

**Items Disclosed on Internet Concerning**  
***Notice of the 86th Ordinary General Meeting of Shareholders***

Notes to the Consolidated Financial Statements  
Notes to the Non-consolidated Financial Statements  
Systems to Ensure the Appropriateness of Business Execution and operation status  
(April 1, 2015 to March 31, 2016)

ICHIKOH INDUSTRIES, LTD.

Among the documents provided with the *Notice of the 86th Ordinary General Meeting of Shareholders*, the *Notes to the Consolidated Financial Statements*, the *Notes to the Non-consolidated Financial Statements* and *Systems to Ensure the Appropriateness of Business Execution* are disclosed on our website at (<http://www.ichikoh.com/ir/stockholder/stock07.html>) in accordance with relevant laws and regulations and Article 15 of our Articles of Incorporation.

## ■ Notes to the Consolidated Financial Statements

### Notes pertaining to significant items which are the basis for the preparation of the Consolidated Financial Statements

#### 1. Scope of consolidation

##### (1) Status of consolidated subsidiaries

Number of consolidated subsidiaries: 10

Major consolidated subsidiaries

PIAA Corporation

Ichikoh (Malaysia) SDN. BHD.

PT. Ichikoh Indonesia

Ichikoh Industries (Thailand) Co., Ltd.

Ichikoh (Wuxi) Automotive Parts Co., Ltd.

Regarding IKI Service, which was a consolidated subsidiary in the previous consolidated fiscal year, because it ceased to exist because of an absorption-type merger in the current consolidated fiscal year, which left Ichikoh as the surviving company, it is removed from the scope of consolidation starting from the current consolidated fiscal year.

#### 2. Application of the equity method

##### (1) Status of equity method affiliates

Number of equity method affiliates: 2

Equity method affiliates:

Valeo Ichikoh Holding Ltd.

Valeo Ichikoh (China) Auto Lighting Co., Ltd.

##### (2) Non-consolidated subsidiaries/affiliates not covered by the equity method

Major company: Rongcheng Life Lamp Co., Ltd.

Reason for exclusion from equity method coverage:

We do not include Rongcheng Life Lamp Co., Ltd., within our scope of equity method coverage because we consider our investment in this company to be of little importance in terms of its proportional equity contribution to our net income, retained earnings, etc.

##### (3) Valeo Ichikoh Holding Ltd. and Valeo Ichikoh (China) Auto Lighting Co., Ltd., settle their annual accounts on December 31. Thus, in the preparation of our consolidated financial statements, we utilize the financial statements of those

entities as of that settlement date.

### 3. **Fiscal years of consolidated subsidiaries**

Among our consolidated subsidiaries, Ichikoh (Wuxi) Automotive Parts Co., Ltd. settles its annual accounts on December 31. Thus, in the preparation of our consolidated financial statements, we utilize the financial statements of that entity based on the preliminary settlement of accounts as of the date of consolidated fiscal year.

The settlement dates of other consolidated subsidiaries coincide with the settlement date of the consolidated entity.

### 4. **Summary of significant accounting policies**

#### (1) Valuation standards and methods for significant assets

##### ① Marketable securities

Other marketable securities:

- Those having a fair market value

Marked-to-market per market value (etc.) as of settlement date  
(unrealized gains/losses are directly recorded to shareholder' equity, with cost of sale being determined by the moving-average method)

- Those not having a fair market value

Specific cost method (moving average)

##### ② Inventories

Product, raw materials, work in progress:

Specific cost method (FIFO)

(Balance sheet values are subject to book value writedowns to reflect declines in expected profitability)

Stores

Valuation by moving average

#### (2) Depreciation method for important depreciable assets

##### ① Tangible fixed assets

Tangible fixed assets are depreciated by the straight-line method.

Estimated useful lives for major asset classes are as follows:

Buildings and structures	10 to 50 years
Machinery and vehicles	4 to 12 years
Tools, appliances and fixtures	2 to 10 years

