

This is an excerpt translation of the original notice in Japanese. This translation is intended for reference purpose only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 9962
May 29, 2014

To Our Shareholders:

Tadashi Saegusa
Representative Director,
Chairman and CEO
MISUMI Group Inc.
5-1, Koraku 2-chome, Bunkyo-ku, Tokyo

Notice of Convocation of the 52nd Annual General Meeting of Shareholders

You are hereby notified of and cordially requested to attend the 52nd Annual General Meeting of Shareholders (the Meeting) of MISUMI Group Inc. (the Company) that will be held as follows:

If you are unable to attend the Meeting, you may exercise your voting rights either by returning to us by mail the enclosed Voting Right Exercise Form indicating your approval or disapproval of the propositions or by accessing the website for the exercise of voting rights stated in the enclosed Voting Right Exercise Form and exercising your voting rights by electronic method (the Internet). Hence, please review the accompanying Reference Document for the General Meeting of Shareholders and exercise your voting rights by no later than 5:00 p.m. JST, Thursday, June 12, 2014.

- 1. Date and Time:** 3:00 p.m., Friday, June 13, 2014
- 2. Venue:** Tokyo Dome Hotel, B1 Floor, Grand Ballroom TENKU
3-61, Koraku 1-chome, Bunkyo-ku, Tokyo

3. Purpose of the Meeting:

Matters to be Reported

1. The Business Report, the Consolidated Financial Statements, and Audit Reports on the Consolidated Financial Statements by the independent auditor and our Board of Corporate Auditors for the 52nd Fiscal Year (from April 1, 2013, through March 31, 2014).
2. The Non-Consolidated Financial Statements Report for the 52nd Fiscal Year (from April 1, 2013, through March 31, 2014).

Matters to be Resolved

- Proposal 1:** Distribution of Surplus
- Proposal 2:** Partial Amendment to the Articles of Incorporation
- Proposal 3:** Election of Seven (7) Directors
- Proposal 4:** Election of Two (2) Corporate Auditors
- Proposal 5:** Election of One (1) Alternate Corporate Auditor
- Proposal 6:** Amendment to the Amount of Compensation for Directors
- Proposal 7:** Termination of a Retirement Benefit System for Directors and Corporate Auditors and Lump-sum Payment of Accrued Retirement Benefits in Conjunction with the Termination
- Proposal 8:** Issuance of Stock Options (Stock Acquisition Rights) as Stock-based Compensation for Directors upon Retirement
- Proposal 9:** Issuance of Stock Options (Stock Acquisition Rights) as Stock-based Compensation for Directors as a Medium-term Incentive

4. Guidance for the Exercise of Voting Rights

- 1) In case of exercising of voting rights by mail
Please indicate your vote for or against each of the proposals on the enclosed Voting Right Exercise Form, and return the form to the Company so that it arrives no later than 5:00 p.m., Thursday, June 12, 2014.
In case that no representation of either approval or disapproval is made to each of the proposals, it shall be counted as a vote of approval.
- 2) In case of exercising of voting rights by electronic method (such as the Internet)
Please access the relevant web site for the exercise of voting rights (<http://www.evotep.jp/>) and place your vote no later than 5:00 p.m., Thursday, June 12, 2014.

Voting Platform

For custodian banks or other nominee shareholders (including standing proxies), the Voting Rights Electronic Voting Platform operated by ICJ Co., Ltd., a joint company incorporated by Tokyo Stock Exchange, Inc. and others, is available as an alternative electronic voting method for the Meeting, in addition to the method of voting via the Internet as described in 4. above, subject to the prior application for use to ICJ, Inc.

1. If you attend the Meeting in person, please submit the enclosed Voting Right Exercise Form to the receptionist at the venue of the Meeting.
2. Any modification made to the Reference Document for the General Meeting of Shareholders and the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements, shall be notified by placing the modified information on the Company's website on the Internet. (<http://www.misumi.co.jp/>)
3. Conclusions of the Meeting will be notified on the Company's website mentioned above.

Reference Document for the General Meeting of Shareholders

Proposal 1: Distribution of Surplus

The Company uses a benchmark dividend payout ratio of 25% to return profits to our shareholders while appropriating internal reserves to further enhance the Company's financial standing and prepare for future business expansion.

Based on the benchmark described above, the Company proposes a year-end dividend of ¥15.48 per share.

Pending approval of this proposal, the annualized dividend would be ¥32.16 per share, an increase of ¥4.71 compared to the previous year. This annualized dividend includes the interim dividend of ¥16.68 per share (Total amount: ¥1,512,129,987) already paid out on December 9, 2013.

(1) Type of dividend assets

Cash

(2) Allocation of dividend assets to shareholders and the total amount of dividends

¥15.48 per share of common stock. Total amount: ¥1,407,775,024.

(3) Effective date of distribution of surplus

June 16, 2014

Proposal 2: Partial Amendment to the Articles of Incorporation

1. Reason for the proposal

To allow for enhanced flexibility in the operation of the Board of Directors, the Company proposes the following amendment to Article 24 of the current Articles of Incorporation.

2. Description of the proposed amendment

The proposed amendment is as follows.

(Underlines indicate the portions subject to the proposed amendment.)

Current Articles of Incorporation	Proposed Amendment
<p>Articles 1-23: Omitted.</p> <p>(Person Authorized to Convene and Serve as the Chairman of Meetings of the Board of Directors)</p> <p>Article 24: Unless otherwise stipulated by law or regulation, <u>a representative director shall convene and serve as chairman of meetings of the Board of Directors. If by some accident the representative director is unable to do so, another director selected according to a sequence determined by the Board of Directors shall stand in that representative director's place.</u></p> <p>Articles 25-43: Omitted.</p>	<p>Articles 1-23: No changes.</p> <p>(Person Authorized to Convene and Serve as the Chairman of Meetings of the Board of Directors)</p> <p>Article 24: Unless otherwise stipulated by law or regulation, <u>a director determined in advance by the Board of Directors shall convene and serve as chairman of Board of Directors meetings.</u></p> <p>Articles 25-43: No changes.</p>

Proposal 3: Election of Seven (7) Directors

The terms of office of all seven (7) of the current directors will expire as of the end of the Meeting. Therefore, the Company proposes the election of the following seven (7) directors.

Candidates for the position of director are as follows.

Candidate number	Name (Date of birth)	Profile, positions and responsibilities and important concurrent positions	Ownership of the Company's shares
1	Tadashi Saegusa (September 22, 1944)	<p>Jun 2001: Director, MISUMI Group Inc. Mar 2002: Director and Executive Vice President, MISUMI Group Inc. Jun 2002: Representative Director, President and CEO, MISUMI Group Inc. Apr 2005: Representative Director and President, MISUMI Corporation Apr 2006: Representative Director and President, SURUGA Production Platform Co., Ltd. Oct 2008: Representative Director, Chairman and CEO, MISUMI Group Inc. (present position)</p> <hr/> <p>Board of Directors meeting attendance in the year under review: 13 of 14</p>	73,000 shares
2	Ryusei Ono (October 1, 1964)	<p>Apr 1987: Joined MISUMI Group Inc. Apr 2002: Corporate Officer, MISUMI Group Inc. Jun 2007: Director and Corporate Officer, MISUMI Group Inc. Oct 2008: Representative Director and President, SURUGA Production Platform Co., Ltd. Oct 2008: Director and Senior Corporate Officer, MISUMI Group Inc. Jan 2011: Representative Director and President, SURUGA SEIKI CO., LTD. Jan 2013: Senior Executive Director, MISUMI Group Inc. Dec 2013: Representative Director and President, MISUMI Group Inc. (present position) Dec 2013: Representative Director and President, MISUMI Corporation (present position)</p> <hr/> <p>Board of Directors meeting attendance in the year under review: 14 of 14</p>	30,000 shares

Candidate number	Name (Date of birth)	Profile, positions and responsibilities and important concurrent positions	Ownership of the Company's shares
3	Masayuki Takaya (March 21, 1963)	<p>Jan 1999: Joined A.T. Kearney, Inc. Feb 2004: Joined MISUMI Group Inc. Jan 2005: Corporate Officer, MISUMI Group Inc. Jun 2005: Director and Corporate Officer, MISUMI Group Inc. Oct 2006: Director and Senior Corporate Officer, MISUMI Group Inc. Jun 2007: Representative Director and President, SURUGA Production Platform Co., Ltd. Oct 2008: Representative Director and President, MISUMI Group Inc. Oct 2008: Representative Director and President, MISUMI Corporation Jun 2012: Representative Director, President and Co-CEO, MISUMI Group Inc. Dec 2013: Representative Director, Vice Chairman and Co-CEO, MISUMI Group Inc. (present position)</p> <p>Board of Directors meeting attendance in the year under review: 14 of 14</p>	39,600 shares
4	Masahiko Eguchi (July 6, 1959)	<p>Apr 1982: Joined MISUMI Group Inc. Apr 2002: Corporate Officer, MISUMI Group Inc. Jun 2003: Director and Corporate Officer, MISUMI Group Inc. Oct 2006: Director and Senior Corporate Officer, MISUMI Group Inc. Oct 2008: Representative Director and Executive Vice President, MISUMI Group Inc. Jun 2012: Director and Executive Vice President, MISUMI Group Inc. (present position) Nov 2013: Representative Corporate Officer of Operations Platform, MISUMI Group Inc. (present position) Nov 2013: Representative Corporate Officer of Operations Development Promotion Platform, MISUMI Group Inc. (present position)</p> <p>Board of Directors meeting attendance in the year under review: 13 of 14</p>	42,300 shares
5	Tokuya Ikeguchi (December 30, 1968)	<p>Apr 1992: Joined Mitsubishi Corporation Apr 2005: Joined MISUMI Corporation Apr 2007: Corporate Officer, MISUMI Group Inc. Nov 2009: Senior Corporate Officer, MISUMI Group Inc. Jun 2010: Executive Director, MISUMI Group Inc. (present position) Apr 2013: In charge of VONA Business Platform, MISUMI Group Inc. (present position)</p> <p>Board of Directors meeting attendance in the year under review: 14 of 14</p>	7,600 shares

