

To Shareholders:

Ticker Code: 9364
June 6, 2018

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

**Notice of Convocation of the 79th Ordinary General Meeting
of Shareholders of Kamigumi Co., Ltd.**

We are pleased to inform you that the 79th 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 79th 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 5:00 p.m., Wednesday, June 27, 2018.

Yours faithfully,

Yoshihiro Fukai
President & Representative Director

Details

1. Date and Time: June 28, 2018, 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 79th fiscal term (April 1, 2017 - March 31, 2018)
 - 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 79th fiscal term (April 1, 2017 - March 31, 2018)
Matters to be Resolved:
 - Item 1. Appropriation of Surplus
 - Item 2. Partial Amendments of the Articles of Incorporation
 - Item 3. Election of Nine (9) Directors
 - Item 4. Election of Two (2) Audit & Supervisory Board Members
 - Item 5. Election of One (1) Substitute 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 “Consolidated Statements of Changes in Net Assets,” “Notes to Consolidated Financial Statements,” “Non-Consolidated Statements of Changes in Net Assets” 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

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 ¥21.0 per share.

The Company has implemented share consolidation in which every two (2) common shares were consolidated into one (1) share, effective October 1, 2017. Since the Company paid a mid-term dividend of ¥7.0 per share on the record date of September 30, 2017 preceding the date of share consolidation, the full-year dividend becomes ¥17.5 per share, consisting of a mid-term dividend of ¥7.0 per share and a 79th fiscal term-end dividend of ¥10.5 per share. On a post-consolidation basis, the full-year dividend becomes ¥35.0 per share, totaling a mid-term dividend of ¥14.0 per share and a 79th fiscal term-end dividend of ¥21.0 per share.

(1) Type of dividend property: money

(2) Allotment of dividend property and its total amount

¥21.0 per common share of the Company

In this case, the total dividend amount is ¥2,541,049,896.

(3) Effective date of dividends from surplus

June 29, 2018

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:

¥8,000,000,000

(2) Item of decreased surplus and its amount

Retained earnings carried forward to the following term:

¥8,000,000,000

Policy on Determination of Dividends of Surplus and Others

While intending to enhance the level of internal reserves in preparation for reinforcement of the corporate structure and aggressive business expansion down the road, the Company considers stable return of profit to shareholders as a high priority management policy and strives to provide performance-linked stock dividends, targeted at a consolidated dividend payout ratio of 30%, in consideration of maintaining a balance with trends of business performance and internal reserves and other factors. The Company shall target a consolidated dividend payout ratio of 30% from the following term (80th fiscal term: fiscal term ending March 31, 2019).

In addition, the Company continues to purchase of treasury stocks as a basic policy with flexible decision making, aiming to enhance aggregate return of profit and improve capital efficiency.

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.

(Reference: Trends of Dividends and Consolidated Dividend Payout Ratio)

(Yen)

	75 th Fiscal Term	76 th Fiscal Term	77 th Fiscal Term	78 th Fiscal Term	79 th Fiscal Term (fiscal year under review)	80 th Fiscal Term (forecast)
Mid-term dividend	5.0	5.0	6.0	6.0	7.0 (14.0)	11.0 (22.0)
Term-end dividend	6.0	7.0	7.0	9.0	10.5 (21.0)	11.5 (23.0)
Full-year dividend	11.0	12.0	13.0	15.0	17.5 (35.0)	22.5 (45.0)
Payout ratio	18.6%	20.6%	20.6%	22.9%	23.9%	30.3%

Note: Since the Company has implemented share consolidation in which every two (2) common shares were consolidated into one (1) share, effective October 1, 2017, dividends in and after the 79th fiscal term ended March 31, 2018 show the amount before and after the share consolidation.

Item 2. Partial Amendments of the Articles of Incorporation

1. Reasons for Amendments

In preparation for the occurrence of a shortage in the number of Audit & Supervisory Board Members governed by laws and regulations, the Company shall establish a rule concerning Substitute Audit & Supervisory Board Members and clarify the term of office for the case in which a Substitute Audit & Supervisory Board Member assumes the position of Audit & Supervisory Board Member.

2. Details of Amendments

The details of amendments are as follows:

(Proposed amendments are underlined.)

Current Provisions of Articles	Proposed Amendments
(Method of Election) Article 22. (Omitted) 2. (Omitted) (New)	(Method of Election) Article 22. (Unchanged) 2. (Unchanged) <u>3. The Company may appoint a Substitute Audit & Supervisory Board Member at a General Meeting of Shareholders in preparation for the occurrence of a shortage in the number of Audit & Supervisory Board Members governed by laws and regulations, in accordance with Paragraph 3 of Article 329 of the Company Act of Japan.</u>
(Term of Office) Article 23. (Omitted) 2. The term of office of an Audit & Supervisory Board Member elected to replace a former Audit & Supervisory Board Member shall be equal to the remaining term of the former Audit & Supervisory Board Member.	(Term of Office) Article 23. (Unchanged) 2. The term of office of an Audit & Supervisory Board Member elected to replace a former Audit & Supervisory Board Member shall be equal to the remaining term of the former Audit & Supervisory Board Member. <u>However, in case where a Substitute Audit & Supervisory Board Member who was appointed in accordance with Paragraph 3 of the preceding Article assumes the position of Audit & Supervisory Board Member, the term of office may not go beyond the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within four (4) years of the election of a Substitute Audit & Supervisory Board Member.</u>

Item 3. Election of Nine (9) 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 nine (9) directors, lowering the number of Directors by two (2) to improve the efficiency of corporate management and the speed of decision-making.