- ② Intangible fixed assets
  - Software for internal use
    - Software for internal use is amortized under the straight-line method over its expected available period (5 years).
  - Other intangible fixed assets
    - Intangible fixed assets are amortized under the straight-line method.
- ③ Leased assets
  - Leased assets subject to finance leases without title transfer
  - Leased assets of this type are depreciated under the straight-line method over the lease term under an assumption of no residual value.
- (3) Significant Accounting for Allowances/Reserves
  - ① Allowance for bad debt
    - An allowance for bad debt (sales receivables, loans outstanding, etc.) is provided at an amount estimated by, with regard to credits/receivables in general, historical loss experience and, with regard to specific receivables of questionable collectability etc., expected shortfalls as determined by reviews of individual collectability.
  - ② Allowance for product warranty payouts
    - An allowance for product warranty payouts is provided at an amount estimated by, with regard to products in general, historical loss experience and, with regard to certain specific products, an estimation of individual expected payouts.
  - ③ Allowance for bonuses
    - To prepare for the payment of bonuses to the employees of our company and of domestic consolidated subsidiaries, an allowance is provided at the estimated amount of the bonuses to be paid to employees based on their services provided for the current consolidated fiscal year.
  - ④ Allowance for directors' bonuses
    - To prepare for the payment of bonuses to the directors of our company and of domestic consolidated facilities, an allowance is provided at the estimated amount of the bonuses to be paid as of the end of the current consolidated fiscal year.
  - ⑤ Allowance for environmental remediation
    - To prepare for environmental remediation payments, an allowance is provided based on the amount of expected payments as of the end of the fiscal year.

(4) Retirement Benefit Accounting

① Period allocation of expected retirement benefit amounts to fiscal years

In calculating retirement benefit payables, we use the benefit formula standard as the formula to allocate expected amounts of retirement benefits up through the end of this consolidated fiscal year.

② Method of expensing actuarial differences and past service costs

Actuarial differences are expensed from the subsequent consolidated fiscal year in the prorated amount using a straight-line method over a set number of years (13 years) that is within the average number of remaining service years of employees when incurred.

Past service costs are expensed using a straight-line method over the average number of remaining service years of employees when incurred (13 years).

(5) Principal Accounting Methods for Hedge Transactions

① Hedge accounting methods

We utilize deferred hedge accounting. Also, as for interest-rate swap agreements, a special accounting method is applied in cases where the specific requirements for this treatment are fulfilled.

② Hedge instruments and hedge items

Hedge instruments:

Interest rate swaps; foreign currency forward contracts

Hedge items:

Interest-rate exposure on variable-rate borrowings; transactions to be denominated in foreign currencies

③ Hedge policy

Interest rate swaps are executed to lower the interest-rate risk of borrowings. Foreign currency forward contracts are executed to lower the currency risk of transactions denominated in foreign currencies.

④ Assessment of hedge effectiveness

With regard to interest rate swaps, hedge effectiveness is assessed by comparing cumulative changes in the value of the hedged item and the value of the hedge from the start of hedging to the point at which said effectiveness is to be determined. This assessment is omitted should the hedged item be deemed to fulfill requirements for exceptional treatment, in which case the assessment under that treatment is used instead.

With regard to foreign currency forward contracts, hedge effectiveness is assessed in terms of the correlation between the fair value of the forward contract and the fair value of the transaction. Changes in the former are expected to be 100% effective in offsetting changes in the latter because both are denominated in the same currencies at the same time.

(6) Amortization of Goodwill

Goodwill is amortized by straight-line method over 6 years.

(7) Consumption Tax

Transactions subject to consumption tax are recorded at amounts exclusive of said tax.

## 5. **Changes in Accounting Policies**

(Changes in Accounting Policies due to Revision of Accounting Standards)

The “Accounting Standard for Business Combination” (Corporate Accounting Standard No. 21, September 13, 2013; hereinafter “Business Combination Standard”), the “Accounting Standard for Consolidated Financial Statements” (Corporate Accounting Standard No. 22, September 13, 2013; hereinafter “Consolidation Accounting Standard”), and the “Accounting Standard for Business Divestitures” (Corporate Accounting Standard No. 7, September 13, 2013; hereinafter “Business Divestiture Accounting Standard”) have been applied starting with the current consolidated fiscal year, and changes are made so that the difference amount due to the change in the equity ownership of Ichikoh to subsidiaries over which control is continuing is booked as capital surplus, and that that expense related to acquisition is booked as an expense occurred in the consolidated fiscal year.

In addition, the changes are made so that if, with regard to business combination executed after the start of the consolidated fiscal year, a review is done of the distributed amount of acquisition cost in accordance with the establishment of provisional accounting treatment is done in the fiscal year following the year of the business combination, the amount effected from the beginning balance at the start of the fiscal year in which the review was done is separately indicated, and the balance at the start of the fiscal year after reflecting such effected amount is noted.

With regard to the application of the corporate consolidated accounting standards and the like, we are following the transitional accounting set forth in the Accounting Standard for Business Combination No. 58-2 (4), the Consolidation Accounting Standard No. 44-5 (4), and the Business Divestiture Accounting Standard No. 57-4 (4), will apply these standards from the current consolidated fiscal year going forward.