Candidate number	Name (Date of birth)	Profile, positions and responsibilities and important concurrent positions	Ownership of the Company's shares
6	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">New Appointment</div> Ichiro Otokozawa (August 22, 1955)	Apr 1979: Joined Nippon Kokan Corporation (presently JFE Engineering Corporation) Mar 1997: Joined Santen Pharmaceutical Co., Ltd., General Manager of Office of President Jul 1999: Corporate Officer, Santen Pharmaceutical Co., Ltd. Jun 2005: Director and Senior Corporate Officer, Santen Pharmaceutical Co., Ltd. May 2006: Senior Director, AlixPartners Jul 2007: Senior Director, Advent International Corporation Apr 2011: Director and CFO, Avon Products Co., Ltd. Dec 2013: Senior Corporate Officer and CFO, MISUMI Group Inc. (present position)	1,500 shares
7	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Candidate for Outside Director</div> Tsuyoshi Numagami (March 27, 1960)	Apr 1988: Assistant Professor, Faculty of Economics, Seijo University Apr 1991: Assistant Professor, Institute of Business Research, Faculty of Commerce and Management, Hitotsubashi University Apr 1992: Associate Professor, Institute of Business Research, Faculty of Commerce and Management, Hitotsubashi University Apr 1997: Associate Professor, Faculty of Commerce and Management, Hitotsubashi University Apr 2000: Professor, Graduate School of Commerce and Management, Hitotsubashi University (present position) Jun 2010: Director, MISUMI Group Inc. (present position)	—
		Board of Directors meeting attendance in the year under review: 14 of 14	

Notes:

1. Candidate for director Tsuyoshi Numagami serves as an instructor for internal training for officers and employees of the Company. No special interests exist between the other candidates for director and the Company.
2. Information concerning the candidate for outside director is as follows.
 - (1) Candidate for director Tsuyoshi Numagami is a candidate for outside director as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
 - (2) The Company has designated candidate for director Tsuyoshi Numagami as an independent officer according to a rule set by the Tokyo Stock Exchange and reported said designation to the Tokyo Stock Exchange.
 - (3) As described above, candidate for outside director Tsuyoshi Numagami serves as an instructor for internal training for officers and employees of the Company. His compensation as instructor amounts to less than 0.01% of the Company's operating expenses.
 - (4) Tsuyoshi Numagami was nominated as a candidate for outside director because he has to date and is expected to continue to fulfill a role of supervision and checks on management based on his specialized knowledge as an academic of business administration and his renowned and abundant experience as an expert in corporate management. Although Mr. Numagami does not have corporate management experience other than as outside officer, for the reasons stated above the Company nominates him as a candidate for outside director.
 - (5) Tsuyoshi Numagami is and has been an outside director of the Company since June 2010 and will have served as such for about four (4) years upon the closing of the Meeting.
 - (6) The Company holds a limited liability agreement with Tsuyoshi Numagami. The agreement provides that the ceiling amount for liability as an outside corporate auditor be ¥10 million or an amount stipulated by law, whichever is higher. If the reelection of Mr. Numagami is approved, the Company will continue to hold said limited liability agreement with him.
3. MISUMI Group Inc. changed its trade name from MISUMI Shoji Co., Ltd. to MISUMI Corporation in May 1989 and from MISUMI Corporation to MISUMI Group Inc. in April 2005. Present MISUMI Corporation was established in April 2005 by means of a spin-off from present MISUMI Group Inc. and took over all business operations from MISUMI Group Inc.
4. SURUGA SEIKI CO., LTD., was renamed SURUGA Production Platform Co., Ltd., in January 2011. A subsidiary spun off from SURUGA Production Platform in January 2011 has taken over the name of SURUGA SEIKI CO., LTD., as well as the business operations of its Optical and Scientific Technology Division, which sells products related to optical equipment and factory automation (FA).

Proposal 4: Election of Two (2) Corporate Auditors

The terms of office of corporate auditors Hiroshi Miyamoto and Hidetada Hirai will expire as of the end of the Meeting. Therefore, the Company proposes the election of the following two (2) corporate auditors.

The Board of Corporate Auditors has approved this proposal.

Candidates for the position of corporate auditor are as follows.

Candidate number	Name (Date of birth)	Profile, positions and responsibilities and important concurrent positions	Ownership of the Company's shares
1	Hiroshi Miyamoto (January 30, 1955)	<p>Apr 1978: Joined MISUMI Group Inc. Jun 1997: Director, MISUMI Group Inc. Jun 2000: Corporate Officer, MISUMI Group Inc. Apr 2005: Corporate Auditor, MISUMI Corporation (present position) Jun 2006: Corporate Auditor, MISUMI Group Inc. (present position) Jun 2006: Corporate Auditor, SURUGA Production Platform Co., Ltd. (present position) Jan 2011: Corporate Auditor, SURUGA SEIKI CO., LTD. (present position)</p> <p>Board of Directors meeting attendance in the year under review: 14 of 14</p> <p>Board of Corporate Auditors meeting attendance in the year under review: 17 of 17</p>	31,778 shares
2	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Candidate for Outside Corporate Auditor</div> Hidetada Hirai (January 10, 1942)	<p>Apr 1964: Joined Nissei Sangyo Co., Ltd. (presently Hitachi High-Technologies Corporation) Feb 1996: General Manager, Internal Audit Department, Nissei Sangyo Co., Ltd. Jun 1996: Director and General Manager of Administration Department, Nissei Engineering Co., Ltd. (presently Hitachi High-Tech Solutions Corporation) Jul 2001: General Manager, Finance and Accounting Department, Tokki Corporation, Ltd. (presently Canon Tokki Corporation) Sep 2001: Director and General Manager, Finance and Accounting Department, Tokki Corporation, Ltd. Sep 2002: Full-time Corporate Auditor, Tokki Corporation, Ltd. Nov 2006: Full-time Corporate Auditor, Full Speed Inc. Jun 2012: Corporate Auditor, MISUMI Group Inc. (present position)</p> <p>Board of Directors meeting attendance in the year under review: 14 of 14</p> <p>Board of Corporate Auditors meeting attendance in the year under review: 17 of 17</p>	—

Notes:

1. No special interests exist between the candidates and the Company.
2. Information concerning the candidate for outside corporate auditor is as follows.
 - (1) Candidate for corporate auditor Hidetada Hirai is a candidate for outside corporate auditor as stipulated in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
 - (2) The Company has designated candidate for corporate auditor Hidetada Hirai as an independent officer according to a rule set by the Tokyo Stock Exchange and reported said designation to the Tokyo Stock Exchange.
 - (3) Hidetada Hirai has been nominated as a candidate for outside corporate auditor because he possesses a significant degree of knowledge and an abundance of hands-on experience in finance and accounting matters. He leverages his broad knowledge developed through his career as a business manager and corporate auditor to enhance and strengthen the Company's auditing regime and execute auditing responsibilities in a fair, objective and independent manner. The Company expects that he will

continue to serve in that manner.

- (4) Hidetada Hirai is and has been an outside corporate auditor of the Company since June 2012 and will have served as such for about two (2) years upon the closing of the Meeting.
 - (5) The Company holds a limited liability agreement with Hidetada Hirai. The agreement provides that the ceiling amount for liability as an outside corporate auditor be ¥5 million or an amount stipulated by law, whichever is higher. If the reelection of Mr. Hirai is approved, the Company will continue to hold said limited liability agreements with him.
3. MISUMI Group Inc. changed its trade name from MISUMI Shoji Co., Ltd. to MISUMI Corporation in May 1989 and from MISUMI Corporation to MISUMI Group Inc. in April 2005. Present MISUMI Corporation was established in April 2005 by means of a spin-off from present MISUMI Group Inc. and took over all business operations from MISUMI Group Inc.
 4. SURUGA SEIKI CO., LTD., was renamed SURUGA Production Platform Co., Ltd., in January 2011. A subsidiary spun off from SURUGA Production Platform in January 2011 has taken over the name of SURUGA SEIKI CO., LTD., as well as the business operations of its Optical and Scientific Technology Division, which sells products related to optical equipment and factory automation (FA).

Proposal 5: Election of One (1) Alternate Corporate Auditor

The selection of the current alternate corporate auditor expires as of the beginning of the Meeting. The Company proposes the election of the following one (1) alternate corporate auditor again as a measure to prevent the number of corporate auditors falling below the legal requirement.

Said alternate corporate auditor would take office if the number of corporate auditors fell below the legal requirement. In that event, the alternate's term of office would be equivalent to the remaining term of office of the alternate's predecessor. If approved, the decision would remain in effect until the beginning of the Annual General Meeting of Shareholders for the last fiscal year ending within four years from the election of the alternate auditor, per the stipulations of Article 33, Paragraph 3 of the Articles of Incorporation.

The Board of Corporate Auditors has approved this proposal.

Candidate for the position of alternate corporate auditor is as follows.

Name (Date of birth)	Profile, positions and responsibilities and important concurrent positions	Ownership of the Company's shares
Teruhisa Maruyama (July 1, 1943)	Apr 1973: Registered as Attorney at Law Jul 1978: Opened the Kioicho Law Office Jul 1978: Attorney at Law, Kioicho Law Office (present position) Jun 2001: Corporate Auditor, MISUMI Group Inc.	990 shares

Notes:

1. No special interests exist between the candidate alternate corporate auditor Teruhisa Maruyama and the Company.
2. Candidate for alternate corporate auditor Teruhisa Maruyama fulfills the requirements for a candidate for outside corporate auditor as stipulated in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
3. Candidate for alternate corporate auditor Teruhisa Maruyama fulfills the requirements for independent officer as stipulated by the Tokyo Stock Exchange.
4. Teruhisa Maruyama was selected as a candidate for alternate outside corporate auditor because the Company expects that he is capable of leveraging his specialized legal knowledge as an attorney to enhance and strengthen the Company's auditing regime and executing auditing responsibilities in a fair, objective and independent manner. Although Mr. Maruyama does not have corporate management experience other than as outside officer, he is expected to be capable of appropriately performing the duties of an outside corporate auditor for the aforementioned reasons. He has been nominated as candidate for alternate outside corporate auditor for the above reasons.
5. If Teruhisa Maruyama does take office as an outside corporate auditor, the Company plans to enter into a limited liability agreement with him. The ceiling amount for liability would be ¥5 million or an amount stipulated by law, whichever is higher.
6. MISUMI Group Inc. changed its trade name from MISUMI Corporation to MISUMI Group Inc. in April 2005.

