

Code No. 1662  
June 6, 2018  
Hideichi Okada, President  
**Japan Petroleum Exploration Co., Ltd. (JAPEX)**  
1-7-12 Marunouchi, Chiyoda-ku, Tokyo

To All Shareholders:

**Notification of the Convocation to  
the 48<sup>th</sup> Ordinary General Meeting of the Shareholders**

The 48<sup>th</sup> Ordinary General Meeting of the Shareholders of Japan Petroleum Exploration Co., Ltd. (hereinafter referred to as the “JAPEX”) will be held according to the details below, and we kindly ask for your attendance.

If you are unable to attend the meeting, you may exercise your voting rights through a written document (Voting Rights Exercise Form) or by electronic means (via the Internet). Please read the attached “Reference Documents for Shareholders’ Meeting,” and exercise your voting rights after referring to “4. Guidance on the Exercise of Voting Rights” on the following page, prior to 5:35 p.m., Wednesday, June 27, 2018.

Thank you very much for your attention and cooperation.

Details:

1. Date and Time: 10:00 a.m., June 28, 2018 (Thursday)
  2. Location: Station Conference Tokyo “Sapia Hall” (Sapia Tower 5F)  
1-7-12 Marunouchi, Chiyoda-ku, Tokyo
  3. Agenda:  
Announcements: 1) Business report and consolidated financial report of the 48<sup>th</sup> Term (from April 1, 2017 to March 31, 2018), and audit reports from the accounting auditor and Board of Corporate Auditors on the consolidated financial report  
2) Financial report of the 48<sup>th</sup> Term (from April 1, 2017 to March 31, 2018)
- Resolution items:
- Item 1: Appropriation of Surplus
  - Item 2: Election of Two (2) Directors
  - Item 3: Election of Two (2) Corporate Auditors
  - Item 4: Payment of Bonuses to Directors and Corporate Auditors

**NOTE:** This document is an abridged translation of the Japanese “Notification of the Convocation to the 48<sup>th</sup> Ordinary General Meeting of the Shareholders” “Reference Documents for Shareholders’ Meeting” and “Financial Report” of JAPEX. This translation is intended for reference and convenience purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail. JAPEX does not guarantee the accuracy and/or the completeness of this translation and shall have no liability for any errors or omissions therein.

#### 4. Guidance on the Exercise of Voting Rights

##### [Exercise of Voting Rights in Writing (Voting Rights Exercise Form)]

Please indicate your approval or disapproval of each proposition on the enclosed Voting Rights Exercise Form and then send it back so that it reaches us no later than 5:35 p.m., Wednesday, June 27, 2018.

##### [Exercise of Voting Rights by Electronic Means (via the Internet)]

- (1) To exercise your voting rights via the Internet, you must use the following voting service website (<https://soukai.mizuho-tb.co.jp/>) designated by the Company. You are cordially requested to exercise your voting rights via the Internet prior to 5:35 p.m., Wednesday, June 27, 2018.
- (2) Please register your approval or disapproval of each proposition, by using the code and password provided on your Voting Rights Exercise Form enclosed herewith and following the directions on the screen. Please check the “Guidance on the Exercise of Voting Rights via the Internet” shown on page 12 of this notice for the details.

##### [Treatment of Voting Rights Exercised Repeatedly]

- (1) If you exercise your voting rights both in writing and via the Internet, we will only accept the exercise of your voting rights via the Internet as valid.
- (2) If you exercise your voting rights more than once via the Internet, we will only accept the last exercise of your voting rights as valid.

END

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\*Upon your arrival at the Ordinary General Meeting of Shareholders, please submit the enclosed Voting Rights Exercise Form to the venue reception. Thank you.

\*The following matters are not described in the Reference Documents of this Notification since they are posted on the JAPEX website (<https://www.japex.co.jp/>) in accordance with laws and regulations and with Article 17 of the Company’s Articles of Incorporation.