The foregoing does not influence the consolidated calculation documentation.

## 6. **Changes in Notation**

### (1) Changes Regarding the Consolidate Income Statement

For the “Fixed assets rent” (41 million yen in the current consolidated fiscal year) of the “Non-operating assets income” and the “Fixed assets rent expense” (32 million yen in the current consolidated fiscal year) of the “Non-Operating

Expenses,” which were listed separately in the previous Consolidated Income Statement, a review of line items was made from the standpoint of significance, and they are listed under “Other” starting from the current consolidated fiscal year.

In the last consolidated fiscal year, the “Fixed assets rent” was 286 million yen, and the “Fixed assets rent expense” was 79 million yen.



## Notes to Consolidated Balance Sheet

<b>1. Assets pledged as collateral, corresponding liabilities</b>	
(1) Assets Pledged as Collateral	
Buildings and structures	4,940 Million yen
Land	1,447 Million yen
Total	6,387 Million yen
(2) Liabilities Against which Assets are Pledged	
Current portion of long-term debt	3,140 Million yen
Long-term debts	4,859 Million yen
Total	8,000 Million yen
<b>2. Cumulative depreciation of tangible fixed assets</b>	55,756 Million yen
<b>3. Discounts to Received Promissory Notes</b>	90 Million yen
<b>4. Contingent Liabilities</b>	
<p>The U.S. Department of Justice has requested that Ichikoh submit information on the automotive parts business in relation to anti-trust law. Furthermore, with regard to our automotive lamps, we are the subject of (class action) suits for damages in Canada on the grounds of allegations that we have paid administrative fine in accordance with the order from the Japan Fair Trade Commission in relation to actions in violation of anti-trust law and that we had been in violation of US antitrust law. With regard to these developments, it is possible that we may incur a financial burden in the form of fines, damage awards, or the like. However, as the situation stands now, we do not have any rational basis upon which to estimate corresponding monetary impacts on our consolidated financial statements.</p>	

## Notes to Statement of Consolidated Changes in Shareholders' Equity

### 1. Total number and type of shares issued as of end of consolidated fiscal year:

Common stock 96,036,851 shares

### 2. Dividends

#### (1) Dividends paid to shareholders

Resolution approved	Types of shares	Dividend source	Amount (millions of yen)	Per share (yen)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders as of June 26, 2015	Common stock	Retained earnings	143	1.5	March 31, 2015	June 29, 2015
Board of directors meeting as of November 12, 2015	Common stock	Retained earnings	143	1.5	September 30, 2015	December 11, 2015

#### (2) Dividends with a shareholders' cut-off date within the current consolidated fiscal year but an effective date within the subsequent consolidated fiscal year

Resolution approved	Types of shares	Dividend source	Amount (millions of yen)	Per share (yen)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders as of June 29, 2016 (scheduled)	Common stock	Retained earnings	143	1.5	March 31, 2016	June 30, 2016

## Notes Regarding Financial Instruments

### 1. Status of financial instruments

The Ichikoh group, in principle, limits their fund management to short-term deposits and they procure fund mainly by borrowings from banks.

Regarding such customer credit risk items as trade receivables, accounts receivable and electronically recorded monetary claims, Ichikoh seeks to reduce such risk through the management of deadlines and balances due for each counterparty. Investments in securities are mostly stocks, and the fair market values of listed stocks are recorded quarterly.

Borrowings are used for working capital (mainly short-term) and capital investment (long-term). For interest rate risk of a portion of long-term borrowings, we have interest rate swaps intended to fix interest payable at a set amount. Similarly, for foreign currency exchange rate risk of long-term foreign-currency borrowings, we have foreign currency forward contracts intended to fix future payments at a set amount.

The execution and management of derivative transactions is conducted by the applicable finance/accounting division in accordance with internal company rules obtaining prior approval from the final-approval authority.

### 2. Items relating to the fair market values of financial instruments

Summarized below are consolidated balance sheet carrying values/estimated fair market values of financial instruments as of March 31, 2016.

(Unit: Million yen)

	Consolidated balance sheet amount (*)	Fair market value (*)	Difference
(1) Cash on hand and in banks	17,182	17,182	-
(2) Notes and accounts receivable, trade	18,326	18,326	-
(3) Electronically recorded monetary claims	1,797	1,797	-
(4) Securities and investments in securities			
Other securities	5,090	5,090	-
(5) Notes and accounts payable, trade	(20,345)	(20,345)	-
(6) Short-term debt	(1,158)	(1,158)	-
(7) Long-term debt	(21,376)	(21,341)	35
(8) Lease obligations	(6,892)	(6,875)	17
(9) Derivative transactions	(12)	(12)	-

(\*) Amounts in parenthesis are carried as liabilities.