Proposal 6: Amendment to the Amount of Compensation for Directors

The amount of compensation for directors of the Company was approved as a sum of up to ¥900 million per annum at the Company's 49th Annual General Meeting of Shareholders held June 17, 2011. That resolution remains in effect today.

Since then, the Company's business has grown. Looking forward, the Company may add directors as part of an effort to strengthen management in an aim to sustain growth. To account for these factors and any future changes in economic circumstances, and to allow for an agile compensation policy, the Company proposes that the total amount of compensation for directors be amended to a sum of up to ¥1,100 million per annum (including therein a sum of up to ¥40 million for outside directors).

As in the past, this sum shall not include salary provided as compensation for employees, where a director serves concurrently as an employee. Nor does this sum include stock acquisition rights (stock options).

Presently there are seven (7) directors (including two (2) outside directors). If Proposal 3 is approved, there will be seven (7) directors (including one (1) outside director).

Proposal 7: Termination of a Retirement Benefit System for Directors and Corporate Auditors and Lump-sum Payment of Accrued Retirement Benefits in Conjunction with the Termination

On April 24, 2014, the Company's Board of Directors decided to terminate the retirement benefit system for directors and corporate auditors effective upon the adjournment of the Meeting. The decision is part of an effort to revise the corporate officer compensation structure with the design to enhance business performance and corporate value from a medium- and long-term perspective.

Pending approval of Proposal 3, Tadashi Saegusa, Ryusei Ono, Masayuki Takaya, Masahiko Eguchi and Tokuya Ikeguchi will renew their terms as directors. Similarly, pending approval of Proposal 4, Hiroshi Miyamoto will renew his term as corporate auditor. To reward them for their service to date, the Company proposes lump-sum payment of accrued retirement benefits to these individuals. The total sum of the retirement benefits paid to directors and corporate auditors collectively shall not exceed ¥1,060 million. Each individual would receive a portion of that amount according to standards set forth by the Company.

The timing of the payment would be based on when the individual director or corporate auditor retires. The Company requests that the specific amount, method of payment and other matters be determined at the discretion of the Board of Directors for directors and the Board of Corporate Auditors for corporate auditors.

The following is a brief history of service for those directors and corporate auditors proposed to receive a lump-sum retirement benefits in conjunction with the termination of the retirement benefit system.

Name	History of Service at MISUMI Group Inc.
Tadashi Saegusa	Jun 2001: Director Mar 2002: Director and Executive Vice President Jun 2002: Representative Director and President Oct 2008: Representative Director and Chairman (present position)
Ryusei Ono	Jun 2007: Director and Corporate Officer Oct 2008: Director and Senior Corporate Officer Dec 2013: Representative Director and President (present position)
Masayuki Takaya	Jun 2005: Director and Corporate Officer Oct 2006: Director and Senior Corporate Officer Oct 2008: Representative Director and President Dec 2013: Representative Director and Vice Chairman (present position)
Masahiko Eguchi	Jun 2003: Director and Corporate Officer Oct 2006: Director and Senior Corporate Officer Oct 2008: Representative Director and Executive Vice President Jun 2012: Director and Executive Vice President (present position)
Tokuya Ikeguchi	Jun 2010: Executive Director (present position)
Hiroshi Miyamoto	Jun 2006: Corporate Auditor (present position)

Proposal 8: Issuance of Stock Options (Stock Acquisition Rights) as Stock-based Compensation for Directors upon Retirement

As part of a revision to officer compensation, the Company has decided to terminate the retirement benefit system as described in Proposal 7. The Company hereby proposes the issuance of up to ¥220 million per annum in stock options (stock acquisition rights) as stock-based compensation for the Company's directors (excludes outside directors) upon retirement. The aim is to further increase the motivation and morale among directors toward improved business performance and increased corporate value over the medium- to long-term by creating clearer ties between director compensation and the Company's business performance and stock value.

If Proposal 6 is approved, the maximum amount of compensation for directors would be ¥1,100 million per annum. That amount would not cover the stock acquisition rights proposed here, which would be issued under a separate facility.

The stock options shall herein be referred to as Stock Option Plan A. This plan would serve as an alternative to a retirement benefit system, as the stock options can only be exercised after retirement from the Company.

The Company would provide compensation of an amount equivalent to the paid-in amount to the directors receiving an allocation of stock acquisitions rights. The directors receiving an allocation of stock acquisition rights would acquire the stock acquisition rights by offsetting the rights to seek compensation with the paid-in amount for the stock acquisition rights.

The Company requests that the Board of Directors be given the discretion to decide the individual amounts and details of compensation to be paid to each director. Presently there are five (5) directors (excluding outside directors). If Proposal 3 is approved, there will be six (6) directors (excluding outside directors).

The following is a description of the stock acquisition right plans that would be issued under Stock Option Plan A.

<An Overview of Stock Acquisition Rights to be Issued under Stock Option Plan A>

(1) Total Number of Stock Acquisition Rights and Type and Number of Shares Subject to the Stock Acquisition Rights

1) Total Number of Stock Acquisition Rights

The maximum number of stock acquisition rights to be allotted to directors within one year from the day of the Company's Annual General Meeting of Shareholders for each fiscal year shall be 900.

2) Type and Number of Shares Subject to the Stock Acquisition Rights

The maximum number of stock acquisition rights to be allotted to directors within one year from the day of the Company's Annual General Meeting of Shareholders for each fiscal year shall be 90,000 of the Company's common shares.

The number of the Company's shares subject to the stock acquisition right (Number of Shares to be Granted) shall be 100 shares per right.

Should the Company's common shares be split or merged or should the Company find it otherwise appropriate to adjust the Number of Shares to be Granted, the Company shall apply the treatment considered necessary.

(2) Monetary Value of Assets to be Contributed upon Exercise of the Stock Acquisition Rights

Stock acquisition rights are to be exercised in lieu of a cash investment. The monetary value of assets to be contributed for the exercise of one stock acquisition right is the amount obtained by multiplying the Number of

Shares to be Granted by the price per share (Exercise Price). The Exercise Price shall be one yen per share.

Should the Company's common shares be split or merged or should the Company find it otherwise appropriate to adjust the Exercise Price after the allotment date, the Company shall apply the treatment considered necessary.

(3) Exercise Period for the Stock Acquisition Rights

The exercise period shall be set forth in the Company's Board of Directors meeting and shall be within thirty (30) years from the day following the stock acquisition rights allotment date.

(4) Conditions for the Exercise of Stock Acquisition Rights

1) Company directors who have received an allotment of stock acquisition rights may exercise those stock acquisition rights up to ten (10) days from the date they lose their status as a director or employee of the Company or a subsidiary or affiliate thereof.

2) Conditions other than those listed in 1. above for the exercise of stock acquisition rights shall be stipulated in an agreement regarding allotment of stock acquisition rights between the Company and directors who have received an allotment of stock acquisition rights.

(5) Other Matters

Other matters related to stock acquisition rights shall be set forth at the Board of Directors meeting where matters for the subscription for stock acquisition rights are decided.

Proposal 9: Issuance of Stock Options (Stock Acquisition Rights) as Stock-based Compensation (Stock Acquisition Rights) for Directors as a Medium-term Incentive

The Company hereby proposes the issuance of up to ¥630 million per annum in stock options (stock acquisition rights) as stock-based compensation as a medium-term incentive for the Company's directors (excludes outside directors). The primary aim is to further increase the incentive among directors toward improved business performance over the medium term by creating clear ties between director compensation and the Company's business performance and stock value. This plan would be a facility separate and distinct from the stock options (stock acquisition rights) as stock-based compensation upon retirement proposed under Proposal 8, which would serve as an alternative to the retirement benefit system.

If Proposal 6 is approved, the maximum amount of compensation for directors would be ¥1,100 million per annum. That amount would not cover the stock acquisition rights proposed here, which would be issued under a separate facility.

These stock options shall herein be referred to as Stock Option Plan B. Here, the objective is to provide an incentive toward improved business performance over the medium term. The exercise period shall begin on the date three (3) years following, and end on the date ten (10) years following, the stock acquisition rights allotment date.

The Company would provide compensation of an amount equivalent to the paid-in amount to the directors receiving an allocation of stock acquisitions rights. The directors receiving an allocation of stock acquisition rights would acquire the stock acquisition rights by offsetting the rights to seek compensation with the paid-in amount for the stock acquisition rights.

The Company requests that the Board of Directors be given the discretion to decide the individual amounts and details of compensation to be paid to each director. Presently there are five (5) directors (excluding outside directors). If Proposal 3 is approved, there will be six (6) directors (excluding outside directors).

The following is a description of the stock acquisition right plans that would be issued under Stock Option Plan B.

<An Overview of Stock Acquisition Rights to be Issued under Stock Option Plan B>

(1) Total Number of Stock Acquisition Rights and Type and Number of Shares Subject to the Stock Acquisition Rights

1) Total Number of Stock Acquisition Rights

The maximum number of stock acquisition rights to be allotted to directors within one year from the day of the Company's Annual General Meeting of Shareholders for each fiscal year shall be 2,000.

2) Type and Number of Shares Subject to the Stock Acquisition Rights

The maximum number of stock acquisition rights to be allotted to directors within one year from the day of the Company's Annual General Meeting of Shareholders for each fiscal year shall be 200,000 of the Company's common shares.

The number of the Company's shares subject to the stock acquisition right (Number of Shares to be Granted) shall be 100 shares per right.

Should the Company's common shares be split or merged or should the Company find it otherwise appropriate to adjust the Number of Shares to be Granted, the Company shall apply the treatment considered necessary.

(2) Monetary Value of Assets to be Contributed upon Exercise of the Stock Acquisition Rights

Stock acquisition rights are to be exercised in lieu of a cash investment. The monetary value of assets to be contributed for the exercise of one stock acquisition right is the amount obtained by multiplying the Number of Shares to be Granted by the price per share (Exercise Price). The Exercise Price shall be one yen per share.

Should the Company's common shares be split or merged or should the Company find it otherwise appropriate to adjust the Exercise Price after the allotment date, the Company shall apply the treatment considered necessary.