- 1) “(5) System to Ensure Proper Business Operations and the State of Its Operation” and “(6) Basic Policy on Control of the Company” included in “2. Current State of the Company” of the business report
- 2) “Consolidated Statement of Changes in Equity” and “Notes to Consolidated Financial Statements” of the consolidated financial report
- 3) “Statement of Changes in Equity” and “Notes to Financial Statements” of the financial report

The business report, consolidated financial report and financial report audited by Corporate Auditors comprise the business report, consolidated financial report and financial report, which are attached to this Notification, as well as the items 1) to 3) above, which are posted on the JAPEX website.

The consolidated financial report and financial report audited by the Accounting Auditor comprise the consolidated financial report and financial report, which are attached to this Notification, as well as the items 2) and 3) above, which are posted on the JAPEX website.

\*In case the Reference Documents for Shareholders Meeting, or business report, financial report or consolidated financial report is modified, such modification shall be posted on the JAPEX website. (<https://www.japex.co.jp/>)

\* The notification of resolutions at the ordinary general meeting of the shareholders will no longer be delivered by mail. The results of this general meeting of shareholders will be posted on the JAPEX website (<https://www.japex.co.jp/>) after the meeting.

## Reference Documents for Shareholders' Meeting

### Item 1: Appropriation of Surplus

JAPEX employs the basic policy of long-term, stable distribution of dividends, comprehensively taking into account, among other factors, the profit or loss situation of each fiscal period and funding needs in the future, in the light of strengthening our financial basis, as well as considering the retained earnings for investment in new oil and gas reserves inside and outside Japan and the improvement and expansion of supply infrastructure.

The year-end dividends for the 48<sup>th</sup> term will be as follows:

#### Details Concerning the Year-End Dividends

- (1) Type of dividend property: Money
- (2) Distribution and total amount of dividend property:  
10 yen per share of common stock  
Total amount of dividends: 571,526,370 yen
- (3) Effective date of distribution of surplus: June 29, 2018

### Item 2: Election of Two (2) Directors

Upon closing of this general meeting of shareholders, Directors Shoichi Ishii, Yasuhiro Masui, and Yoriko Kawaguchi will resign, and therefore in order to fill their vacancies, we kindly ask our shareholders to elect two (2) Directors. According to the Articles of Incorporation of the Company, the term of office of the newly elected Directors shall be until the expiration of the term of other Directors currently in office.

The candidates for Director are as listed below:

Candidate No.	Name (Date of birth)	Brief history, Position and responsibilities in JAPEX or Significant positions concurrently held	JAPEX shares owned
1	Michiro Yamashita (October 27, 1959)  <div style="border: 1px solid black; padding: 2px; display: inline-block;">Newly nominated</div>	April 1982    Joined JAPEX June 2005    General Manager of Corporate Planning Dept. April 2010    Vice President of Environment and Innovative Technology Projects Division June 2011    Vice President of Environment and Innovative Technology Projects Division June 2013    Executive Officer June 2016    Managing Executive Officer (up to the present date)	700 shares
[Reasons for nomination as a candidate for Director] Michiro Yamashita has extensive experience in and knowledge of operations in the areas of our finance & accounting division. Currently serving as Managing Executive Officer in charge of the Finance & Accounting Dept., he has significantly contributed to appropriate administration and management of JAPEX. We expect JAPEX management will benefit from his experience and knowledge, and have therefore newly nominated him as a candidate for Director.			

