawamoto (Seal)
Representative and Engagement Partner
Certified Public Accountant
Satoshi Inaba (Seal)
Representative and Engagement Partner
Certified Public Accountant

We have audited Kamigumi Co., Ltd.'s financial statements which consist of balance sheet, statement of income, statements of changes in net assets, notes, and supplementary statement thereto for the 78th fiscal term from April 1, 2016 to March 31, 2017 in accordance with the provisions of Item 1 of Paragraph 2 of Article 436 of the Company Act.

Responsibilities of the Company management for the financial statements

The Company's management is responsible for preparation and appropriate presentation of these financial statements and supplementary statement in accordance with generally accepted corporate accounting standards in Japan. The responsibilities include enhancement and operation of internal control which is considered necessary by the Company's management in order to prepare and appropriately present the financial statements and supplementary statement without material misstatements attributable to frauds and errors.

Responsibilities of Auditors

We are responsible for independently expressing our opinions on the financial statements and supplementary statement based on an audit performed by us. We conducted our audit in accordance with generally accepted auditing standards in Japan. Those auditing standards require us to formulate an audit plan and conduct the audit based on the plan in order to obtain reasonable assurance about whether the financial statements and supplementary statement are free of material misstatement.

In an audit, audit procedures are implemented to obtain audit evidence concerning amounts and disclosure in the financial statements and supplementary statement. The audit procedures are selected and applied at our discretion on the basis of risk assessment related to material misstatement attributable to frauds and errors in the financial statements and supplementary statement. While the purpose of audit is not to express our opinions on effectiveness of the internal control, we review internal control involved in preparation and appropriate presentation of the financial statements and supplementary statement in order to formulate flexible and proper audit procedures for implementation of the risk assessment. An audit also includes assessing the accounting principles used, the method of their application and estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements and supplementary statement.

We believe that we obtained adequate and appropriate audit evidence which provides a basis for our opinion.

Auditors' opinion

We affirm that the abovementioned financial statements and supplementary statement thereto contain all important matters with respect to the situation of assets and profit and loss for the term pertaining to the financial statements and supplementary statement thereto in accordance with the corporate accounting standards which are generally accepted in Japan.

Interests

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provision of the Certified Public Accountants Law.

REPORT OF THE AUDIT & SUPERVISORY BOARD

The Audit & Supervisory Board prepares this audit report with respect to the performance of duties by directors for the 78th fiscal term from April 1, 2016 to March 31, 2017 based on the audit reports drawn up by individual audit & supervisory board members after review and states as follows.

1. Outline of Auditing Procedures Used by Audit & Supervisory Board Members and the Audit & Supervisory Board
 - (1) The Audit & Supervisory Board decided auditing policy and division of duties, received reports from individual audit & supervisory board members with respect to implementation and conclusion of audit, and received reports from directors and independent auditors with respect to performance of their duties and requested them to give an explanation as occasion arose.
 - (2) Based on the standards for audit & supervisory board members' audit stipulated by the Audit & Supervisory Board and according to the auditing policy and division of duties decided by the Audit & Supervisory Board, individual audit & supervisory board members communicated with directors, internal audit divisions, other employees, etc. to make efforts to collect information and improve audit environment, and perform the audit in accordance with the following procedures.
 - 1) Individual audit & supervisory board members attended important meetings such as meetings of the Board of Directors, received reports from directors and employees with respect to their performance of duties and requested them to give an explanation as occasion arose, perused important documents, etc. for final decision, and investigated the situation of operations and assets at the headquarters and principal business establishments. For subsidiaries, individual audit & supervisory board members communicated and exchanged information with directors, audit & supervisory board members, etc. of the subsidiaries and received business reports from subsidiaries as occasion arose.
 - 2) Individual audit & supervisory board members expressed opinions, with receiving regular reports from Directors and employees on construction and operation of the system (internal control system) and asked them for explanations as needed, based on the implementation standards for audit & supervisory board members' audit stipulated by the Audit & Supervisory Board, about the content of the resolution adopted at the Board of Directors with respect to the arrangement of structure to make directors' implementation of duties conform to laws and ordinances and Articles of Incorporation as well as the framework required for ensuring fair operation as a stock company and the corporate group consisting of the Company and subsidiaries as stipulated in Paragraph 1 and Paragraph 3 of Article 100 of the Company Act Enforcement Regulations and the status of the framework (internal control system) arranged in accordance with the resolution which are described in the business report. For subsidiaries, individual audit & supervisory board members also expressed opinions, with receiving regular reports from Directors and employees of the subsidiaries and asked them for explanations likewise.
 - 3) Furthermore, individual audit & supervisory board members did monitoring and verified whether independent auditors maintained independence and carried out a proper audit, received reports from independent auditors on implementation of their duties, and requested them to give an explanation as occasion arose. The individual audit & supervisory board members also received a notice from the independent auditors to the effect that they prepared "a framework to ensure proper performance of duties" (matters listed in individual items of Article 131 of the Corporate Computation Rule) in accordance with "Quality Control Standards for Audit" (prepared by the Business Accounting Council on October 28, 2005) and requested them to give an explanation as occasions arose.

The business report and supplementary statement thereto, the financial statements (balance sheet, statement of income, statements of changes in net assets, and notes), and supplementary statement thereto and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statements of changes in net assets, and consolidated notes), for the 78th fiscal term were examined based on the abovementioned methods.

2. Conclusion of the Audit
- (1) Conclusion of audit of business reports, etc.
 - 1) We affirm that the business reports and supplementary statement thereto show the correct status of the Company in accordance with laws and ordinances and Articles of Incorporation.
 - 2) We acknowledge no unlawfulness in the implementation of duties by the directors or important fact which violates any law or ordinance or Articles of Incorporation.
 - 3) We affirm that the content of the resolution adopted at the Board of Directors on the internal control system is appropriate. We acknowledge nothing to be pointed out with respect to matters stated in the Business Report and performance of duties by the directors for the internal control system.
 - (2) Conclusion of audit of financial statements and supplementary statement thereto
We affirm that the audit method used and conclusion reached by the independent auditor, Shinyo Audit Corporation, are appropriate.
 - (3) Conclusion of audit of consolidated financial statements
We affirm that the audit methods used and conclusions reached by the independent auditor, Shinyo Audit Corporation, are appropriate.

May 12, 2017

The Audit & Supervisory Board
Kamigumi Co., Ltd.

Masahide Komae (Seal)
Standing Audit & Supervisory
Board Member (Full-time)

Tetsuo Itakura (Seal)
Audit & Supervisory Board
Member (Full-time)

Katsumasa Muneyoshi (Seal)
External Audit & Supervisory
Board Member

Takumi Nakao (Seal)
External Audit & Supervisory
Board Member

Hirokazu Hayashi (Seal)
External Audit & Supervisory
Board Member