The candidates for directors are as follows:

Candidate Number	Name	Current position and areas of responsibility at the Company	Number of attendance to meetings of the Board of Directors
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 In charge of Administration Dept. Director in responsible for Safety Reappointment	15/15
4	Norihito Tahara	Representative & Managing Director Managing Executive Officer In charge of International Distribution Div., Feed & Grain Div., Rice Div. In charge of East Japan & Hokkaido, Chukyo region, Sales & Marketing HQ. Reappointment	13/15
5	Toshihiro Horiuchi	Director & Managing Executive Officer In charge of Overseas Business HQ. In charge of Port & Harbor Transportation, Sales & Marketing HQ. Reappointment	15/15
6	Katsumi Murakami	Director & Managing Executive Officer General Manager of Kyushu Main Branch Director of Vegetable & Fruits Div. In charge of West Japan & Kyushu region, Sales & Marketing HQ. Reappointment	15/15
7	Yasuo Kobayashi	Director & Managing Executive Officer In charge of Metal Business, Heavy Cargo & Energy Transportation Div. Vice Director in responsible for Safety Reappointment	15/15
8	Toshio Tamatsukuri	External Director Reappointment External Independent	15/15
9	Koichi Baba	External Director Reappointment External Independent	12/12

- Notes: 1. As Director Koichi Baba was newly appointed as Director in the middle of the fiscal year under review, the above numbers of meetings of the Board of Directors held and his attendance respectively present figures after his appointment of June 29, 2017.
2. In addition to the number of meetings of the Board of Directors held above, there was one (1) resolution in writing which deemed that the meeting of the Board of Directors was held, in accordance with the provisions of Article 370 of the Company Act and Article 35 of the Articles of Incorporation of the Company.

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.)	57,528	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 • Hyogo Harbor Transportation Association Chairman • Sunnypier Health Insurance Association Head Director			
[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.	40,302	15/15 (100%)
		Apr. 2002	Executive Officer & General Manager of Kashima Branch		
		Jun. 2003	In charge of Hitachinaka Branch 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 of the business operations 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.	45,802	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		
		Apr. 2018	Senior Managing Executive Officer		
			Representative & Senior Managing Director		
			Senior Managing Executive Officer In charge of Administration Dept. 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 broad insights into knowledge of the Company’s operations. He has focused on enhancement and reinforcement of the internal control system since he took responsibility for the Administration Dept. in April 2018. He is proposed again as a candidate for director because of his appropriate decision-making at meetings of the Board of Directors and proper monitoring of the execution of duties by directors.					
4	Norihiro Tahara (November 5, 1958) Reappointment	Apr. 1982	Joined Kamigumi Co., Ltd.	15,835	13/15 (86.7%)
		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		
		Apr. 2018	Representative & Managing Director Managing Executive Officer In charge of International Distribution Div., Feed & Grain Div., Rice Div. In charge of East Japan & Hokkaido, Chukyo region, Sales & Marketing HQ. (incumbent)		
[Reasons for appointment as director] Norihiro 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 meetings of 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
5	Toshihiro Horiuchi (June 15, 1954) Reappointment	Apr. 1977	Joined Kamigumi Co., Ltd.	18,170	15/15 (100%)
		Apr. 2010	Executive Officer & General Manager of Management & Planning Dept. & Task force team		
		Jun. 2012	Managing Executive Officer Manager of Administration Dept. & Manager of Secretarial Dept. & Task force team		
		Jun. 2013	Director & Managing Executive Officer		
		Apr. 2016	Director & Managing Executive Officer In charge of Overseas Business HQ. In charge of Port & Harbor Transportation, Sales & Marketing HQ. (incumbent)		
<Significant concurrent positions outside the Company>					
• Kobe Port International Distribution Center Co., Ltd. President & Representative Director					
[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 global expansion 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 meetings of the Board of Directors and proper monitoring of the execution of duties by directors.					
6	Katsumi Murakami (January 10, 1955) Reappointment	Apr. 1977	Joined Kamigumi Co., Ltd.	14,042	15/15 (100%)
		Apr. 2012	Executive Officer In charge of Tokyo and Yokohama Branch		
		Jun. 2013	Director & Executive Officer In charge of East Japan & Hokkaido region, Sales & Marketing HQ.		
		Jun. 2014	Director & Managing Executive Officer		
		Apr. 2018	Director & Managing Executive Officer General Manager of Kyushu Main Branch Director of Vegetable & Fruits Div. In charge of West Japan & Kyushu 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 expanding business operations of the Group since April 2016. He is proposed again as a candidate for director because of his appropriate decision-making at meetings of 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
7	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.	14,211	15/15 (100%)
		Apr. 2014 Jun. 2016 Apr. 2018	Managing Executive Officer Director of International Distribution Div. and General Manager of Keihin Div. Director & Managing Executive Officer 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] 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 exercised control over metal, heavy cargo transportation, and energy-related businesses and focused on expanding business operations since April 2018. He is proposed again as a candidate for director because of his appropriate decision-making at meetings of the Board of Directors and proper monitoring of the execution of duties by directors.					
8	Toshio Tamatsukuri (November 22, 1946) Reappointment External director candidate Independent officer	Jul. 1969 Oct. 1996	Entered National Police Agency Director General, Japanese Organized Crime Department, Criminal Affairs Bureau, National Police Agency	1,091	15/15 (100%)
		Jan. 1998 Mar. 2000 Apr. 2004 Jun. 2011 Jun. 2015	Director General, Traffic Bureau, National Police Agency Director and Deputy Governor, New Tokyo International Airport Authority Representative Director and Vice President, Narita International Airport Corporation Chief Executive Director, Universal Traffic Management Society of Japan (Presently UTMS Society of Japan) External Director (incumbent)		
[Reasons for appointment as external director] Toshio Tamatsukuri has been an external director of the Company for three 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 meetings of the Board of Directors, etc. 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
9	Koichi Baba (February 12, 1951) Reappointment External director candidate Independent officer	Apr. 1973	Entered Ministry of Transport (Presently Ministry of Land, Infrastructure, Transport and Tourism)	208	12/12 (100%)
		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. 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.		
		Jun. 2017	External Director (incumbent)		
		<Significant concurrent positions outside the Company> • TONETS CORPORATION Advisor			
[Reasons for appointment as external director] Koichi Baba has been an external director of the Company for one year up to the time of the conclusion of this Ordinary General Meeting of Shareholders. With his professional point of view through long experience in transport administration and experience in corporate management, he has provided appropriate advice and suggestions on the overall business of the Company at meetings of the Board of Directors, etc. 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] The Company has no transaction relationships with TONETS CORPORATION to which Koichi Baba serves as Advisor. From the above, Koichi Baba 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.					