Candidate No.	Name (Date of birth)	Brief history, Position and responsibilities in JAPEX or Significant positions concurrently held	JAPEX shares owned
2	Yoshitaka Ishii (April 3, 1957) <u>Newly nominated</u>	<p>April 1981    Joined JAPEX</p> <p>April 2010    General Manager of Technical Dept., Nagaoka Division Office</p> <p>June 2014    Executive Officer, General Manager of Nagaoka Division Office, Domestic Project Division</p> <p>April 2017    Executive Officer, General Manager of Nagaoka District Office</p> <p>June 2017    Managing Executive Officer, General Manager of Nagaoka District Office</p> <p>Nov. 2017    Managing Executive Officer, Vice President of Inter-regional Gas Supply Division and Vice President of Soma Project Division (up to the present date)</p>	1,900 shares
<p>[Reasons for nomination as a candidate for Director]</p> <p>In addition to specializing in drilling technology in the oil and gas industry, Yoshitaka Ishii has extensive experience in and knowledge of our domestic project division. Currently serving as Managing Executive Officer, Vice President of Inter-regional Gas Supply Division and Vice President of Soma Project Division, he has significantly contributed to the Group's business development. We expect JAPEX management will benefit from his experience and knowledge, and have therefore newly nominated him as a candidate for Director.</p>			

(Notes) Candidate Yoshitaka Ishii will assume the position of President and Chief Executive Officer at Fukushima Gas Power Co., Ltd., with which JAPEX has concluded an outsourcing agreement.  
No significant interest-based relationship exists between the other candidate for Director and JAPEX.

### Item 3: Election of Two (2) Corporate Auditors

Upon closing of this general meeting of shareholders, Corporate Auditor Morio Ishizeki will resign, and the term of office of Corporate Auditor Norio Nakajima will expire. We kindly ask our shareholders to elect two (2) Corporate Auditors.

The candidates for Corporate Auditor are as listed below.

Corporate Auditor candidate Koichi Shimomura will be elected to fill a vacancy left by Corporate Auditor Morio Ishizeki. According to the Articles of Incorporation of the Company, the term of office of Koichi Shimomura shall be until the expiration of the term of the retiring Corporate Auditor Morio Ishizeki.

The Board of Corporate Auditors consented to this proposal.

Candidate No.	Name (Date of birth)	Brief history, Position in JAPEX or Significant positions concurrently held	JAPEX shares owned
1	Koichi Shimomura (September 18, 1958) <u>Newly nominated</u>	<p>April 1982    Joined JAPEX</p> <p>July 2006    General Manager of Media &amp; Investor Relations Dept.</p> <p>July 2008    General Manager of International Planning Dept., International Oil &amp; Gas Division</p> <p>June 2009    General Manager of First Project Dept., International Oil &amp; Gas Division</p> <p>June 2011    General Manager of Canada Oil Sands Project Dept., Americas &amp; Russia Project Division</p> <p>June 2012    Advisor to President of America &amp; Russia Project Division</p> <p>June 2017    Advisor to President of Middle East, Africa &amp; Europe Project Division (up to the present date)</p>	—
<p>[Reasons for nomination as a candidate for Corporate Auditor]</p> <p>Koichi Shimomura has extensive experience in and knowledge of project management in our overseas project division. Currently serving as Advisor to President of Middle East, Africa &amp; Europe Project Division, he has significantly contributed to the Group's business development. We expect JAPEX audit will benefit from his experience and knowledge, and have therefore newly nominated him as a candidate for Corporate Auditor.</p>			

Candidate No.	Name (Date of birth)	Brief history, Position in JAPEX or Significant positions concurrently held	JAPEX shares owned
2	Norio Nakajima (April 22, 1947) <u>Renominated</u>	April 1970    Joined The Industrial Bank of Japan, Limited March 2000    Managing Director of The Industrial Bank of Japan, Limited April 2002    Managing Executive Officer of Mizuho Corporate Bank, Ltd June 2009    President & CEO of DIAM Co., Ltd. June 2014    Corporate Auditor at JAPEX (up to the present date)	—
	[Number of years served as Corporate Auditor] Four years [Attendance at the Board of Directors meetings held in the fiscal year ended March 31, 2018] 13 out of 13 meetings (100%) [Attendance at the Board of Corporate Auditors meetings held in the fiscal year ended March 31, 2018] 13 out of 13 meetings (100%) [Reasons for nomination as a candidate for Outside Corporate Auditor] Norio Nakajima has distinguished insights and extensive experience in business management at financial institutions. Since assuming the position of Corporate Auditor in 2014, he has adequately performed his duties through auditing the execution of duties by Directors; therefore, we have continuously nominated him as a candidate for Outside Corporate Auditor.		