(Note 1)

Method of estimating the fair market values of financial instruments; and items relating to securities and derivative transactions

- (1) Cash on hand and in banks; (2) Notes and accounts receivable, trade; and (3) Electronically recorded monetary claims

As these instruments are settled on a short term and have fair market values that are nearly identical to their book values, we use relevant book values.

- (4) Securities and investments in securities

For stocks, fair market value is determined by share price on the relevant securities exchange; and, for debentures (bonds), by prices offered by financial institutions.

- (5) Notes and accounts payable, trade; and (6) Short-term debt

As these instruments are settled on a short term and have fair market values that are nearly identical to their book values, we use relevant book values.

- (7) Long-term debt; and (8) Lease obligations

To determine a fair value for these, the total amount of principal and interest is discounted at a rate assumed to apply when a similar loan is newly borrowed.

- (9) Derivative transactions

We utilize interest rate swaps. Fair value is determined by prices offered by financial institutions.

With regard to items for which exceptional rate swapping and forward forex contracts assignments are adopted, because these are handled as being together with long-term borrowing that are taken to be hedges, the fair market price is included in the fair market price of the long-term borrowing.

(Note 2)

Financial instruments for which the fair values are extremely difficult to determine

(Unit: Million yen)

Non-listed securities (*1)	34
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(\*1)

Non-listed securities have no marketability and have difficulties in estimating future cash flows, it is considered extremely difficult to calculate a fair market value for them and thus, we do not include them within “(4) Securities and investments in securities.”

**Notes on net assets, net income per share**

Net assets per share	230.65 yen
Net income per share	26.13 yen

**Notes concerning business divestiture**

## Business divestiture

- (1) Outline of divested business
- ① Name of entity to which divestiture was done  
Elematec Corporation
- ② Details of divested business  
Part of the business of the customer parts sales section (hereinafter “CPS”) of the automotive after-market department of the Ichikoh sales division
- ③ Reason for divestiture of the business  
In order to achieve growth in the telematics field, Ichikoh decided to form an alliance with Elematec Corporation and to transferred the business related to sales and marketing of products handled by CPS, mainly rear-view camera system for commercial vehicles, the Safety Vision, to Elematec, and Ichikoh decided to specialized in development and manufacturing of said products. Thus the current agreement was achieved.
- ④ Date of business divestiture  
November 30, 2015
- ⑤ Description of other transactions, including the legal form  
Business transfer with cash only as the compensation received
- (2) Description accounting done
- ① Amount of transfer loss or gain  
997 million yen
- ② Appropriate booked amount and details of assets and liabilities related to the transferred business  
Because it was only the assignment of sales rights, there is neither a transferred asset nor a loss related to the business assignment.
- ③ Accounting method  
The amount of the compensation received for the transfer less expenses incurred in regard to the assignment are interpreted as being gain or loss for

business transfer.

- (3) Reporting segment including the divested business  
Automotive parts segment
- (4) Approximate amount of gain or loss related to the divested business booked in  
the consolidated income statement for the current consolidated fiscal year  
Because this is not an independent business, separate financial statements  
such as an income statement are not created.

## Notes to the Non-consolidated Financial Statements

### Summary of significant accounting policies

#### 1. Valuation standards and methods for significant assets

##### (1) Marketable securities

###### ① Equity securities issued by subsidiaries and affiliated companies

Specific cost method (moving average)

###### ② Other marketable securities

-Those having a fair market value

Marked-to-market per market value (etc.) as of settlement date (unrealized gains/losses are directly recorded to shareholder' equity, with cost of sale being determined by the moving-average method)

-Those not having a fair market value

Cost by moving average method

##### (2) Inventories

###### ① Product, raw materials, work in progress

Specific cost method (FIFO)

(Balance sheet values are subject to book value writedowns to reflect declines in expected profitability)

###### ② Stores

Specific cost method (moving average)

#### 2. Depreciation method for important depreciable assets

##### (1) Tangible fixed assets (excluding leased assets)

Tangible fixed assets are depreciated by the straight-line method.

Estimated useful lives for major asset classes are as follows:

Buildings and structures	10 to 50 years
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Machinery and vehicles	4 to 12 years
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Tools, appliances and fixtures	3 to 10 years
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##### (2) Intangible fixed assets (excluding leased assets)

Software for internal use

Software for internal use is amortized under the straight-line method over its

expected available period (5 years).

Other intangible fixed assets

Other intangible fixed assets are amortized under the straight-line method.