(3) Exercise Period for the Stock Acquisition Rights

The exercise period shall begin on the date three (3) years following, and end on the date ten (10) years following, the stock acquisition rights allotment date.

(4) Conditions for the Exercise of Stock Acquisition Rights

1) Company directors who have received an allotment of stock acquisition rights may exercise those stock acquisition rights provided they remain in office as a director or employee of the Company or a subsidiary or affiliate thereof. However, an individual who has lost said status after the commencement of the Exercise Period (See (3) above) may nevertheless exercise his or her allotted stock acquisition rights within two (2) years from the day following his or her date of resignation or retirement or until the Exercise Period for the stock acquisition rights expires, whichever occurs first.

2) Conditions other than those listed in 1. above for the exercise of stock acquisition rights shall be stipulated in an agreement regarding allotment of stock acquisition rights between the Company and directors who have received an allotment of stock acquisition rights.

(5) Other Matters

Other matters related to stock acquisition rights shall be set forth at the Board of Directors meeting where matters for the subscription for stock acquisition rights are decided.

Business Report

(From April 1, 2013 through March 31, 2014)

1. Current Status of the MISUMI Group of Companies

(1) Performance and Results of Operations and the Tasks Ahead

During the consolidated fiscal year under review, the Japanese economy in general enjoyed a moderate recovery. Government economic policies and significant monetary easing by the Bank of Japan weakened the yen and lifted stock prices. Exports improved, as did earnings at large corporations in particular. Additionally, capital investments gained recovery momentum. The United States saw a moderate recovery driven primarily by capital investments and personal consumption. The European economy also maintained positive growth as signs of an economic recovery emerged. Meanwhile, Asian nations—which had until recently led the global economy—saw production activity continue to slow due to the decelerating Chinese economy, among other factors.

Under these circumstances, the MISUMI group of companies (the Group) maintained high on-time delivery rates while we pursued high quality, short delivery times and low prices. In addition, the Group continued efforts to enhance the convenience for customers and improve pricing by using the e-catalogs and Web ordering systems introduced in all overseas Group companies to address customers' potential needs to reduce the time to design and order. In international markets, we expanded sales offices and strengthened sales capabilities primarily in Asia—for example, our newly established Indonesian subsidiary began sales operations. At the same time, we are making solid progress in promoting optimal sourcing through both local production and procurement. Furthermore, in the United States and Europe, in addition to continued progress in selling MISUMI-branded products, sales grew significantly with the addition of new customer segments from Dayton Progress Corporation (hereinafter Dayton) and Anchor Lamina America, Inc. (hereinafter Anchor Lamina), which were acquired in November 2012.

As a result, consolidated net sales reached ¥173,904 million, up ¥39,059 million (or 29.0%) from a year earlier. Operating income was ¥18,989 million, up ¥2,180 million (13.0%), and ordinary income was ¥19,168 million, up ¥2,273 million (13.5%). Net income hit a record ¥11,678 million, up ¥1,797 million (18.2%).

(Millions of yen)

	Net sales			Operating income		
	Previous consolidated fiscal year	Current consolidated fiscal year	Change (%)	Previous consolidated fiscal year	Current consolidated fiscal year	Change (%)
Factory Automation businesses	84,298	98,843	+17.3	13,006	15,241	+17.2
Die Components businesses	37,020	56,309	+52.1	2,501	3,288	+31.5
Electronics businesses	12,380	13,800	+11.5	1,078	838	(22.3)
Other businesses	6,747	7,654	+13.4	576	179	(68.9)
Corporate, eliminations and period adjustments	(5,602)	(2,703)	—	(353)	(559)	—
Total	134,844	173,904	+29.0	16,809	18,989	+13.0

Business Results by Segment

1) Factory Automation businesses

Demand growth was moderate but steady in the automotive industry, a major customer segment for our Factory Automation businesses. Meanwhile, production activity continued to stagnate in the electronics industry, including LCDs and semiconductors. Under these circumstances, the Group steadily increased the number of customers by promoting of the penetration of the MISUMI model in international markets. As a result of these factors, the segment's net sales were ¥98,843 million, up ¥14,544 million (or 17.3%) from a year earlier. Operating income was ¥15,241 million, up ¥2,235 million (17.2%).

2) Die Components businesses

Reflecting the favorable performance of the automotive industry, in which the segment's major customers operate, and the acquisition of Dayton and Anchor Lamina in November 2012, the segment's net sales jumped to ¥56,309 million, up ¥19,289 million (52.1%). Operating income was ¥3,288 million, up ¥787 million (31.5%).

3) Electronics businesses

Despite stagnation in customer segments, namely the LCD and semiconductor industries, net sales were ¥13,800 million, up ¥1,420 million (11.5%). However, operating income was ¥838 million, down ¥240 million (22.3%), due to upfront investments aimed at an aggressive growth strategy for the VONA business, a new distribution channel that encompasses both third-party brands as well as original MISUMI-branded products, among other factors.

4) Other businesses

The Other businesses segment consists of tools and MRO (maintenance, repair and operations) supplies. Owing to the favorable sales of carbide-end mills, the segment's mainstay product, net sales were ¥7,654 million, up ¥906 million (13.4%). Operating income was ¥179 million, down ¥396 million (68.9%) due to upfront investments aimed at an aggressive growth strategy for the VONA business, among other factors.

(2) Capital Investments and Financing

During the consolidated fiscal year under review, the Group implemented capital investments amounting to ¥6,989 million under its basic strategies of entering into new businesses, expanding the range of existing business fields and reinforcing its competitive edge. The major investments were related to production facilities of the Group's overseas factories. These investments were principally financed by our own funds.

There were no significant sales and disposal of equipment and facilities.

On October 21, 2013, the Group issued \$100 million in EURO-USD denominated convertible bonds with stock acquisition rights, due for maturity in 2018.

(3) Fiscal Performance Highlights

(Millions of yen)

Item \ Term	49 th Term (Year ended March 2011)	50 th Term (Year ended March 2012)	51 st Term (Year ended March 2013)	52 nd Term (Year ended March 2014)
Net sales	121,203	130,212	134,844	173,904
Net income	9,007	9,414	9,880	11,678
Net income per share (Yen)	101.16	105.14	110.28	128.82
Total assets	107,551	115,721	136,302	163,201
Equity	84,275	91,339	103,630	116,577

(4) Principal Business Operations

The Group sells mainly MISUMI's original products using catalogs and the Internet. Our products include factory automation (FA) components, die components, cables to connect FA equipment, harness cables, connectors, tools and MRO (maintenance, repair and operations) supplies.

(5) Status of Parent Company and Major Subsidiaries

1) Relation with the parent company:

Nothing to report.

2) Status of major subsidiaries

Company name	Capital	The Company's shareholding ratio (%)	Principal businesses
MISUMI Corporation	(Million JPY) 850	100.0	Factory Automation business Die Components business Electronics business Other business (tools and MRO supplies)
SP PARTS CO., LTD.	(Million JPY) 99	100.0 (100.0)	Factory Automation business

Company name	Capital	The Company's shareholding ratio (%)	Principal businesses
MISUMI USA, INC.	(Thousand USD) 4,900	100.0 (100.0)	Factory Automation business Die Components business Electronics business Other business (tools and MRO supplies)
MISUMI TAIWAN CORP.	(Thousand TWD) 15,000	100.0 (100.0)	
MISUMI SOUTH EAST ASIA PTE. LTD.	(Thousand SGD) 1,000	100.0 (100.0)	
MISUMI E.A. HK LIMITED	(Thousand HKD) 8,000	100.0 (100.0)	
MISUMI (THAILAND) CO., LTD.	(Thousand THB) 37,701	100.0 (100.0)	
MISUMI KOREA CORP.	(Thousand KRW) 700,000	100.0	
MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD.	(Thousand RMB) 333,977	100.0 (100.0)	
MISUMI EUROPA GmbH	(Thousand EUR) 6,500	100.0 (100.0)	
MISUMI INDIA Pvt. Ltd.	(Thousand INR) 1,246,817	100.0 (100.0)	
MISUMI MALAYSIA SDN. BHD.	(Thousand MYR) 2,500	100.0 (100.0)	
PT. MISUMI INDONESIA	(Million IDR) 11,200	100.0 (100.0)	
SURUGA Production Platform Co., Ltd.	(Million JPY) 491	100.0	Factory Automation business Die Components business Other business (tools and MRO supplies)
SURUGA SEIKI CO., LTD.	(Million JPY) 100	100.0	Factory Automation business
MISHIMA SEIKI CO., LTD.	(Million JPY) 80	100.0 (100.0)	Die Components business
SAIGON PRECISION CO., LTD.	(Thousand USD) 14,000	100.0 (100.0)	Factory Automation business Die Components business
SURUGA USA CORP.	(Thousand USD) 7,500	100.0 (100.0)	
SURUGA SEIKI (SHANGHAI) CO., LTD.	(Thousand RMB) 112,992	100.0 (100.0)	
SURUGA (THAILAND) CO., LTD.	(Thousand THB) 107,000	100.0 (100.0)	
SURUGA KOREA CO., LTD.	(Thousand KRW) 2,502,840	100.0 (100.0)	Factory Automation business
SURUGA India Pvt. Ltd.	(Thousand INR) 300,240	100.0 (99.7)	Die Components business
SURUGA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	(Thousand RMB) 17,397	100.0 (100.0)	Factory Automation business Die Components business