- (Notes)
1. No significant interest-based relationship exists between each candidate for Corporate Auditor and JAPEX.
  2. Norio Nakajima is a candidate for Outside Corporate Auditor. He has been registered with the Tokyo Stock Exchange as Independent Officer, pursuant to the rules of the Exchange, and he is scheduled to continue to be Independent Officer, subject to the approval of his reappointment under this proposal.
  3. The Company has concluded a limited liability agreement with Candidate Norio Nakajima to limit his liability as stipulated in Article 423, Paragraph 1 of the Companies Act. The amount of liability under the agreement is limited to the amount provided by laws and regulations. The Company is scheduled to renew this agreement with Candidate Norio Nakajima, subject to the approval of his reappointment under this proposal.

#### Item 4: Payment of Bonuses to Directors and Corporate Auditors

In view of the business performance of the fiscal year ended March 31, 2018, the Company proposes to pay no bonus to Directors, and in consideration of the amounts paid in the past, etc., the Company proposes to pay a total bonus amount of 1,200,000 yen to two (2) of three (3) Corporate Auditors (excluding Outside Corporate Auditors) tenured during the fiscal year ended March 31, 2018.

The Company shall abolish payment of bonuses to Corporate Auditors after the payment for the fiscal year ended March 31, 2018.

## Consolidated Balance Sheet

(As of March 31, 2018)

(Unit: millions of yen)

Accounting titles (Assets)	Amount	Accounting titles (Liabilities)	Amount
<b>Current assets</b>	<b>169,302</b>	<b>Current liabilities</b>	<b>45,627</b>
Cash and deposits	115,313	Notes and accounts payable-trade	13,544
Notes and accounts receivable-trade	26,073	Provision for directors' bonuses	20
Securities	2,200	Other	32,062
Merchandise and finished goods	5,447	<b>Non-current liabilities</b>	<b>196,704</b>
Work in process	381	Long-term loans payable	135,959
Raw materials and supplies	5,524	Deferred tax liabilities	34,872
Deferred tax assets	151	Provision for directors' retirement benefits	83
Short-term loans receivable	6,449	Net defined benefit liability	3,496
Other	7,796	Asset retirement obligations	18,664
Allowance for doubtful accounts	(34)	Other	3,628
<b>Non-current assets</b>	<b>530,236</b>	<b>Total liabilities</b>	<b>242,331</b>
<b>Property, plant and equipment</b>	<b>329,490</b>		
Buildings and structures	187,073	<b>(Net assets)</b>	
Wells	33,775	<b>Shareholders' equity</b>	<b>330,093</b>
Machinery, equipment and vehicles	14,917	<b>Capital stock</b>	<b>14,288</b>
Mineral resources	342	<b>Capital surplus</b>	<b>183</b>
Land	16,783	<b>Retained earnings</b>	<b>315,631</b>
Construction in progress	71,936	<b>Treasury shares</b>	<b>(10)</b>
Other	4,660	<b>Accumulated other comprehensive income</b>	<b>92,973</b>
<b>Intangible assets</b>	<b>8,226</b>	<b>Valuation difference on available-for-sale securities</b>	<b>86,667</b>
Other	8,226	<b>Deferred gains or losses on hedges</b>	<b>3</b>
<b>Investments and other assets</b>	<b>192,519</b>	<b>Foreign currency translation adjustment</b>	<b>5,149</b>
Investment securities	167,342	<b>Remeasurements of defined benefit plans</b>	<b>1,152</b>
Long-term loans receivable	4,547	<b>Non-controlling interests</b>	<b>34,140</b>
Deferred tax assets	7,669	<b>Total net assets</b>	<b>457,207</b>
Net defined benefit asset	1,451	<b>Total liabilities and net assets</b>	<b>699,539</b>
Other	13,540		
Allowance for doubtful accounts	(50)		
Allowance for overseas investment loss	(1,982)		
<b>Total assets</b>	<b>699,539</b>		