- 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 and Koichi Baba 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 they are reelected according to the original agreement, the Company will renew the said contracts for limitation of liability for damages.

Item 4.**Election of Two (2) Audit & Supervisory Board Members**

At the conclusion of this Ordinary General Meeting of Shareholders, the term of office of Audit & Supervisory Board Members Masahide Komae and Katsumasa Muneyoshi will expire and Audit & Supervisory Board Member Tetsuo Itakura will resign. Accordingly, shareholders are requested to approve the appointment of two (2) audit & supervisory board members. Considering the structure of officers and judging that the Company will be able to maintain effectiveness of its corporate governance, the number of Audit & Supervisory Board Members is reduced by one (1). This item was approved in advance by the Audit & Supervisory Board.

The candidates for audit & supervisory board members are as follows:

Candidate Number	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
1	Kuniharu Saeki (April 18, 1947) New appointment	Apr. 1970	Joined Kamigumi Co., Ltd.	24,976	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		
		Apr. 2016	Representative & Senior Managing Director		
			Senior Managing Executive Officer		
		Apr. 2018	Director		
			Assistant to President (incumbent)		
[Reasons for appointment as audit & supervisory board member] Kuniharu Saeki has held important positions including director of the Company for many years and has broad insights into the Company's overall operations including those in the Administration Dept. We believe that he will be able to perform auditing operations appropriately and contribute to the enhancement and reinforcement of governance of the Company through meetings of the Board of Directors. Accordingly, he is proposed as a candidate for audit & supervisory board member.					

Candidate Number	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
2	Katsumasa Muneyoshi (October 13, 1949) Reappointment External audit & supervisory board member candidate Independent officer	Apr. 1968	Joined Osaka Regional Taxation Bureau	3,921	15/15 (100%)
		Jul. 2002	District Director, Toyooka Tax Office		
		Jul. 2003	Director, Second Personnel Division, Management and Co-ordination Department, Osaka Regional Taxation Bureau		
		Jul. 2007	Director, Office of Management Supervision, Commissioner’s Secretariat, National Tax Agency		
		Jul. 2008	Regional Commissioner, Takamatsu Regional Taxation Bureau		
		Sep. 2009	Established Tax Accounting Office (incumbent)		
		Jun. 2010	External Audit & Supervisory Board Member (incumbent)		
		<Significant concurrent positions outside the Company> F&M CO., LTD. External Director and Audit & Supervisory Committee Member			
[Reasons for appointment as external audit & supervisory board member] Katsumasa Muneyoshi will have been an external audit & supervisory board member for eight years at the conclusion of this Ordinary General Meeting of Shareholders. Drawing on his deep professional knowledge as a Certified Tax Accountant, he has conducted appropriate audits. He has also focused on enhancement and reinforcement of governance by providing appropriate advice and suggestions at meetings of the Board of Directors. Accordingly, although he does not have experience being directly involved in corporate management, we believe he will perform his duty as an external audit & supervisory board member appropriately and the Company requests his reelection as an external audit & supervisory board member.					
(Concerning the independence of the relevant candidate) The Company has no transaction relationships with F&M CO., LTD. to which Katsumasa Muneyoshi serves as external director and audit & supervisory committee member. Katsumasa Muneyoshi is Certified Tax Accountant but the Company has no transaction relationships with him. From the above, Katsumasa Muneyoshi 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 audit & supervisory board member in accordance with the original agreement, the Company will continue to designate him as an independent officer.					

- Notes: 1. There are no conflicts of interests between the each candidate for audit & supervisory board members and the Company.
2. The number of shares owned by each candidate for audit & supervisory board member includes shares they own through Kamigumi Officers Shareholding Association.
3. The Company has concluded with Katsumasa Muneyoshi 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 in accordance with the original agreement, the Company will renew the said contract for limitation of liability for damages.