(3) Leased assets

Leased assets subject to finance leases without title transfer

Leased assets of this type are depreciated under the straight-line method over the lease term under an assumption of no residual value.

**3. Significant accounting for allowances/reserves**

(1) Allowance for bad debts

An allowance for bad debts (sales receivables, loans outstanding, etc.) is provided at an amount estimated by, with regard to credits/receivables in general, historical loss experience and, with regard to specific receivables of questionable collectability etc., expected shortfalls as determined by reviews of individual collectability.

(2) Allowance for product warranty payouts

An allowance for product warranty payouts is provided at an amount estimated by, with regard to products in general, historical loss experience and, with regard to certain specific products, estimation of individual expected payouts.

(3) Allowance for retirement benefits

To provide for the employees' retirement benefits, an allowance for retirement benefits is recorded based on the projected retirement benefit payables and pension assets as of the end of the current consolidated fiscal year.

Our method of accounting for retirement benefit allowances and retirement benefit expenses is as follows.

① Period allocation of expected retirement benefit amounts to fiscal years

In calculating retirement benefit payables, we use the benefit formula standard as the formula to allocate expected amounts of retirement benefits up through the end of this consolidated fiscal year.

② Method of expensing actuarial differences and past service costs

Actuarial differences are expensed from the subsequent consolidated fiscal



year in the prorated amount using a straight-line method over a set number of years (13 years) that is within the average number of remaining service years of employees when incurred.

Past service costs are expensed using a straight-line method over the average number of remaining service years of employees when incurred (13 years).

Note that the treatment of the unrecognized actuarial differences and unrecognized past service costs are treated differently between the non-consolidated balance sheet and the consolidated balance sheet.

- (4) Allowance for environmental remediation  
To prepare for environmental remediation payments, an allowance is provided based on the amount of expected payments as of the end of the fiscal year.
- (5) Allowance for bonuses  
To prepare for the payment of bonuses to employees, an allowance is provided in an amount expected to be paid for the current fiscal year.
- (6) Allowance for directors' bonuses  
To prepare for the payment of bonuses to Ichikoh directors, an allowance is provided in an amount based on that expected to be paid as of end of the current fiscal year.

**4. Other significant matters that serve as the basis for the preparation of financial statements**

- (1) Principal accounting methods for hedge transactions  
We utilize deferred hedge accounting. Also, as for interest-rate swap agreements, a special accounting method is applied in cases where the specific requirements for this treatment are fulfilled.
- (2) Consumption tax  
Transactions subject to consumption tax are recorded at amounts exclusive of said tax.

**Notes to Balance Sheet****1. Assets pledged as collateral, corresponding liabilities****(1) Assets pledged as collateral**

Buildings	4,627 Million yen
Land	710 Million yen
Total	5,338 Million yen

**(2) Liabilities against which assets are pledged**

Current portion of long-term debt	3,000 Million yen
Long-term debts	4,500 Million yen
Total	7,500 Million yen

**2. Cumulative depreciation of tangible fixed assets** 40,163 Million yen

**3. Monetary claims and obligations relating to affiliated companies**

Short-term monetary claims	4,502 Million yen
Long-term monetary claims	1,906 Million yen
Short-term monetary obligations	1,068 Million yen

**4. Guarantee Obligations**

We guarantee the lease obligations of the following affiliated company.

Ichikoh Industries (Thailand) Co. Ltd.	2,555 Million yen
PT Ichikoh Indonesia	523 Million yen
Kyushu Ichikoh	2,400 Million yen
Total	5,479 Million yen

**5. Contingent Liabilities**

The U.S. Department of Justice has requested that Ichikoh submit information on the automotive parts business in relation to anti-trust law. Furthermore, with regard to our automotive lamps, we are the subject of (class action) suits for damages in Canada on the grounds of allegations that we have paid a fine under order from the Japan Fair Trade Commission in relation to actions in violation of anti-trust law and that we had been in violation of US antitrust law. With regard to these developments, it is possible that we may incur a financial burden in the form of fines, damage awards, or the like. However, as the situation

stands now, we do not have any rational basis upon which to estimate corresponding monetary impacts on our consolidated financial statements.