(Amounts truncated to millions of yen)

## Consolidated Statement of Income

〔 From April 1, 2017  
To March 31, 2018 〕

(Unit: millions of yen)

Accounting titles	Amount	
<b>Net sales</b>		<b>230,629</b>
<b>Cost of sales</b>		<b>191,366</b>
<b>Gross profit</b>		<b>39,263</b>
<b>Exploration expenses</b>		<b>1,324</b>
<b>Selling, general and administrative expenses</b>		<b>29,173</b>
<b>Operating profit</b>		<b>8,764</b>
<b>Non-operating income</b>		
Interest income	1,382	
Dividend income	2,422	
Gain on sales of securities	1,350	
Foreign exchange gains	2,710	
Other	940	8,806
<b>Non-operating expenses</b>		
Interest expenses	2,178	
Loss on sales of securities	0	
Share of loss of entities accounted for using equity method	2,601	
Depreciation of inactive non-current assets	7,797	
Other	1,165	13,743
<b>Ordinary profit</b>		<b>3,828</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	2	
Subsidy income	5,000	5,002
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	74	
Impairment loss	67,721	
Other	10,437	78,234
<b>Loss before income taxes</b>		<b>69,403</b>
Income taxes-current	4,392	
Income taxes-deferred	(4,153)	239
<b>Loss</b>		<b>69,642</b>
Loss attributable to non-controlling interests		38,683
<b>Loss attributable to owners of parent</b>		<b>30,958</b>

(Amount truncated to millions of yen)

## Consolidated Statement of Changes in Equity

〔 From April 1, 2017  
To March 31, 2018 〕

(Unit: millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	14,288	183	345,693	(10)	360,155	69,832	(226)	7,301	455	77,363	73,091	510,609
Changes of items during period												
Dividends of surplus			(1,143)		(1,143)							(1,143)
Loss attributable to owners of parent			(30,958)		(30,958)							(30,958)
Changes in equity interest			2,040		2,040							2,040
Net changes of items other than shareholders' equity						16,834	229	(2,151)	697	15,610	(38,950)	(23,340)
Total changes of items during period	—	—	(30,061)	—	(30,061)	16,834	229	(2,151)	697	15,610	(38,950)	(53,402)
Balance at end of current period	14,288	183	315,631	(10)	330,093	86,667	3	5,149	1,152	92,973	34,140	457,207

(Amount truncated to millions of yen)



## Balance Sheet

(As of March 31, 2018)

(Unit: millions of yen)