- Item 5.** Election of One (1) Substitute Audit & Supervisory Board Member
 In preparation for the occurrence of a shortage in the number of Audit & Supervisory Board Members governed by laws and regulations, shareholders are requested to approve the appointment of one (1) substitute audit & supervisory board member.
 The candidate is proposed as a substitute for standing audit & supervisory board member.
 This item was approved in advance by the Audit & Supervisory Board.
 The candidate for substitute audit & supervisory board member is as follows:

Name (Date of Birth)	Career Summary and significant concurrent positions outside the Company		Number of shares owned	Attendance to meetings of the Board of Directors
Masahide Komae (January 8, 1948) New appointment	Apr. 1970	Joined Kamigumi Co., Ltd.	38,828	15/15 (100%)
	Apr. 2002	Executive Officer & Director of Corporate Management Div. General Manager of General Affairs Dept.		
	Jun. 2004	Director & Director of Corporate Management Div.		
	Apr. 2006	Managing Director		
	Apr. 2010	Director & Executive Officer Management of Financial Dept.		
	Jun. 2010	Standing Audit & Supervisory Board Member (Full-time) (incumbent)		
[Reasons for appointment as substitute audit & supervisory board member] Masahide Komae served as a director of the Company, being involved in the Administration Dept. for many years. Subsequently, he has served as an audit & supervisory board member and conducted audits appropriately. He is proposed as a candidate for substitute audit & supervisory board member because we believe that he will be able to adequately perform the duties of a successor to a standing audit & supervisory board member in the event that such a position becomes vacant, with his experience gained from his past service and his considerable knowledge of finance and accounting.				

- Notes: 1. There are no conflicts of interests between the candidate for substitute audit & supervisory board member and the Company.
 2. The number of shares owned by the candidate for substitute audit & supervisory board member includes shares he owns through Kamigumi Officers Shareholding Association.

(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 Officers (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 5:00 p.m., Wednesday, June 27, 2018.

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 (<https://evote.tr.mufg.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 5:00 p.m. on June 27, 2018 (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 (<https://evote.tr.mufg.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, 2017 to March 31, 2018)

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 stayed on a moderate recovery track centered on the United States, while its outlook remains uncertain due to issues such as the U.K.'s exit from the European Union and trade frictions between the United States and China.

Japan's economy has been recovering moderately with steady growth in public investment, improvement in corporate earnings and capital investment, etc.

In the distribution services industry, the business environment has continuously faced severe conditions due to intensifying competition, problems of securing manpower, etc., despite steady performance in both the export and import cargo businesses.

Under these circumstances, aiming to realize the medium-term management plan targeted at an operating profit of ¥300,000 million and recurring profit of ¥30,000 million as the goals of the final business results during the plan period from the fiscal term ended March 31, 2016 to the fiscal term ending March 31, 2020, overseas, the Group intended to strengthen global logistics by participating in terminal operations in Cambodia and Myanmar.

In Japan, the Company focused on bolstering the business base both domestically and globally by launching new container operations at Central Breakwater Outer Wharf of the Port of Tokyo and establishing a logistics center in Kobe region, etc., and has pushed ahead with "Kamigumi Design Distribution."

As a result, the Group recorded ¥261,420 million in net sales, a 6.2% year-on-year increase, in the fiscal term under review due to the increased in the volume of the cargo of international project transport in addition to the increase in the volume of containers and feedstuffs. In terms of profit, operating profit amounted to ¥22,980 million, up 1.9% year on year due to factors such as an increase in outsourcing costs, and recurring profit amounted to ¥24,630 million, up 2.5% year on year. Profit attributable to owners of parent increased 9.3% to ¥17,902 million from a year earlier due to the recognition of gain on sales of investment securities, etc.

The following provides an overview of our businesses by segment.

(Domestic Distribution Business)

In the Domestic Distribution Business, sales from businesses related to harbor transportation and warehouse storage for import cargos grew steadily backed by brisk transactions of grain and steel products in addition to the increase transaction volume of containers due to the restructuring of the ship company's container business. As a result, net sales for this segment increased 5.7% year on year to ¥221,073 million and segment profit increased 2.2% to ¥21,172 million.

(International Distribution Business)

In the International Distribution Business, net sales for this segment increased 12.8% year on year to ¥32,135 million and segment profit increased 41.2% to ¥1,496 million, due to the increased transaction volume of project transport cargo for overseas power plants, international air cargo and NVOCC cargo.

(Other Businesses)

In Other Businesses, the transaction volume of selling business, real-estate leasing business and renewal energy business increased while the volume of heavy cargo transport and installation business decreased. As a result, net sales for this segment increased 2.0% year on year to ¥20,835 million and segment profit decreased 60.1% to ¥306 million.

ii) Capital Investment and Fund Raising

Capital investment for the fiscal term under review, which totaled ¥13,647 million, consisted primarily of the construction of distribution facilities such as Kobe Logistics Center, Tobishima Container Center,

the construction of renting-out apartment houses such as Sunny Place Osaka Port and Sunny Place Onoshiba in Osaka, and purchases of vehicles and cargo handling machines, etc. All capital investment was covered by funds on hand.

(2) Issues to be Faced

While the global economy is expected to continue to grow, unpredictable situations are likely to remain due to uncertain factors such as trends of trade policies centered on the United States, the issue of the U.K.'s exit from the European Union, and circumstances surrounding North Korea.

In the economic environment surrounding the Group, both the export and import cargo businesses are expected to perform steadily, while there are growing uncertainties of the outlook with issues foreseen such as a slowdown in consumption due to the ageing population and declining birthrates and a decline in competitiveness due to rising labor costs domestically, in addition to risk of changes in the global economic situation.

To cope with these situations, the Group will push ahead with the strategies below domestically and globally in the fourth year of the medium-term management plan.