Company name	Capital	The Company's shareholding ratio (%)	Principal businesses
SURUGA SEIKI SALES & TRADING (SHANGHAI) CO., LTD.	(Thousand RMB) 20,676	100.0 (100.0)	Factory Automation business
SHANGHAI JOMBO PRECISION MACHINERY CO., LTD.	(Thousand RMB) 13,440	67.3 (67.3)	Die Components business
SURUGA SEIKI (NANTONG) CO., LTD.	(Thousand RMB) 402,885	100.0 (100.0)	Factory Automation business
MISUMI Investment USA Corporation	(USD) 100	100.0 (100.0)	Holding company
Dayton Lamina Corporation	(USD) 1,000	100.0 (100.0)	
Dayton Progress Corporation	(Thousand USD) 348	100.0 (100.0)	Die Components business
P.C.S. Company	(Thousand USD) 500	100.0 (100.0)	
Dayton Progress International Corporation	(Thousand USD) 2	100.0 (100.0)	
Dayton Progress Canada, Ltd.	(CAD) 100	100.0 (100.0)	
Dayton Progress s. r. o.	(Thousand CZK) 200	100.0 (100.0)	
Dayton Progress SAS	(Thousand EUR) 440	100.0 (100.0)	
Dayton Progress GmbH	(Thousand EUR) 1,533	100.0 (100.0)	
DAYTON PROGRESS CORPORATION OF JAPAN	(Million JPY) 60	100.0 (100.0)	
Dayton Progress-Perfuradores Lda	(Thousand EUR) 400	100.0 (100.0)	
DAYTON PROGRESS LIMITED	(GBP) 100	100.0 (100.0)	
Dayton Progress (Mexico), S. de R.L. de C.V.	(Thousand MXN) 49,214	100.0 (100.0)	
Dayton Progress (Mexico) Services, S. de R.L. de C.V.	(Thousand MXN) 3	100.0 (100.0)	
Connell Anchor America, Inc.	(USD) 1	100.0 (100.0)	
Anchor Lamina America, Inc.	(USD) —	100.0 (100.0)	Die Components business
Connell Asia Limited LLC	(Thousand USD) 1,000	100.0 (100.0)	Holding company
Wuhan Dong Feng Connell Die & Mold Standard Parts Co., Ltd.	(Thousand RMB) 13,117	63.0 (63.0)	Die Components business

Note: The indirect shareholding ratio is included in parentheses under the Company's shareholding ratio.

(6) Major Sales Offices and Operational Bases

1) The Company

Name	Location	
Headquarters	Tokyo	Bunkyo-ku

2) Subsidiaries

In Japan

Name	Location	
MISUMI Corporation	Tokyo	Bunkyo-ku
SURUGA Production Platform Co., Ltd.	Shizuoka Prefecture	Shizuoka-shi
SURUGA SEIKI CO., LTD.	Shizuoka Prefecture	Shizuoka-shi
MISHIMA SEIKI CO., LTD.	Shizuoka Prefecture	Sunto-gun
SP PARTS CO., LTD.	Ibaraki Prefecture	Inashiki-gun
DAYTON PROGRESS CORPORATION OF JAPAN	Kanagawa Prefecture	Sagamihara-shi

Overseas

Name	Location	
MISUMI USA, INC.	U.S.A.	Illinois
MISUMI TAIWAN CORP.	Taiwan	Taipei
MISUMI SOUTH EAST ASIA PTE. LTD.	Singapore	
MISUMI E.A. HK LIMITED	China	Hong Kong
MISUMI (THAILAND) CO., LTD.	Thailand	Rayong
MISUMI KOREA CORP.	South Korea	Seoul
MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD.	China	Shanghai
MISUMI EUROPA GmbH	Germany	Schwalbach
MISUMI INDIA Pvt. Ltd.	India	Pune
MISUMI MALAYSIA SDN. BHD.	Malaysia	Selangor
PT. MISUMI INDONESIA	Indonesia	Jakarta
SAIGON PRECISION CO., LTD.	Vietnam	Ho Chi Minh City
SURUGA USA CORP.	U.S.A.	Illinois
SURUGA SEIKI (SHANGHAI) CO., LTD.	China	Shanghai
SURUGA (THAILAND) CO., LTD.	Thailand	Rayong
SURUGA KOREA CO., LTD.	South Korea	Gyeonggi-do
SURUGA India Pvt. Ltd.	India	Thane
SURUGA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	China	Shanghai
SURUGA SEIKI SALES & TRADING (SHANGHAI) CO., LTD.	China	Shanghai
SURUGA SEIKI (NANTONG) CO., LTD.	China	Nantong
SHANGHAI JOMBO PRECISION MACHINERY CO., LTD.	China	Shanghai
MISUMI Investment USA Corporation	U.S.A.	Delaware
Dayton Lamina Corporation	U.S.A.	Delaware
Dayton Progress Corporation	U.S.A.	Ohio
P.C.S. Company	U.S.A.	Michigan
Dayton Progress International Corporation	U.S.A.	Ohio

Name	Location	
Dayton Progress Canada, Ltd.	Canada	Ontario
Dayton Progress s. r. o.	Czech Republic	Benátky nad Jizerou
Dayton Progress SAS	France	Meaux
Dayton Progress GmbH	Germany	Oberursel
Dayton Progress-Perfuradores Lda	Portugal	Alcobaça
DAYTON PROGRESS LIMITED	U.K.	Warwickshire
Dayton Progress (Mexico), S. de R.L. de C.V.	Mexico	Querétaro
Dayton Progress (Mexico) Services, S. de R.L. de C.V.	Mexico	Querétaro
Anchor Lamina America, Inc.	U.S.A.	Michigan
Wuhan Dong Feng Connell Die & Mold Standard Parts Co., Ltd.	China	Wuhan

(7) Employees

Number of employees	Change from the end of the previous fiscal year
8,038	+800

Note: The above number of employees is that of current employees.

(8) Major Lenders

Nothing to report.

(9) Policy for Resolutions on Dividends from Surplus, etc.

Nothing to report.

2. The Company's Stock

(1) Total Number of Authorized Shares 340,000,000

(2) Total Number of Issued Shares 90,941,539

Note: The above total number of issued shares excludes 41,945 treasury shares.

(3) Number of Shareholders 3,581

(4) Major Shareholders (top 10)

Name of Shareholder	Number of shares held	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd.	11,751,800	12.9
The Master Trust Bank of Japan, Ltd.	8,147,300	9.0
State Street Bank and Trust Company	7,246,760	8.0
Goldman Sachs and Company Regular Account	5,135,690	5.6
Northern Trust Company (AVFC) Account Non-Treaty	4,046,570	4.4
Hiroshi Taguchi	3,637,900	4.0
Mizuho Trust & Banking Co., Ltd. (Retirement Benefits Trust, Mizuho Bank, Ltd., Account)	3,559,500	3.9
RBC IST 15 PCT LENDING ACCOUNT	2,558,963	2.8
Mellon Bank, N.A., as Agent for Its Client Mellon Omnibus US Pension	2,028,940	2.2
J.P. Morgan Chase Bank	1,768,610	1.9

Notes:

1. The shareholding ratios are calculated deducting 41,945 treasury shares.
2. The shareholding ratios are calculated rounding to the hundredths place.

3. Matters Relating to Stock Acquisition Rights

(1) Outline of the Stock Acquisition Rights Held by the Company's Directors at the End of the Fiscal Year under Review (March 31, 2014)

	10th stock acquisition rights
Number of holders thereof	
Directors of the Company (excluding outside officers)	1
Outside directors of the Company (limited to outside officers)	1
Corporate auditors of the Company	—
Type of shares subject to the stock acquisition rights	Common stock
Number of shares subject to the stock acquisition rights	13,300
Amount to be subscribed upon the exercise of the stock acquisition rights	¥2,219 per share
Exercise period for the stock acquisition rights	From August 1, 2009 to July 31, 2014
Major conditions for the exercise of the stock acquisition rights	<p>a) Individuals to whom the stock acquisition rights are allotted must be actually employed as officers or employees of the Company or its subsidiaries or affiliates when they exercise the stock acquisition rights. Provided, however, that the qualified individuals may exercise the stock acquisition rights only for a period prior to the two-year anniversary date of reckoning from the next day of the date of resignation/retirement, or until the expiration date of the exercise period, whichever comes earlier, even if they have discontinued service when exercising the stock acquisition rights.</p> <p>b) The conditions for the exercise of the stock acquisition rights other than the clause a) above shall be based on a resolution of the Board of Directors, and shall be as set forth in the “Stock Acquisition Rights Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock acquisition rights are allotted.</p>
Cause/reason for acquisition of the stock acquisition rights	<p>a) In case of a proposal to request approval (i) of a merger agreement, according to which the Company becomes an extinct company, (ii) of an absorption-type company split agreement or an incorporation-type company split plan, according to which the Company becomes a split company, (iii) of a share exchange agreement, according to which the Company becomes a wholly owned subsidiary of another company, or (iv) of a plan for a share transfer that has been approved by a general meeting of shareholders, the Company may, upon arrival of a date that the Company's Board of Directors otherwise determines, acquire without contribution all the stock acquisition rights that remain unexercised as of the same date.</p> <p>b) In case a holder of the stock acquisition rights is no longer qualified to exercise his/her stock acquisition rights due to the application of the clause a) above, or in case he/she abandons all the stock acquisition rights he/she holds, the Company may, upon arrival of a date that the Company's Board of Directors otherwise determines, acquire without contribution all the stock acquisition rights that remain unexercised as of the same date.</p>
Content of advantageous conditions	—

	12th stock acquisition rights
Number of holders thereof	
Directors of the Company (excluding outside officers)	1
Outside directors of the Company (limited to outside officers)	—
Corporate auditors of the Company	—
Type of shares subject to the stock acquisition rights	Common stock
Number of shares subject to the stock acquisition rights	20,000
Amount to be subscribed upon the exercise of the stock acquisition rights	¥2,073 per share
Exercise period for the stock acquisition rights	From August 1, 2010 to July 31, 2015
Major conditions for the exercise of the stock acquisition rights	<p>a) Individuals to whom the stock acquisition rights are allotted must be actually employed as officers or employees of the Company or its subsidiaries or affiliates when they exercise the stock acquisition rights. Provided, however, that the qualified individuals may exercise the stock acquisition rights only for a period prior to the two-year anniversary date of reckoning from the next day of the date of resignation/retirement, or until the expiration date of the exercise period, whichever comes earlier, even if they have discontinued service when exercising the stock acquisition rights.</p> <p>b) The conditions for the exercise of the stock acquisition rights other than the clause a) above shall be based on a resolution of the Board of Directors, and shall be as set forth in the “Stock Acquisition Rights Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock acquisition rights are allotted.</p>
Cause/reason for acquisition of the stock acquisition rights	<p>a) In case of a proposal to request approval (i) of a merger agreement, according to which the Company becomes an extinct company, (ii) of an absorption-type company split agreement or an incorporation-type company split plan, according to which the Company becomes a split company, (iii) of a share exchange agreement, according to which the Company becomes a wholly owned subsidiary of another company, or (iv) of a plan for a share transfer that has been approved by a general meeting of shareholders, the Company may, upon arrival of a date that the Company’s Board of Directors otherwise determines, acquire without contribution all the stock acquisition rights that remain unexercised as of the same date</p> <p>b) In case a holder of the stock acquisition rights is no longer qualified to exercise his/her stock acquisition rights due to the application of the clause a) above, or in case he/she abandons all the stock acquisition rights he/she holds, the Company may, upon arrival of a date that the Company’s Board of Directors otherwise determines, acquire without contribution all the stock acquisition rights that remain unexercised as of the same date.</p>
Content of advantageous conditions	—