**Notes to Income Statement**

## Related-party transactions

Sales	1,926
Purchases	9,600
Transactions other than business transactions	382

**Note to Statement of Change in Shareholders' Equity**

- Total number and type of shares issued as of end of the fiscal year:  
Common stock                      145,522 shares

**Notes regarding deferred tax accounting**

- Items for which tax effects give rise to significant deferred tax assets/liabilities are presented below

(Unit: Million yen)

## Deferred tax assets

Losses carried forward	2,284
Allowance for retirement benefits	2,553
Loss from writedowns of stocks of affiliated companies	1,796
Allowance for product warranty payouts	372
Allowance for bonuses	456
Foreign tax credit carryforwards	461
Allowance for environmental remediation	3
Inventory assets	245
Amount exceeding provision of allowance for doubtful accounts	131
Fixed assets (impairment)	74
Asset retirement obligations	48
Provision (reversal of provision) for allowance for depreciation	42
Accrued enterprise tax	28
Other	171
Deferred tax asset subtotal	8,670
Less: valuation allowance	(8,670)
Total deferred tax assets	

## Deferred tax liabilities

Net unrealized holding gain on securities	624
Tangible fixed assets (asset retirement obligations)	0
Total deferred tax liabilities	625
Net deferred tax liabilities	625

- Revisions to deferred tax asset/liability carrying amounts in accordance with revisions to corporate tax law, etc.**

As a result that the "Act for Partial Revision of the Income Tax Act, Etc." and the

“Act for Partial Revision of the Local Tax Act, Etc.” passed the Diet on March 29, 2016, the effective statutory tax rate used for calculating the deferred tax assets and deferred tax liabilities for the currently reviewed fiscal year (limited to those that are to be eliminated after April 1, 2016) is changed from the 32.2% of the last business year to 30.8% for items expected to be recovered or paid from April 1, 2016 to March 31, 2018, and to 30.6% for items expected to be recovered or paid on or after April 1, 2018.

The effect of these changes in tax rate is considered to be insignificant.

## Notes regarding related party transactions

### 1. Subsidiaries, affiliates, etc.

(Unit: million yen)

Relation	Party	Ichikoh's share of voting rights	Relevant transaction types	Transaction description	Transacted amount	Line item	EOY balance
Subsidiary	PIAA Corporation	100%, direct	Purchase of merchandise; sales of components; overlapping directorates	Lending of funds Receipt of interest (Note 1)	2,170 15	Short-term loans receivable	900
Subsidiary	Kyushu Ichikoh	100.0%, direct	Purchase and paid supply of products and components; overlapping directorates	Fix asset rental (Note 2)	175	–	–
				Guarantee of obligations (Note 3)	2,400	–	–
Subsidiary	Ichikoh Industries (Thailand) Co. Ltd.	99.9%, direct	Manufacture of Ichikoh products; consignment of design work; guarantee of obligations	Acceptance of capital increase (Note 4) Received interest (Note 1); Guarantee of obligations (Note 5)	5,163 44 2,555	Short-term loans receivable (Note 3)	1,050
Affiliate	Valeo Ichikoh Holding Ltd.	15%, direct	Supervision of automotive lamp business in China market	Receipt of interest (Note 1)	47	Long-term loans receivable	1,386

Policies for determining transactions and their terms, etc.

Notes:

- We loan funds to PIAA Corporation, to Ichikoh Industries (Thailand) Co. Ltd., and to Valeo Ichikoh Holding Ltd. at interest rates set in consideration of market rates.
- Terms of transactions, such as prices, are established upon negotiation, based on our calculation of prices, taking into consideration market prices and the like.
- We guarantee the obligations of Kyushu Ichikoh K.K. with respect to loans from financial institutions. The amount of the transaction is listed in the end-of-term balance of financial guarantees.
- Acceptance of an increase of capital was done at a rate of 1000 Bhat per share of

Ichikoh Industries (Thailand) Co. Ltd.

5. We guarantee the lease obligations of Ichikoh Industries (Thailand) Co. Ltd. The amount shown in the chart above is the amount of that guarantee as of the end of the fiscal year under review.

**Net assets, net income per share**

Net assets per share	193.48 yen
Net income per share	27.78 yen



■ System to Ensure Appropriate Business Operations

- (1) System to ensure that execution of duties by Directors of the Company conforms to laws and the Articles of Incorporation and the other system to ensure appropriateness of the business operations

An outline of matters resolved at a meeting of the Board of Directors as a system for the Company to ensure appropriate business operations is shown below:

- ① System to ensure that execution of duties by Directors of the Company conforms to laws and the Articles of Incorporation:

Ichikoh Group Code of Conduct shall be implemented and each Director shall take initiative in complying with such Code. In addition, awareness of the compliance with laws and the Articles of Incorporation by the Directors shall be enhanced through training of Directors and regular report from Compliance·CSR Committee at the Board of Directors meetings, .