Domestically, the Group will strive to improve competitiveness by stepping up the 3PL business with the constructing of distributive process-oriented logistics centers and strengthen the feed and grain business using a variety of silo facilities, while focusing on initiatives for the creation of new cargo to call for new demand for logistics such as the export business of domestic agricultural products.

Globally, the Group will work to formulate operating networks in North and Central America, Middle East and the African region as new markets, while aiming to further step up competitiveness and improve service levels with expanded in-house distribution facilities in the existing business bases in Southeast Asia. Furthermore, the Group will continue to focus on participating in terminal operations overseas.

To enhance these business strategies, the Group plans the capital investment on the aggregate scale of ¥40,000 million both domestically and globally for the remaining period of the medium-term management plan, striving to expand business operations with an eye on M&A activities.

(3) Assets and Profit and Loss

Item	76 th Fiscal Term (Ended March 2015)	77 th Fiscal Term (Ended March 2016)	78 th Fiscal Term (Ended March 2017)	79 th Fiscal Term (Consolidated fiscal term under review) (Ended March 2018)
Net Sales (¥ mil.)	242,861	242,399	246,212	261,420
Recurring Profit (¥ mil.)	23,640	23,850	24,035	24,630
Profit attributable to owners of parent (¥ mil.)	14,962	16,018	16,383	17,902
Basic earnings per share (¥)	58.15	63.23	65.53	146.63
Total Assets (¥ mil.)	353,865	359,942	370,872	383,620
Total Net Assets (¥ mil.)	297,969	301,944	312,116	321,907
Total Net Assets per Share (¥)	1,166.39	1,205.57	1,270.04	2,659.83

Note: Since the Company has implemented share consolidation in which every two (2) common shares were consolidated into one (1) share, effective October 1, 2017, figures of basic earnings per share and total net assets per share for the 79th fiscal term ended March 31, 2018 present value calculated on the assumption that the share consolidation was conducted at the beginning of the fiscal term under review.

(4) Principal Subsidiaries (As of March 31, 2018)

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 one (1) million HK\$.

(5) Principal Business (As of March 31, 2018)

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 and Solar Power Generation

(6) Principal Offices (As of March 31, 2018)

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) MB Service Japan Co., Ltd. (Ibaraki)		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)

Note: On April 1, 2018, Yatsushiro Branch was integrated into Fukuoka Branch and it became Yatsushiro Sub Branch of Fukuoka Branch.

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) KAMIGUMI MIDDLE EAST L.L.C. (United Arab Emirates, UAE)	
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) INTERNATIONAL BULK TERMINAL (THILAWA) CO., LTD. (Myanmar)	

(7) Employees (As of March 31, 2018)

i) Employees of the Group

Segment	Number of Employees	Increase or decrease from the end of the 78 th fiscal term
Domestic Distribution Business	3,434	Decrease by 11
International Distribution Business	279	Decrease by 6
Other Businesses	250	Decrease by 7
Administration Operations	116	Decrease by 8
Total	4,079	Decrease by 32

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 the Company

Number of Employees	Increase or decrease over the Previous Term	Average Age (years)	Average Length of Service (years)
3,691	Decrease by 16	38.3	14.5

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, 2018)

i) Total number of shares authorized to be issued	250,000,000
ii) Number of shares issued	134,386,837
iii) Number of shareholders	6,299
iv) Major shareholders (the top 10)	

Shareholders' Name	Number of Shares	Ratio of Shareholding
	Thousand shares	%
Kamigumi Customers and Subcontractors Shareholding Association	6,628	5.47
Northern Trust Co. (AVFC) Re Silchester International Investors International Value Equity Trust	5,048	4.17
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,635	3.83
Japan Trustee Services Bank Ltd. (Trust Account)	4,576	3.78
Aioi Nissay Dowa Insurance Co., Ltd.	3,368	2.78
Northern Trust Co. (AVFC) Re U.S. Tax Exempted Pension Funds	2,986	2.46
Kamigumi Employees Shareholding Association	2,983	2.46
National Mutual Insurance Federation of Agricultural Cooperatives	2,772	2.29
State Street Bank West Client - Treaty 505234	2,552	2.10
The Murao Educational Foundation	2,456	2.02

- Notes: 1. Due to the partial amendment of the Articles of Incorporation in accordance with the resolution of the 78th Ordinary General Meeting of Shareholders held on June 29, 2017, the total number of shares authorized for issuance by the Company has been changed from 499,550,000 shares to 250,000,000 shares, effective October 1, 2017.
2. The Company has implemented share consolidation in which every two (2) common shares were consolidated into one (1) share, effective October 1, 2017, pursuant to the resolution of the 78th Ordinary General Meeting of Shareholders held on June 29, 2017. In addition, the Company conducted a retirement of treasury stocks in accordance with the resolution of the Board of Directors held on February 9, 2018. Accordingly, the total number of shares issued has been decreased by 139,958,838 shares compared to the end of the previous fiscal term (274,345,675 shares).
3. Number of shares less than one thousand is rounded down to the nearest thousand.
4. While holding 13,384 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, 2018)

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, Chukyo region, 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.
Toshio Tamatsukuri	Director	–
Koichi Baba	Director	TONETS CORPORATION Advisor
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 & Supervisory Committee Member
Takumi Nakao	Audit & Supervisory Board Member	Attorney at law Mitsuboshi Co., Ltd. Outside Director & Audit and Supervisory Committee Member
Ai Kuroda	Audit & Supervisory Board Member	Attorney at law

- Notes: 1. Directors Toshio Tamatsukuri and Koichi Baba 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.
2. Audit & Supervisory Board Members Katsumasa Muneyoshi, Takumi Nakao and Ai Kuroda 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.
3. 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.
4. 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

a) Assumption

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
Koichi Baba	Director	–	June 29, 2017
Ai Kuroda	Audit & Supervisory Board Member	Attorney at law	June 29, 2017

Notes: 1. Director Koichi Baba is the external director.