	13th stock acquisition rights
Number of holders thereof	
Directors of the Company (excluding outside officers)	1
Outside directors of the Company (limited to outside officers)	—
Corporate auditors of the Company	—
Type of shares subject to the stock acquisition rights	Common stock
Number of shares subject to the stock acquisition rights	800
Amount to be subscribed upon the exercise of the stock acquisition rights	¥1,576 per share
Exercise period for the stock acquisition rights	From January 1, 2011 to December 31, 2016
Major conditions for the exercise of the stock acquisition rights	<p>a) Individuals to whom the stock acquisition rights are allotted must be actually employed as officers or employees of the Company or its subsidiaries or affiliates when they exercise the stock acquisition rights. Provided, however, that the qualified individuals may exercise the stock acquisition rights only for a period prior to the two-year anniversary date of reckoning from the next day of the date of resignation/retirement, or until the expiration date of the exercise period, whichever comes earlier, even if they have discontinued service when exercising the stock acquisition rights.</p> <p>b) The conditions for the exercise of the stock acquisition rights other than the clause a) above shall be based on a resolution of the Board of Directors, and shall be as set forth in the “Stock Acquisition Rights Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock acquisition rights are allotted.</p>
Cause/reason for acquisition of the stock acquisition rights	<p>a) In case of a proposal to request approval (i) of a merger agreement, according to which the Company becomes an extinct company, (ii) of an absorption-type company split agreement or an incorporation-type company split plan, according to which the Company becomes a split company, (iii) of a share exchange agreement, according to which the Company becomes a wholly owned subsidiary of another company, or (iv) of a plan for a share transfer that has been approved by a general meeting of shareholders, the Company may, upon arrival of a date that the Company’s Board of Directors otherwise determines, acquire without contribution all the stock acquisition rights that remain unexercised as of the same date.</p> <p>b) In case a holder of the stock acquisition rights is no longer qualified to exercise his/her stock acquisition rights due to the application of the clause a) above, or in case he/she abandons all the stock acquisition rights he/she holds, the Company may, upon arrival of a date that the Company’s Board of Directors otherwise determines, acquire without contribution all the stock acquisition rights that remain unexercised as of the same date.</p>
Content of advantageous conditions	—

	14th stock acquisition rights
Number of holders thereof	
Directors of the Company (excluding outside officers)	3
Outside directors of the Company (limited to outside officers)	—
Corporate auditors of the Company	—
Type of shares subject to the stock acquisition rights	Common stock
Number of shares subject to the stock acquisition rights	49,200
Amount to be subscribed upon the exercise of the stock acquisition rights	¥1,432 per share
Exercise period for the stock acquisition rights	From August 1, 2011 to July 31, 2016
Major conditions for the exercise of the stock acquisition rights	<p>a) Individuals to whom the stock acquisition rights are allotted must be actually employed as officers or employees of the Company or its subsidiaries or affiliates when they exercise the stock acquisition rights. Provided, however, that the qualified individuals may exercise the stock acquisition rights only for a period prior to the two-year anniversary date of reckoning from the next day of the date of resignation/retirement, or until the expiration date of the exercise period, whichever comes earlier, on the condition that they resigned or retired from office after the commencement of the above exercise period, even if they have discontinued service when exercising the stock acquisition rights.</p> <p>b) The conditions for the exercise of the stock acquisition rights other than the clause a) above shall be based on a resolution of the Board of Directors, and shall be as set forth in the “Stock Acquisition Rights Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock acquisition rights are allotted.</p>
Cause/reason for acquisition of the stock acquisition rights	<p>a) In case of a proposal to request approval (i) of a merger agreement, according to which the Company becomes an extinct company, (ii) of an absorption-type company split agreement or an incorporation-type company split plan, according to which the Company becomes a split company, (iii) of a share exchange agreement, according to which the Company becomes a wholly owned subsidiary of another company, or (iv) of a plan for a share transfer that has been approved by a general meeting of shareholders, the Company may, upon arrival of a date that the Company’s Board of Directors otherwise determines, acquire without contribution all the stock acquisition rights that remain unexercised as of the same date.</p> <p>b) In case a holder of the stock acquisition rights is no longer qualified to exercise his/her stock acquisition rights due to the application of the clause a) above, or in case he/she abandons all the stock acquisition rights he/she holds, the Company may, upon arrival of a date that the Company’s Board of Directors otherwise determines, acquire without contribution all the stock acquisition rights that remain unexercised as of the same date.</p>
Content of advantageous conditions	—

	16th stock acquisition rights
Number of holders thereof	
Directors of the Company (excluding outside officers)	3
Outside directors of the Company (limited to outside officers)	—
Corporate auditors of the Company	—
Type of shares subject to the stock acquisition rights	Common stock
Number of shares subject to the stock acquisition rights	112,500
Amount to be subscribed upon the exercise of the stock acquisition rights	¥1,827 per share
Exercise period for the stock acquisition rights	From August 1, 2012 to July 31, 2018
Major conditions for the exercise of the stock acquisition rights	<p>a) Individuals to whom the stock acquisition rights are allotted must be actually employed as officers or employees of the Company or its subsidiaries or affiliates when they exercise the stock acquisition rights. Provided, however, that the qualified individuals may exercise the stock acquisition rights only for a period prior to the two-year anniversary date of reckoning from the next day of the date of resignation/retirement, or until the expiration date of the exercise period, whichever comes earlier, on the condition that they resigned or retired from office after the commencement of the above exercise period, even if they have discontinued service when exercising the stock acquisition rights.</p> <p>b) The conditions for the exercise of the stock acquisition rights other than the clause a) above shall be based on a resolution of the Board of Directors, and shall be as set forth in the “Stock Acquisition Rights Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock acquisition rights are allotted.</p>
Cause/reason for acquisition of the stock acquisition rights	<p>a) In case of a proposal to request approval (i) of a merger agreement, according to which the Company becomes an extinct company, (ii) of an absorption-type company split agreement or an incorporation-type company split plan, according to which the Company becomes a split company, (iii) of a share exchange agreement, according to which the Company becomes a wholly owned subsidiary of another company, or (iv) of a plan for a share transfer that has been approved by a general meeting of shareholders, the Company may, upon arrival of a date that the Company’s Board of Directors otherwise determines, acquire without contribution all the stock acquisition rights that remain unexercised as of the same date.</p> <p>b) In case a holder of the stock acquisition rights is no longer qualified to exercise his/her stock acquisition rights due to the application of the clause a) above, or in case he/she abandons all the stock acquisition rights he/she holds, the Company may, upon arrival of a date that the Company’s Board of Directors otherwise determines, acquire without contribution all the stock acquisition rights that remain unexercised as of the same date.</p>
Content of advantageous conditions	—

	18th stock acquisition rights
Number of holders thereof	
Directors of the Company (excluding outside officers)	5
Outside directors of the Company (limited to outside officers)	—
Corporate auditors of the Company	—
Type of shares subject to the stock acquisition rights	Common stock
Number of shares subject to the stock acquisition rights	440,000
Amount to be subscribed upon the exercise of the stock acquisition rights	¥1,892 per share
Exercise period for the stock acquisition rights	From August 1, 2014, to July 31, 2021
Major conditions for the exercise of the stock acquisition rights	<p>a) Individuals to whom the stock acquisition rights are allotted must be actually employed as officers or employees of the Company or its subsidiaries or affiliates when they exercise the stock acquisition rights. Provided, however, that the qualified individuals may exercise the stock acquisition rights only for a period prior to the two-year anniversary date of reckoning from the next day of the date of resignation/retirement, or until the expiration date of the exercise period, whichever comes earlier, on the condition that they resigned or retired from office after the commencement of the above exercise period, even if they have discontinued service when exercising the stock acquisition rights.</p> <p>b) The conditions for the exercise of the stock acquisition rights other than the clause a) above shall be based on a resolution of the Board of Directors, and shall be as set forth in the “Stock Acquisition Rights Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock acquisition rights are allotted.</p>
Cause/reason for acquisition of the stock acquisition rights	<p>a) In case of a proposal to request approval (i) of a merger agreement, according to which the Company becomes an extinct company, (ii) of an absorption-type company split agreement or an incorporation-type company split plan, according to which the Company becomes a split company, (iii) of a share exchange agreement, according to which the Company becomes a wholly owned subsidiary of another company, or (iv) of a plan for a share transfer that has been approved by a general meeting of shareholders, the Company may, upon arrival of a date that the Company’s Board of Directors otherwise determines, acquire without contribution all the stock acquisition rights that remain unexercised as of the same date.</p> <p>b) In case a holder of the stock acquisition rights is no longer qualified to exercise his/her stock acquisition rights due to the application of the clause a) above, or in case he/she abandons all the stock acquisition rights he/she holds, the Company may, upon arrival of a date that the Company’s Board of Directors otherwise determines, acquire without contribution all the stock acquisition rights that remain unexercised as of the same date.</p>
Content of advantageous conditions	—

(2) Important Matters Related to Other Stock Acquisition Rights

Stock acquisition rights attached to EURO-USD denominated convertible bonds with stock acquisition rights, due for maturity in 2018.

Number of stock acquisition rights	1,000
Type of shares subject to the stock acquisition rights	Common stock
Number of shares subject to the stock acquisition rights	2,718,129 (See note)
Conversion price	Initially 36.79 USD (If certain conditions are met, the conversion price may be amended or adjusted.)
Issuance price for the stock acquisition rights	0

Note: The type of shares subject to the stock acquisition rights shall be the Company's common stock (Trading unit: 100 shares). The number of shares of the Company's common stock to be granted upon exercise is the total of par value amount of the Company's bonds to be exercised divided by the conversion price.