Accounting titles	Amount	Accounting titles	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>84,673</b>	<b>Current liabilities</b>	<b>50,254</b>
Cash and deposits	49,288	Accounts payable-trade	7,377
Accounts receivable-trade	15,130	Short-term loans payable	4,974
Securities	500	Current portion of long-term loans payable	4,549
Merchandise and finished goods	3,999	Lease obligations	258
Raw materials and supplies	4,375	Accounts payable-other	3,038
Prepaid expenses	565	Accrued expenses	5,327
Accrued income	212	Income taxes payable	2,081
Short-term loans receivable from subsidiaries and associates	6,429	Deferred tax liabilities	1,590
Accounts receivable-other	434	Deposits received	125
Advances paid	731	Deposits received from subsidiaries and associates	20,687
Other	3,005	Provision for directors' bonuses	1
<b>Non-current assets</b>	<b>406,549</b>	Asset retirement obligations	223
<b>Property, plant and equipment</b>	<b>102,295</b>	Other	19
Buildings	8,270	<b>Non-current liabilities</b>	<b>54,040</b>
Structures	28,179	Long-term loans payable	5,949
Wells	565	Lease obligations	2,204
Machinery and equipment	10,268	Deferred tax liabilities	30,975
Vessels	0	Provision for retirement benefits	2,995
Vehicles	3	Asset retirement obligations	11,415
Tools, furniture and fixtures	991	Other	499
Land	14,245	<b>Total liabilities</b>	<b>104,294</b>
Leased assets	2,343		
Construction in progress	37,427	<b>(Net assets)</b>	
<b>Intangible assets</b>	<b>1,699</b>	<b>Shareholders' equity</b>	<b>300,264</b>
Leasehold right	174	<b>Capital stock</b>	<b>14,288</b>
Software	1,235	<b>Retained earnings</b>	<b>285,986</b>
Other	289	Legal retained earnings	3,572
<b>Investments and other assets</b>	<b>302,553</b>	Other retained earnings	282,414
Investment securities	145,784	Reserve for overseas investment loss	4,383
Shares of subsidiaries and associates	156,977	Reserve for mine prospecting	16,768
Long-term loans receivable	414	Reserve for special depreciation	288
Long-term loans receivable from subsidiaries and associates	9,277	Reserve for advanced depreciation of non-current assets	698
Long-term prepaid expenses	2,206	Reserve for exploration	47,246
Prepaid pension cost	312	General reserve	171,600
Other	2,021	Retained earnings brought forward	41,428
Allowance for doubtful accounts	(16)	<b>Treasury shares</b>	<b>(10)</b>
Allowance for overseas investment loss	(14,422)	<b>Valuation and translation adjustments</b>	<b>86,664</b>
		<b>Valuation difference on available-for-sale securities</b>	<b>86,660</b>
		Deferred gains or losses on hedges	3
<b>Total assets</b>	<b>491,223</b>	<b>Total net assets</b>	<b>386,928</b>
		<b>Total liabilities and net assets</b>	<b>491,223</b>

(Amount truncated to millions of yen)

## Statement of Income

〔 From April 1, 2017  
To March 31, 2018 〕

(Unit: millions of yen)

Accounting titles	Amount	Amount
<b>Net sales</b>		<b>165,134</b>
<b>Cost of sales</b>		<b>131,198</b>
<b>Gross profit</b>		<b>33,935</b>
<b>Exploration expenses</b>		<b>1,313</b>
<b>Selling, general and administrative expenses</b>		<b>20,996</b>
<b>Operating profit</b>		<b>11,625</b>
<b>Non-operating income</b>		
Interest income	909	
Interest on securities	0	
Dividend income	8,459	
Gain on sales of securities	1,350	
Other	1,153	11,872
<b>Non-operating expenses</b>		
Interest expenses	269	
Provision for overseas investment loss	1,925	
Inactive facility related expenses	288	
Inactive mine administrative expenses	95	
Foreign exchange losses	464	
Other	161	3,206
<b>Ordinary profit</b>		<b>20,292</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	0	
Subsidy income	5,000	5,000
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	65	
Loss on valuation of shares of subsidiaries	39,142	
Loss on reduction of non-current assets	5,000	
Other	4,685	48,893
<b>Loss before income taxes</b>		<b>23,599</b>
Income taxes-current	3,088	
Income taxes-deferred	(22)	3,065
<b>Loss</b>		<b>26,665</b>

(Amount truncated to millions of yen)

## Statement of Changes in Equity

( From April 1, 2017 )  
( To March 31, 2018 )

(Unit: millions of yen)