2. Audit & Supervisory Board Member Ai Kuroda is the external audit & supervisory board member.

b) Retirement

Name	Position at the Company upon retirement	Areas of responsibility at the Company and significant concurrent positions outside the Company upon retirement	Date of retirement
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	June 29, 2017
Hirokazu Hayashi	Audit & Supervisory Board Member	The Distribution Systems Research Institute Chairman Toyo Engineering Corporation External Director	June 29, 2017

Notes: 1. Director Tatsuhiko Miyazaki and Audit & Supervisory Board Member Hirokazu Hayashi retired from office due to expiration of their terms of office.

2. Director Tatsuhiko Miyazaki is the external director.

3. Audit & Supervisory Board Member Hirokazu Hayashi is the external audit & supervisory board member.

iii) Change of title and change of directors after the fiscal term under review

Name	New title	Former title	Date of change
Hideo Makita	Representative & Senior Managing Director Senior Managing Executive Officer In charge of Administration Dept. Director in responsible for Safety	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	April 1, 2018
Norihito Tahara	Representative & Managing Director Managing Executive Officer In charge of International Distribution Div., Feed & Grain Div., Rice Div. In charge of East Japan & Hokkaido, Chukyo region, Sales & Marketing HQ.	Director & Managing Executive Officer General Manager of Nagoya Main Branch In charge of East Japan & Hokkaido, Chukyo region Sales & Marketing HQ.	April 1, 2018

Katsumi Murakami	Director & Managing Executive Officer General Manager of Kyushu Main Branch Director of Vegetable & Fruits Div. In charge of West Japan & Kyushu region, Sales & Marketing HQ.	Director & Managing Executive Officer Director of Vegetable & Fruits Div. In charge of West Japan region, Sales & Marketing HQ.	April 1, 2018
Yasuo Kobayashi	Director & Managing Executive Officer In charge of Metal Business, Heavy Cargo & Energy Transportation Div. Vice Director in responsible for Safety	Director & Managing Executive Officer Director of International Distribution Div. and General Manager of Hanshin Div.	April 1, 2018
Kuniharu Saeki	Director Assistant to President	Representative & Senior Managing Director Senior Managing Executive Officer In charge of Administration Dept. Vice Director in responsible for Safety	April 1, 2018
Yoichiro Ichihara	Director KAMIX CORPORATION President & Representative Director Iwagawa Jozo Co., Ltd. President & Representative Director	Director & Managing Executive Officer In charge of Metal Business, Heavy Cargo & Energy Transportation Div. Vice Director in responsible for Safety	April 1, 2018

Note: Changes in important concurrent positions outside the Company during fiscal term under review
 Director Koichi Baba retired from office as Vice President and Representative Director of Fukuoka Airport Building Co., Ltd. on June 19, 2017 and assumed office as Advisor of TONETS CORPORATION on July 1, 2017.

(Reference) Situation of Executive Officers (As of April 1, 2018)

Name	Title	Positions of responsibility
*Yoshihiro Fukai	President	Chief Operating Officer
*Hideo Makita	Senior Managing Executive Officer	In charge of Administration Dept. Director in responsible for Safety
*Norihito Tahara	Managing Executive Officer	In charge of International Distribution Div., Feed & Grain Div., Rice Div. 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.
*Katsumi Murakami	Managing Executive Officer	General Manager of Kyushu Main Branch Director of Vegetable & Fruits Div. In charge of West Japan & Kyushu region, Sales & Marketing HQ.
*Yasuo Kobayashi	Managing Executive Officer	In charge of Metal Business, Heavy Cargo & Energy Transportation Div. Vice Director in responsible for Safety
Koichi Hiramatsu	Executive Officer	General Manager of Fukuyama Branch
Yukihiro Nagata	Executive Officer	Director of Port & Harbor Transportation Div. In charge of Minooki and Sakaiminato Branches
Kazuhiro Yasuda	Executive Officer	General Manager of Tokuyama Branch
Keigo Akita	Executive Officer	General Manager of Personnel Affairs Dept.
Kazuhisa Shiino	Executive Officer	General Manager of Nagoya Main Branch and General Manager of Nagoya Branch In charge of Toyokawa Branch
Kazuya Maeda	Executive Officer	Director of International Distribution 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	In charge of Management & Planning Dept. and Kamigumi Air Service Co., Ltd.
Mitsuhiko Hase	Executive Officer	General Manager of Osaka Branch In charge of Kobe and Tamashima Branches
Kazuhiko Matsuo	Executive Officer	General Manager of Oita Branch In charge of Tokai and Hirohata Branches
Kohei Mori	Executive Officer	General Manager of Tokyo Branch Director of Feed & Grain Div., Rice Div. In charge of Hachinohe Sub 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	12	¥379 million
Audit & Supervisory Board Member	6	¥36 million
Total (external officer)	18 (7)	¥416 million (¥24 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. In addition, the total amount of compensation paid to directors and audit & supervisory board members includes the salaries paid to one (1) director and one (1) audit & supervisory board member who retired during the fiscal term under review.