- ② System to maintain and control the information relating to the execution of duties by the Directors of the Company:

The internal rules shall be implemented respectively for the minutes of the shareholders' meeting, Board of Directors meeting and other important meetings as well as important decision making documents, and, such minutes and documents shall be appropriately and properly managed and maintained according to such internal rules as well as the "Information Management Rules."

- ③ The rules and other system to manage risks for losses of the Company:

Management system for the risk for the emergency situation and daily activities shall be established through the activities of identifying, analyzing and evaluating risks foreseeable in the corporate management, based on the Risk Management Rules. In particular, in relation to the measure in the case of emergency situation, "Business Continuity Management Rules" are established and continuity of business shall be secured by preparing the manual in preparation of disastrous situation, setting up emergency

communication network and deciding the person responsible for the measures to disastrous situation.

④ System to ensure efficient execution of duties by Directors of the Company:

The materials for the Board of Directors meeting shall be described well in advance and thus enough time to review the subject shall be secured. The Directors who execute business shall also take the position of executive officer and the area of responsibility of each such Director shall be determined and the business is executed by each such Director. The yearly budget and mid-term management plan shall be prepared and deployed, and the business is executed.

⑤ System to ensure that execution of duties by employees of the Company conforms to laws and the Articles of Incorporation:

Thorough observation to the "Compliance Rules" and the "CSR Rules" shall be promoted, and internal "whistle blow" system has been operated. Awareness by individual employee of compliance to laws shall have been enhanced by monitoring the activities of the Company and employees and providing training as the activities of the Compliance·CSR Committee.

⑥ System to ensure appropriateness of the operation of Corporate Group consisting of the Company and its subsidiaries:

The soundness and effectiveness of the corporate management of subsidiaries shall be checked and, as necessary, corrective action and guidance shall be provided to subsidiaries by implementing "Affiliate Companies Management Rules" and other rules relating to the affiliated companies.

⑥ 1 ) The matters relating to the report to the Company on the execution of the duties by Directors (and the equivalent) of the subsidiaries of the Company:

The status of the execution of the duties by Directors of the subsidiaries shall be supervised by both appointing Directors of the subsidiary and having submitted the minutes of the Board of Directors meetings to the Company.

Any important matters shall be timely and properly reported to the Company by the subsidiaries in accordance with the "Affiliated Companies Management Rules" and other rules relating to the affiliated companies.

- ⑥ 2) The rules and other system to manage risks for losses of the subsidiaries of the Company:

The system for risk management as a corporate group shall be implemented by having the subsidiaries establish the risk management rules, regularly obtaining the information of the risks of the subsidiaries and analyzing and evaluating such risks.

- ⑥ 3) System to ensure efficient execution of duties by Directors of the subsidiaries of the Company:

The authority of the Directors of the subsidiary shall be established in the "Affiliated Company Management Rules" and the scope and policy of the business of each subsidiary shall be made clear in the mid-term plan.

- ⑥ 4) System to ensure that execution of duties by Directors and employees of the subsidiaries of the Company conforms to laws and the Articles of Incorporation:

Ichikoh Group Code of Conduct and "Compliance Rules" shall be deployed to each subsidiary and internal whistle blow system shall be implemented. The activities for compliance by each subsidiary shall be reported in the Compliance·CSR Committee.

- ⑦ The matters relating to employee assigned to provide assistance to the duties of the Corporate Auditor, when the Corporate Auditor requests such employee:

When a Corporate Auditor requests to assign an employee who provides assistance to the duty of the Corporate Auditor, the company shall have Audit Department and other organization provide such assistance.

- ⑧ The matters relating to the independency of the employee who should provide assistance to the duties of the Corporate Auditor from Directors of the Company:

In the case of personal change of the person who should provide assistance to the duties of the Corporate Auditor, the Company shall in advance consult with the Corporate Auditor and makes decision taking into account the opinion of the Corporate Auditor.

- ⑨ The matter to ensure the efficient execution of the instruction from the Corporate Auditor to the person who should provide assistance to the Corporate Auditor:

Directors should not intervene in the instruction by the Corporate Auditor to the person who should provide assistance to the duties of the Corporate Auditor. The job description of the Audit Department should clearly state the assistance to the duties of the Corporate Auditor.

- ⑩ System for reporting to the Corporate Auditors of the Company:

Directors and employees shall report the status of execution of business and provide other information in the Board of Directors meetings and other important internal meetings where the Corporate Auditor is present.

Directors will fully cooperate in the audit pursuant to the audit plan prepared by Corporate Auditors and provide information.

- ⑩ 1 ) System for reporting by Directors and employees to the Corporate Auditor.