	Shareholders' equity											
	Capital Stock	Retained earnings									Treasury shares	Total shareholders' equity
		Legal retained earnings	Other retained earnings							Total retained earnings		
			Reserve for overseas investment loss	Reserve for mine prospecting	Reserve for special depreciation	Reserve for advanced depreciation of non-current assets	Reserve for exploration	General reserve	Retained earnings brought forward			
Balance at beginning of current period	14,288	3,572	4,787	19,379	360	713	47,246	171,600	66,135	313,794	(10)	328,072
<b>Changes of items during period</b>												
Reversal of reserve for overseas investment loss			(403)						403	—		—
Provision of reserve for mine prospecting				3,500					(3,500)	—		—
Reversal of reserve for mine prospecting				(6,110)					6,110	—		—
Reversal of reserve for special depreciation					(71)				71	—		—
Provision of reserve for advanced depreciation of non-current assets						376			(376)	—		—
Reversal of reserve for advanced depreciation of non-current assets						(391)			391	—		—
Dividends of surplus									(1,143)	(1,143)		(1,143)
Loss									(26,665)	(26,665)		(26,665)
Net changes of items other than shareholders' equity												
Total changes of items during period	—	—	(403)	(2,610)	(71)	(15)	—	—	(24,706)	(27,808)	—	(27,808)
Balance at end of current period	14,288	3,572	4,383	16,768	288	698	47,246	171,600	41,428	285,986	(10)	300,264

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	69,869	—	69,869	397,941
<b>Changes of items during period</b>				
Reversal of reserve for overseas investment loss				—
Provision of reserve for mine prospecting				—
Reversal of reserve for mine prospecting				—
Reversal of reserve for special depreciation				—
Provision of reserve for advanced depreciation of non-current assets				—
Reversal of reserve for advanced depreciation of non-current assets				—
Dividends of surplus				(1,143)
Loss				(26,665)
Net changes of items other than shareholders' equity	16,791	3	16,795	16,795
Total changes of items during period	16,791	3	16,795	(11,012)
Balance at end of current period	86,660	3	86,664	386,928

(Amounts truncated to millions of yen)

## Guidance on the Exercise of Voting Rights via the Internet

### 1. Exercising voting rights via the Internet

- (1) You may, in lieu of exercising voting rights by a written ballot, exercise your voting rights via the Internet by accessing the website (see URL shown below) designated by the Company. If you intend to exercise your voting rights via the Internet, you are required to login the page entering a code for the exercise of voting rights and a password provided on the right-hand side of the enclosed Voting Rights Exercise Form. Then, please follow instructions on the screen. For security reasons, it is necessary to change the password at the first time of logging in.

<https://soukai.mizuho-tb.co.jp/>

- (2) Voting via internet must be completed no later than 5:35 pm on Wednesday, June 27, 2018. The Company kindly request for voting to be carries out promptly.
- (3) If you exercise your voting rights both in writing and via the Internet, the Company will only accept the exercise of your voting rights via the Internet as valid. If you exercise your voting rights more than once via the Internet, the Company will only accept the last exercise of your voting rights as valid.
- (4) The cord and the password sent to you are valid only for this General Meeting of Shareholders. For the next General Meeting of Shareholders, a new code and a password will be issued.
- (5) Any access charges or costs related to the Internet shall be borne by shareholders.

(Note)

- Password is important data to verify whether the person voting is a legitimate shareholder. The Company never asks for a password of shareholders for any purpose.
- If you enter your password incorrectly several times, your password is automatically locked out and you won't be able to login the page afterwards. Should that happen, please follow the instructions on the screen and follow the procedures.
- Operationality of the website for exercising voting rights is checked under the normal equipment/requirements for internet access. However, the website may not be available depending on your usage environment of the internet or device model you use.

### 2. Inquiries

If you have any questions about the exercise of voting rights via the Internet, please contact the transfer agent, Stock Transfer Agency Department of Mizuho Trust & Banking Co., Ltd. (see below)

[For inquiries about how to exercise your voting rights via the Internet]

Phone: 0120-768-524 (toll free)

Hours: 9:00 a.m. to 9:00 p.m., excluding Saturdays, Sundays and national holidays

[To Institutional Investors]

Institutional investors may use the electronic platform for the exercise of voting rights operated by ICJ Inc. if you apply in advance.

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