4. Officers of the Company

(1) Directors and Corporate Auditors

Position	Name	Responsibilities and important concurrent positions
Representative Director, Chairman and Co-CEO	Tadashi Saegusa	
Representative Director, Vice Chairman and Co-CEO	Masayuki Takaya	
Representative Director and President	Ryusei Ono	Representative Director and President, MISUMI Corporation
Director and Executive Vice President	Masahiko Eguchi	Representative Corporate Officer of Operations Platform, MISUMI Group Inc. Representative Corporate Officer of Operations Development Promotion Platform, MISUMI Group Inc.
Executive Director	Tokuya Ikeguchi	In Charge of VONA Business Platform, MISUMI Group Inc.
Director	Hiroshi Fukino	Representative Director and President, Fukino Consulting Inc. Outside Director, Rakuten, Inc.
Director	Tsuyoshi Numagami	Professor, Graduate School of Commerce and Management, Hitotsubashi University
Corporate Auditor	Hiroshi Miyamoto	Corporate Auditor, MISUMI Corporation, SURUGA Production Platform Co., Ltd., and SURUGA SEIKI CO., LTD.
Corporate Auditor	Juichi Nozue	Attorney at law, Shizuoka Nozomi Law and Patent Office Outside Corporate Auditor, Shizuoka Gas Company, Ltd.
Corporate Auditor	Hidetada Hirai	

Notes:

1. Directors Hiroshi Fukino and Tsuyoshi Numagami are outside directors under Article 2, Item 15 of the Companies Act.
2. Corporate Auditors Juichi Nozue and Hidetada Hirai are outside corporate auditors under Article 2, Item 16 of the Companies Act.
3. Corporate Auditor Juichi Nozue is an Attorney at law.
4. Corporate Auditor Hidetada Hirai has abundant experience and significant knowledge in finance and accounting.
5. The Company designates Directors Hiroshi Fukino and Tsuyoshi Numagami and Corporate Auditors Juichi Nozue and Hidetada Hirai as independent officers as stipulated by the Tokyo Stock Exchange and reported thereto.

(2) Total Compensations, etc., Paid to Directors and Corporate Auditors

Classification	Number of directors and corporate auditors (persons)	Amounts of compensation, etc. (millions of yen)	Remarks
Director (Outside directors of above)	8 (2)	1,475 (12)	<p>By resolution of the Annual General Meeting of Shareholders held on June 17, 2011, the total amount of compensation for directors is up to ¥900 million per annum (including up to ¥40 million for outside directors). This does not include directors' salaries as employees of the Company.</p> <p>Separate from the above total compensation (¥900 million), stock acquisition rights are issued as a stock option as part of compensation pending resolution of the Annual General Meeting of Shareholders for the relevant fiscal year. Additionally, the Company accumulates an allowance for directors' retirement benefits each fiscal year in accordance with rules of the Company.</p> <p>The amounts of compensation on the left include the amount accounted for as expenses from the stock acquisition rights and the amount transferred for allowance for directors' retirement benefits.</p>
Corporate Auditor (Outside corporate auditors of above)	3 (2)	26 (8)	The amount of compensation for corporate auditors that was determined by resolution of the Annual General Meeting of Shareholders held on June 28, 1993, is within ¥50 million a year.
Total	11	1,501	

Notes:

1. The above number of directors, to whom the compensation is to be paid, includes one director who retired during the year under review.
2. The above amounts of compensation, etc., include the amount accounted for as expenses from the stock acquisition rights issued as a stock option as part of compensation (¥89 million for six directors).
3. The above amounts of compensation, etc., include this fiscal year's allowance for directors' retirement benefits of ¥592 million (¥591 million for directors and ¥1 million for corporate auditors).
4. The above amounts of compensation, etc., include this fiscal year's accrued directors' bonuses of ¥447 million (¥446 million for directors and ¥1 million for corporate auditors).

(3) Matters Related to Outside Officers

- 1) Relationship between the Company and other corporations for which outside directors and outside corporate auditors concurrently hold important positions

There are no important transactions between the Company and other corporations for which outside directors and outside corporate auditors concurrently hold important positions.

2) Major activities in the fiscal year

Classification	Name	Major activities
Outside Director	Hiroshi Fukino	<ul style="list-style-type: none"> ▪ Attendance at the meetings of the Board of Directors and expression of opinions: Attended 13 of the 14 meetings of the Board of Directors held during the fiscal year under review and made inquiries or provided advice concerning the proposals and discussed matters from an objective perspective independent of the management as to the conduct of business execution. ▪ Business policies that were changed by the director's opinion: Nothing to report. ▪ Outline of the director's measures with regard to the Company's "Scandals, etc." Nothing to report.
	Tsuyoshi Numagami	<ul style="list-style-type: none"> ▪ Attendance at the meetings of the Board of Directors and expression of opinions: Attended 14 of the 14 meetings of the Board of Directors during the fiscal year under review since he assumed the office and made inquiries or provided advice concerning the proposals and discussed matters from his professional perspective as a business scholar. ▪ Business policies that were changed by the director's opinion: Nothing to report. ▪ Outline of the director's measures with regard to the Company's "Scandals, etc." Nothing to report.
Outside Corporate Auditor	Juichi Nozue	<ul style="list-style-type: none"> ▪ Attendance at the meetings of the Board of Directors and the Board of Corporate Auditors and expression of opinions: Attended 13 of the 14 meetings of the Board of Directors and 16 of the 17 meetings of the Board of Corporate Auditors held during the fiscal year under review and made inquiries or provided advice concerning the proposals and discussed matters from his professional perspective as an attorney at law. ▪ Business policies that were changed by the corporate auditor's opinion: Nothing to report. ▪ Outline of the corporate auditor's measures with regard to the Company's "Scandals, etc." Nothing to report.
	Hidetada Hirai	<ul style="list-style-type: none"> ▪ Attendance at the meetings of the Board of Directors and the Board of Corporate Auditors and expression of opinions: Attended 14 of the 14 meetings of the Board of Directors and 17 of the 17 meetings of the Board of Corporate Auditors held during the fiscal year under review and made inquiries or provided advice concerning the proposals and discussed matters from his abundant experience in finance and accounting. ▪ Business policies that were changed by the corporate auditor's opinion: Nothing to report. ▪ Outline of the corporate auditor's measures with regard to the Company's "Scandals, etc." Nothing to report.

3) Outline of the limited liability agreement

The Company has provisions with regard to the limited liability agreement with outside directors and outside corporate auditors in Article 29, Paragraph 2, and Article 39, Paragraph 2, of its Articles of Incorporation.

Below is the outline of the limited liability agreement that the Company concluded with all the outside directors and outside corporate auditors based on the provisions of the Articles of Incorporation.

Classification	Outline of the limited liability agreement
Outside Director	The Company entered into an agreement with outside directors to limit their liability as stipulated in Article 423, Paragraph 1 of the Companies Act, to ¥10 million or the amount stipulated by law, whichever is higher, based on the provisions set forth under Article 427, Paragraph 1 of the Companies Act.
Outside Corporate Auditor	The Company entered into an agreement with outside corporate auditors to limit their liability as stipulated in Article 423, Paragraph 1 of the Companies Act, to ¥5 million or the amount stipulated by law, whichever is higher, based on the provisions set forth under Article 427, Paragraph 1 of the Companies Act.

4) Amounts of compensation, etc. from subsidiaries

Nothing to report.

5. Independent Auditor

(1) Name of the Independent Auditor of the Company

Deloitte Touche Tohmatsu LLC.

(2) Outline of the Limited liability Agreement

Nothing to report.

(3) Amounts of Compensation, etc., to be Paid to the Independent Auditor for the Fiscal Year under Review

- 1) Compensation for audit duties under Article 2, Paragraph 1 of the Certified Public Accountants Act
¥76 million
- 2) Total of cash or other assets payable by the Company and/or its subsidiaries
¥79 million

The Company's major overseas subsidiaries were audited by Deloitte Touche Tohmatsu.

Note: Compensation, etc., for audit duties under Article 2, Paragraph 1 of the Certified Public Accountants Act is a total of the amount paid for the audit by the independent auditor under the Companies Act and the compensation for the audit under the Financial Instruments and Exchange Act.

(4) Content of Non-audit Duties

Duties involving the issuance of a comfort letter relating to the issuance of corporate bonds.

(5) Policy for the Company's Decision on Dismissal or Non-reappointment of the Independent Auditor

The Company's Board of Corporate Auditors shall discuss the dismissal and non-reappointment of the independent auditor when the Company needs to do so, or should the independent auditor violate the Companies Act, the Certified Public Accountants Act, or any other laws and regulations, or should the independent auditor infringe public order and morality, based on the fact of specific acts.

In case the Board of Corporate Auditors determines the dismissal or non-reappointment to be appropriate after investigation and discussion, pursuant to the Company's Board of Corporate Auditors Regulations, the Board of Corporate Auditors shall request that the Board of Directors propose the "Dismissal or Non-reappointment of the Independent Auditor" at the Annual General Meeting of Shareholders, which shall be discussed by the Board of Directors.

6. The Company's Systems and Policies

(1) The System to Ensure that the Company's Business Execution Complies with Laws, Regulations and the Articles of Incorporation and Other Systems to Ensure the Appropriateness of the Company's Businesses

The Company's Board of Directors, at its meeting held on April 21, 2011, made a resolution on the Basic Policy for an Internal Control System based on Article 362, Paragraph 4, Item 6 of the Companies Act and Article 100, Paragraphs 1 and 3 of the Enforcement of the Companies Act. Below is its content.