Directors and employees of the Company shall make report to the Corporate Auditor in the Board of Directors meetings, Management Committee meetings and other important meetings where the Corporate Auditor is present, directly during audit, the opportunity for the communication with President, Accounting Auditor and any other opportunities depending on the importance of the subject.

- ⑩ 2 ) System for reporting to the Corporate Auditor of the Company by Directors (and equivalent) and employees of the subsidiaries of the Company and the person who receives the report from such Directors and employees.

The Corporate Auditor of the Company shall receive reports from the

Directors, employees of the subsidiaries of the Company and the person who receives the report from such Directors and employees through information exchange with the corporate auditor of the subsidiaries and audit of the subsidiaries. In addition, the Corporate Auditor shall directly receive whistle blow notice in the internal Whistle Blow system.

- ⑪ System to ensure that the person who makes a report to the Corporate Auditor of the Company shall not be adversely treated because of making such a report.

The rules relating to the internal Whistle Blow system clearly prohibits the adverse treatment to the person who makes the whistle blow notice because of making such whistle blow notice.

- ⑫ The matters relating to policy of the procedure for the advance payment or repayment of the expenses incurred as a result of performance of the duties by the Corporate Auditor of the Company and for the other processing of the expenses or the debt incurred as a result of such performance of the duties.

The Company shall not refuse the payment of the expenses necessary for the performance of the duties by the Corporate Auditor. When requested by the Corporate Auditor, such request shall be processed in accordance with the laws and procedure for the processing of expenditure and payment schedule of the Company.

- ⑬ Other system to ensure efficient audit by Corporate Auditors of the Company:

The Company shall respect "Rules for the Board of Auditors," "Rules for the Audit by the Corporate Auditor" and "Standard for the Audit by the Corporate Auditor" and cooperate the execution of the audit plan.

(April 16, 2015)

- (6) The implementation status of the system to ensure the appropriateness of business operations  
 Overview of the implementation status of the system to ensure the appropriateness of the Company's business operations in the current fiscal year is as follows.

① Actions taken in relation to compliance

The Company hold the meetings of the Compliance · CSR Committee, which is chaired by the Officer in charge of Corporate Planning Department, 4 times this year, in accordance with the Compliance · CSR Committee Management Guidelines. The Committee has conducted maintenance of internal rules, such as Information Management Rules, education of harassment, investigation whether there is any anti-social forces in our the customers, the promotion of contract renewal for anti-social exclusion, report on the contact situation with competitors to secretariat office of the Compliance · CSR Committee, deployment of system to the related companies, including overseas internal whistleblowing system. For internal reporting system, among other things, by include the auditor as a recipient of the report, the company has been trying to thoroughly eliminate the disadvantageous treatment of whistleblowers. In addition, the activities of the compliance · CSR Committee have been reported to the Management Committee and the Board of Directors mainly on the operational status of internal reporting in a timely matter. In addition, the company also regularly conducts education for compliance awareness on a company-wide basis including harassment prevention training for officers.

② Activities on risk management

Based on the Company's risk management regulations, the company has been extract the significant risks including those of the Group companies and has been planning the way to reduce the risk and the follow-up including the progress of the plan has been made in the management meeting of where the President participate on monthly basis. In addition, in particular, with regard to hazard risks, such as the earthquake and heavy snow, the BCM committee meetings were held four times a year, and an annual activity plan has been followed up in the meetings where the executives participate.

③ Activities on subsidiary management

Reporting and approval system is secured in accordance with the Affiliated Company Management Rules and the Overseas Affiliated Company Management Rules, activities of ASEAN foreign subsidiaries management have been reviewed on a monthly basis to with participation by the President, and the activities of domestic subsidiaries have been followed up by the responsible business. In addition, in the current fiscal year, the budget and business plan for all group companies have been reported and shared by holding budget policy meetings and Leaders (policy presentation) where President of

subsidiaries also participated.

④ Audit by Corporate Auditors

The Company's Board of Corporate Auditors is composed of three auditors, including two outside auditors and, for this fiscal year, meetings of the Board of Corporate Auditors were held 20 times. Corporate Auditors attended the meetings of the Board of Directors on the basis of the audit plan, participated as observers in the Compliance · CSR Committee meetings, and shared information with the accounting auditor. In addition, full-time corporate auditors while also utilized supporting employees, attended the Management Committee meetings and had the conference with the internal audit department, made visiting audits to domestic and overseas subsidiaries and the individual audit and all through these activities gathered various information. By all these means, the Corporate Auditors audit whether or not performance of duties of the Board of Directors violates the laws and regulations and the Articles of Incorporation this company.