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 four (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	Koichi Baba	TONETS CORPORATION	Advisor
Audit & Supervisory Board Member	Katsumasa Muneyoshi	F&M CO., LTD.	External Director and Audit & Supervisory Committee Member
Audit & Supervisory Board Member	Takumi Nakao	Mitsuboshi Co., Ltd.	Outside Director & Audit and Supervisory Committee Member

Note: There is no trading and other important relationship 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	Toshio Tamatsukuri	15/15	100%	—	—
Director	Koichi Baba	12/12	100%	—	—
Audit & Supervisory Board Member	Katsumasa Muneyoshi	15/15	100%	12/12	100%
Audit & Supervisory Board Member	Takumi Nakao	15/15	100%	12/12	100%
Audit & Supervisory Board Member	Ai Kuroda	12/12	100%	8/8	100%

Notes: 1. Since Director Koichi Baba newly assumed the position of a Director during the fiscal term under review, number of attendances and number of meetings held above are counted based on meetings of the Board of Directors held on and after June 29, 2017 on which he assumed office.

2. Since Audit & Supervisory Board Member Ai Kuroda newly assumed the position of an Audit & Supervisory Board Member during the fiscal term under review, number of attendances and number of meetings held are counted based on meetings of the Board of Directors and meetings of the Audit & Supervisory Board held on and after June 29, 2017 on which she assumed office.

3. In addition to the number of meetings of the Board of Directors held above, there was one (1) resolution in writing which deemed that the meeting of the Board of Directors was held, in accordance with the provisions of Article 370 of the Company Act and Article 35 of the Articles of Incorporation of the Company.

- Statement at meetings of the Board of Directors and Audit & Supervisory Board (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.

(Director Koichi Baba)

He expressed his opinions from a professional point of view gained from his long experience in transport 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.

(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 Ai Kuroda)

She expressed her opinions as a lawyer from a professional point of view through her experience in overall corporate legal affairs including the Company Act and her work experience at the law firm overseas, and gave advice and advanced proposals to secure lawfulness and appropriateness of decision making at the meetings of the Board of Directors. She also made necessary statements from a professional point of view through her experience in overall corporate legal affairs including the Company Act 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. 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, meetings of the Board of Directors 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 meetings of the Board of Directors of the Company 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 meetings of the Board of Directors 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 important 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

(Million yen)

	As of March 31, 2018	(Reference) As of March 31, 2017		As of March 31, 2018	(Reference) As of March 31, 2017
<Assets>			<Liabilities>		
Current assets	105,721	99,097	Current liabilities	44,487	42,005
Cash and deposits	51,611	47,381	Notes payable and trade accounts payable	26,363	25,674
Notes receivable and trade accounts receivable	44,638	41,191	Income taxes payable	4,890	4,282
Electronically recorded monetary claims-operating	600	573	Deferred tax liabilities	1	1
Marketable securities	—	700	Allowance for employees' bonuses	134	140
Inventories	1,016	1,100	Other current liabilities	13,097	11,906
Deferred tax assets	1,244	1,126	Fixed liabilities	17,225	16,750
Other current assets	6,667	7,077	Deferred tax liabilities	337	165
Allowance for doubtful accounts	(56)	(53)	Allowance for retirement benefits for directors and audit & supervisory board members	26	25
Fixed assets	277,899	271,775	Accrued expenses for overhaul of vessels	14	11
<Tangible fixed assets>	226,615	225,160	Liabilities for employees' severance and retirement benefits	15,955	15,547
Buildings and structures	112,910	110,043	Other fixed liabilities	890	1,001
Machinery and equipment	13,526	13,680	Total liabilities	61,712	58,755
Land	94,092	93,317	<Net assets>		
Construction in progress	4,715	7,180	Shareholders' equity	316,156	306,855
Other fixed assets	1,370	937	Capital stock	31,642	31,642
<Intangible fixed assets>	7,471	7,807	Additional paid-in capital	26,854	26,854
<Investments and long-term receivable>	43,812	38,807	Retained earnings	281,680	272,709
Investment securities	35,311	30,825	Treasury stock	(24,020)	(24,349)
Long-term loan receivable	517	135	Accumulated other comprehensive income	5,688	5,204
Deferred tax assets	1,714	1,552	Differences in valuation of available-for-sale securities	6,530	6,097
Other investments	6,486	6,515	Foreign currency translation adjustment	(45)	(82)
Allowance for doubtful accounts	(217)	(220)	Accumulated adjustment for employees' severance and retirement benefits	(796)	(810)
			Non-controlling interests	62	56
			Total net assets	321,907	312,116
Total assets	383,620	370,872	Total liabilities and net assets	383,620	370,872

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

Consolidated Statement of Income

(Million yen)

	From April 1, 2017 to March 31, 2018	(Reference) From April 1, 2016 to March 31, 2017
Net sales	261,420	246,212
Cost of sales	221,429	207,051
Gross profit	39,990	39,160
Selling, general and administrative expenses	17,010	16,609
Operating profit:	22,980	22,550
Non-operating revenues:	1,717	1,593
Interests and dividend income	670	673
Equity in gain of affiliates	441	389
Other non-operating revenues	605	531
Non-operating expenses:	67	108
Foreign exchange losses	32	88
Other non-operating expenses	35	20
Recurring profit:	24,630	24,035
Non-recurring income:	1,109	592
Gain on sales of fixed assets	64	64
Gain on sales of investment securities	689	302
Subsidy income	355	225
Non-recurring losses:	214	656
Loss on sales and retirement of fixed assets	162	155
Loss on valuation of investment securities	–	2
Loss on valuation of golf club membership	1	–
Loss on sale of investments in capital	–	401
Loss on disaster	50	96
Profit before income taxes:	25,525	23,970
Corporation, inhabitant, and enterprise taxes	7,790	7,694
Deferred tax expenses	(173)	(111)
Profit	17,909	16,387
Profit attributable to non-controlling interests	6	3
Profit attributable to owners of parent	17,902	16,383