- 1) System to preserve and manage information concerning directors' execution of duties
 - Prepare the minutes of meetings of the Board of Directors, the Group Officers' Committee and other important meetings, as stipulated by laws, regulations and rules, and appropriately store them.
- 2) Rules and other systems related to risk management for losses
 - Prepare various kinds of provisions, internal rules and manuals to address risks related to legal compliance, the environment, information, export management, and natural disasters and establish a risk management system.
 - Set up a task force to promptly cope with any emergency situation, in case such occurs, and report the progress to the Board of Directors.
- 3) System to ensure the efficient execution of duties by directors
 - Designate that the Board of Directors give the final approval for any management plan and that the progress of the plan be monitored at the Group Officers' Committee.
 - Discuss the important issues that are found while monitoring the progress of the management plan, or during other processes, at the meetings of the Board of Directors or the Group Officers' Committee, etc.
 - Report and monitor business results and provide advice and guidance on important matters at the monthly meetings of the Board of Directors.
- 4) System to ensure that the execution of duties by directors and employees complies with laws, regulations and the Articles of Incorporation
 - Ensure that directors and employees comply with the MISUMI Group Code of Conduct, laws and regulations, as well as the Company's Articles of Incorporation.
 - Set up occupational authority rules and other rules for decision making to ensure the appropriateness of the execution of duties.
 - Set up an internal reporting system to quickly discover violations of laws, regulations and/or internal rules or such suspicions, while guaranteeing the privacy of the individual making the report so that the person will not be disadvantaged by the action of reporting.
- 5) System to ensure the appropriateness of the execution of duties at the corporate group consisting of the parent company and its subsidiaries and affiliates
 - MISUMI Group Inc. ensures the appropriateness of the execution of duties by each subsidiary and affiliate by having each company's business results reported and monitoring the progress of the management plan at the Group Officers' Committee.
 - The internal audit team conducts audits regularly on the execution of duties at each subsidiary and affiliate.
 - Stipulate the repudiation of any relationship with antisocial forces in the MISUMI Group Code of Conduct and resolutely oppose such forces Group-wide.
- 6) Matters related to corporate auditors' assistants in case corporate auditors request to have assistants who help them with the execution of duties
 - The corporate auditor shall be able to appoint assistants freely, and the corporate auditor gets involved in the personnel transfer and evaluation of the assistants.

- 7) System for directors and employees to report to the Board of Corporate Auditors or corporate auditors and the system to ensure efficient audits by the corporate auditors
- The corporate auditors attend important meetings such as those of the Board of Directors and the Group Officers' Committee, where directors and employees quickly report to the corporate auditors in case an incident occurs or such suspicion arises that could pose a serious concern for the Company.
 - The corporate auditors meet regularly with the independent auditor and the internal audit team to exchange opinions and information. The corporate auditors request reports from the independent auditor whenever necessary.

(2) Basic Policy on Control of the Company

Nothing to report.

* Amounts less than one unit and fractions after the decimal point of the numbers of shares indicated in this Business Report are truncated.

Consolidated Balance Sheets

(As of March 31, 2014)

(Millions of yen)

Items	Amount	Items	Amount
(Assets)		(Liabilities)	
Current assets	113,972	Current liabilities	28,669
Cash and deposits	48,951	Trade notes and trade accounts payable	10,485
Trade notes and trade accounts receivable	35,373	Short-term bank loans	900
Marketable securities	2,303	Accounts payable-other	6,025
Merchandise and finished goods	16,771	Income taxes payable	3,682
Work in process	1,554	Accrued bonuses	2,770
Raw materials and supplies	4,190	Accrued directors' bonuses	449
Deferred tax assets	2,603	Other	4,355
Income tax refundable	498		
Other	1,927	Long-term liabilities	17,954
Allowance for doubtful receivables	(201)	Corporate bonds with stock acquisition rights	10,292
Noncurrent assets	49,229	Deferred tax liabilities	2,908
Property, plant and equipment	23,725	Liability for retirement benefits	3,096
Buildings and structures	8,285	Allowance for directors' retirement benefits	1,082
Machinery and vehicles	6,772	Other	575
Land	3,837	Total liabilities	46,624
Construction in progress	3,721		
Other	1,108	(Equity)	
Intangible assets	20,784	Shareholders' equity	113,072
Software	4,352	Common stock	6,375
Goodwill	6,341	Capital surplus	16,763
Other	10,089	Retained earnings	90,004
		Treasury stock	(71)
Investments and other assets	4,719	Accumulated other comprehensive income	2,893
Investment securities	1,750	Unrealized gain on available-for-sale securities	11
Deferred tax assets	1,133	Foreign currency translation adjustments	2,938
Other assets	1,936	Accumulated adjustment for retirement benefits	(55)
Allowance for doubtful receivables	(99)	Stock acquisition rights	271
		Minority interests	339
		Total equity	116,577
Total assets	163,201	Total liabilities and equity	163,201

Consolidated Statements of Income

(From April 1, 2013 through March 31, 2014)

(Millions of yen)

Items	Amount	
Net sales		173,904
Cost of sales		99,477
Gross profit		74,426
Selling, general and administrative expenses		55,437
Operating income		18,989
Non-operating income		
Interest income	207	
Dividend income	0	
Subsidy income	220	
Miscellaneous income	155	583
Non-operating expenses		
Interest expense	9	
Stock issuance cost	3	
Sales discounts	51	
Equity method investment loss	3	
Foreign exchange loss	272	
Miscellaneous loss	65	404
Ordinary income		19,168
Extraordinary gain		
Gain on liquidation of affiliate	105	105
Extraordinary loss		
Loss on impairment of assets	108	
Relocation expenses	200	309
Income before income taxes and minority interests		18,964
Income taxes-current	7,689	
Income taxes-deferred	(412)	7,277
Income before minority interests		11,687
Minority interests in income		8
Net income		11,678

Consolidated Statements of Changes in Equity

(From April 1, 2013 through March 31, 2014)

(Millions of yen)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance, April 1, 2013	6,315	16,449	81,505	(943)	103,327
Changes of items during the period					
Issuance of new shares	59	59	—	—	118
Dividends from surplus	—	—	(2,976)	—	(2,976)
Net income	—	—	11,678	—	11,678
Change in scope of consolidation	—	—	(203)	—	(203)
Increase in treasury stock	—	—	—	(2)	(2)
Disposal of treasury stock	—	255	—	873	1,129
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	59	314	8,499	871	9,744
Balance, March 31, 2014	6,375	16,763	90,004	(71)	113,072

(Millions of yen)

	Accumulated other comprehensive income			Stock acquisition rights	Minority interests	Total equity
	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Accumulated adjustment for retirement benefits			
Balance, April 1, 2013	20	(333)	—	351	264	103,630
Changes of items during the period						
Issuance of new shares	—	—	—	—	—	118
Dividends from surplus	—	—	—	—	—	(2,976)
Net income	—	—	—	—	—	11,678
Change in scope of consolidation	—	—	—	—	—	(203)
Increase in treasury stock	—	—	—	—	—	(2)
Disposal of treasury stock	—	—	—	—	—	1,129
Net changes of items other than shareholders' equity	(9)	3,272	(55)	(79)	74	3,201
Total changes of items during the period	(9)	3,272	(55)	(79)	74	12,946
Balance, March 31, 2014	11	2,938	(55)	271	339	116,577

Non-consolidated Balance Sheets

(As of March 31, 2014)

(Millions of yen)

Items	Amount	Items	Amount
(Assets)		(Liabilities)	
Current assets	11,289	Current liabilities	3,971
Cash and deposits	5,798	Short-term bank loans	600
Deferred tax assets	186	Accounts payable-other	1,629
Other	5,304	Income taxes payable	54
		Accrued bonuses	487
		Accrued directors' bonuses	449
		Other	749
		Long-term liabilities	12,218
		Corporate bonds with stock acquisition rights	10,292
		Allowance for retirement benefits	860
		Allowance for directors' retirement benefits	1,066
Noncurrent assets	55,558	Total liabilities	16,189
Investments and other assets	55,558	(Equity)	
Stocks of subsidiaries and affiliates	32,320	Shareholders' equity	50,387
Long-term loans receivable from subsidiaries and affiliates	22,762	Common stock	6,375
Deferred tax assets	366	Capital surplus	13,630
Other	109	Legal capital surplus	13,073
		Other capital surplus	556
		Retained earnings	30,454
		Legal retained earnings	402
		Other retained earnings	30,051
		General reserve	27,400
		Retained earnings brought forward	2,651
		Treasury stock	(73)
		Stock acquisition rights	271
		Total equity	50,658
Total assets	66,848	Total liabilities and equity	66,848

Non-consolidated Statements of Income

(From April 1, 2013 through March 31, 2014)

(Millions of yen)

Items	Amount	
Operating revenue		12,108
Operating expenses		10,456
Operating income		1,652
Non-operating income		
Interest and dividend income	243	
Miscellaneous income	13	256
Non-operating expenses		
Interest expense	3	
Stock issuance cost	3	
Miscellaneous loss	0	6
Ordinary income		1,901
Income before income taxes		1,901
Income taxes-current	213	
Income taxes-deferred	(78)	135
Net income		1,766

Non-consolidated Statements of Changes in Equity

(From April 1, 2013 through March 31, 2014)

(Millions of yen)

	Shareholders' equity							Treasury stock	Total shareholders' equity
	Common stock	Capital surplus		Legal retained earnings	Retained earnings				
		Legal capital surplus	Other capital surplus		Other retained earnings	Retained earnings brought forward			
					General reserve				
Balance, April 1, 2013	6,315	13,014	327	402	27,400	3,861	(970)	50,351	
Changes of items during the period									
Issuance of new shares	59	59	—	—	—	—	—	118	
Dividends from surplus	—	—	—	—	—	(2,976)	—	(2,976)	
Net income	—	—	—	—	—	1,766	—	1,766	
Increase in treasury stock	—	—	—	—	—	—	(2)	(2)	
Disposal of treasury stock	—	—	229	—	—	—	899	1,129	
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—	
Total changes of items during the period	59	59	229	—	—	(1,209)	897	35	
Balance, March 31, 2014	6,375	13,073	556	402	27,400	2,651	(73)	50,387	

(Millions of yen)

	Valuation and translation adjustments	Stock acquisition rights	Total equity
	Unrealized gain on available-for-sale securities		
Balance, April 1, 2013	0	351	50,702
Changes of items during the period			
Issuance of new shares	—	—	118
Dividends from surplus	—	—	(2,976)
Net income	—	—	1,766
Increase in treasury stock	—	—	(2)
Disposal of treasury stock	—	—	1,129
Net changes of items other than shareholders' equity	(0)	(79)	(80)
Total changes of items during the period	(0)	(79)	(44)
Balance, March 31, 2014	—	271	50,658