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

Non-Consolidated Balance Sheet

(Million yen)

	As of March 31, 2018	(Reference) As of March 31, 2017		As of March 31, 2018	(Reference) As of March 31, 2017
<Assets>			<Liabilities>		
Current assets	98,370	91,922	Current liabilities	41,017	38,532
Cash and deposits	48,514	44,780	Trade accounts payable	23,348	22,378
Notes receivable	841	505	Other accounts payable	5,342	5,610
Electronically recorded monetary claims-operating	572	417	Accrued expenses	4,265	3,881
Trade accounts receivable	40,995	37,820	Income taxes payable	4,737	4,181
Marketable securities	—	700	Other current liabilities	3,324	2,480
Supplies	194	191	Fixed liabilities	14,968	14,578
Short-term loan receivable	4,714	5,081	Allowance for employees' severance and retirement benefits	14,335	13,887
Deferred tax assets	1,184	1,073	Other fixed liabilities	633	690
Other current assets	1,402	1,397			
Allowance for doubtful accounts	(48)	(45)	Total liabilities	55,985	53,111
Fixed assets	276,611	270,877	<Net assets>		
<Tangible fixed assets>	224,800	223,300	Shareholders' equity	313,243	304,200
Buildings	102,092	99,782	Capital stock	31,642	31,642
Structures	9,850	9,229	Additional paid-in capital	26,854	26,854
Machinery and equipment	12,048	11,887	Capital reserve	26,854	26,854
Vehicles	1,103	1,352	Retained earnings	278,767	270,053
Tools and fixtures	1,148	663	Legal retained earnings	5,978	5,978
Land	93,979	93,204	Other retained earnings	272,789	264,075
Construction in progress	4,577	7,180	Reserve for employees' severance and retirement benefits	800	800
<Intangible fixed assets>	7,414	7,730	Reserve for cash dividends	1,138	1,138
Leaseholds	6,172	6,084	Reserve for advanced depreciation of fixed assets	2,488	2,334
Other intangible fixed assets	1,242	1,645	Reserve for special depreciation	355	486
<Investments and long-term receivable>	44,396	39,846	General reserve	244,000	234,000
Investment securities	23,112	22,639	Retained earnings carried forward to the following term	24,006	25,315
Shares of affiliates	12,102	8,334	Treasury stock	(24,020)	(24,349)
Contribution to affiliates	308	308	Valuation / translation differences, etc.	5,753	5,487
Long-term loan receivable	2,410	2,215	Differences in valuation of available-for-sale securities	5,753	5,487
Guarantees	3,986	4,161			
Deferred tax assets	1,185	1,051			
Other investments	1,508	1,355			
Allowance for doubtful accounts	(218)	(220)	Total net assets	318,996	309,687
Total assets	374,982	362,799	Total liabilities and net assets	374,982	362,799

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

Non-Consolidated Statement of Income

(Million yen)

	From April 1, 2017 to March 31, 2018	(Reference) From April 1, 2016 to March 31, 2017
Net sales	242,567	228,376
Cost of sales	204,450	191,006
Gross profit	38,116	37,369
Selling, general and administrative expenses	15,866	15,433
Operating profit:	22,250	21,935
Non-operating revenues:	1,884	1,717
Interests and dividend income	1,262	1,173
Other non-operating revenues	621	543
Non-operating expenses:	58	102
Foreign exchange losses	28	79
Other non-operating expenses	29	23
Recurring profit:	24,076	23,550
Non-recurring income:	1,095	582
Gain on sales of fixed assets	50	54
Gain on sales of investment securities	689	302
Subsidy income	355	225
Non-recurring losses:	211	254
Loss on sales and retirement of fixed assets	160	155
Loss on valuation of investment securities	–	2
Loss on valuation of golf club membership	1	–
Loss on disaster	50	96
Profit before income taxes:	24,960	23,877
Corporation, inhabitant and enterprise taxes	7,547	7,478
Deferred tax expenses	(231)	(120)
Profit:	17,644	16,519

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

INDEPENDENT AUDITORS' REPORT

May 9, 2018

To The Board of Directors
Kamigumi Co., Ltd.

The Shinyo Audit Corporation
Satoshi Inaba (Seal)
Representative Partner
Certified Public Accountant
Sayuri Yoneda (Seal)
Engagement Partner
Certified Public Accountant
Daisuke Matsui (Seal)
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, 2017 to March 31, 2018 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 9, 2018

To The Board of Directors
Kamigumi Co., Ltd.

The Shinyo Audit Corporation
Satoshi Inaba (Seal)
Representative Partner
Certified Public Accountant
Sayuri Yoneda (Seal)
Engagement Partner
Certified Public Accountant
Daisuke Matsui (Seal)
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 79th fiscal term from April 1, 2017 to March 31, 2018 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 79th fiscal term from April 1, 2017 to March 31, 2018 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 79th 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 11, 2018

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

Ai Kuroda (Seal)
External Audit & Supervisory
Board Member