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Securities Code 6409

June 6, 2016

To Shareholders with Voting Rights

Yoshio Kito
President & CEO

KITO CORPORATION

2000, Tsujijarai, Showa-cho,
Nakakoma-gun, Yamanashi, Japan

Notice of the 72nd Ordinary General Meeting of Shareholders

Dear Shareholders:

You are cordially invited to attend the 72nd Ordinary General Meeting of Shareholders of KITO CORPORATION (the “Company” or “KITO”), which is to be held according to the following schedule.

If you are unable to attend the meeting, you may exercise your voting rights in writing or by electromagnetic method (the Internet etc.) as shown in “Guide to Exercising Voting Rights” (Page 3). Please review the attached Reference Materials for the General Meeting of Shareholders and exercise your rights no later than 5:30 pm on Monday, June 20, 2016 (JST).

Schedule

1. Date and Time:	At 10:00 am on Tuesday, June 21, 2016 (JST) (Reception starts at 9:00 am)
2. Venue:	Tower Hall, 49th floor of Roppongi Hills Mori Tower 6-10-1 Roppongi, Minato-ku, Tokyo
3. Agenda of the Meeting	
■ Matters to be Reported:	<ol style="list-style-type: none">1. The Business Report, the Consolidated Financial Statements and the audit results of the Consolidated Financial Statements by the Accounting Auditor and Board of Corporate Auditors for the 72nd Term (from April 1, 2015 to March 31, 2016).2. The Non-consolidated Financial Statements for the 72nd Term (from April 1, 2015 to March 31, 2016)
■ Matters to be Resolved:	
Proposal No. 1	Distribution of Surplus
Proposal No. 2	Partial Amendments to the Articles of Incorporation
Proposal No. 3	Election of Seven (7) Directors
Proposal No. 4	Granting of Retirement Benefits to Retiring Director
Proposal No. 5	Granting of Stock Acquisition Rights as Stock Options to Directors excluding Outside Directors) and Executive Officers

4. Matters for Determination for this Convocation

- (1) Absence of the indication of your approval or disapproval in the Voting Rights Exercise Form will be treated as indication of approval.
- (2) You may exercise your voting right by proxy, by delegating authority to one other shareholder eligible to vote at the Meeting. In such case, please submit a document evidencing the authority of the proxy.

5. Other Matters related to this Notice of Convocation

Under the provisions of relevant laws and regulations and Article 17 of the Company's Articles of Incorporation, the following information is published in the Company's website (<http://kito.com/jp/>), and not disclosed in this Notice.

- (1) Consolidated Statements of Changes in Net Assets (Japanese only)
- (2) Notes to Consolidated Financial Statements (Japanese only)
- (3) Non-consolidated Statements of Changes in Net Assets (Japanese only)
- (4) Notes to Non-consolidated Financial Statements (Japanese only)

The Consolidated Financial Statements and Non-consolidated Financial Statements audited by the corporate auditors and accounting auditors when they prepared their respective audit reports comprise the information included in the documents attached to this Notice as well as information published in the Company's website indicated above.

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- ◎ When attending the Meeting in person, please submit the enclosed Voting Rights Exercise Form at the reception.
All attendants from the Company are to be lightly dressed in the “business casual” style (no necktie or jacket). We appreciate your understanding, and we ask that you come to the meeting wearing light clothing.
 - ◎ Please note that if there arises by the previous day of the General Meeting of Shareholders, any amendment to the Reference Materials for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements or Consolidated Financial Statements, such amendment will be notified to you in writing by mail, or posted in the Company's website (<http://kito.com/jp/>).
 - ◎ The Company posts English translations and Chinese translations of the Reference Materials for the General Meeting of Shareholders and parts of the Business Report on its website. Please refer to them together with this notice. Please note that the translated versions are only for reference purposes. In the event that any error is found in a translation, the Company will promptly correct it. The Company, however, expressly disclaims any and all liability for such an error.

Guide to Exercise of Voting Rights

Please review the Reference Materials for the General Meeting of Shareholders (page 5-21) and exercise your voting rights.

You can exercise your voting rights by any of the following three methods.

A TYPE **Attending the General Meeting of Shareholders**

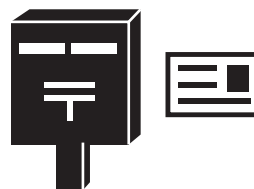


Please submit the enclosed Voting Rights Exercise Form at the reception. Also, please bring this Notice of the 72nd Ordinary General Meeting of Shareholders.

Date of the General Meeting of Shareholders

10:00 am on Tuesday, June 21, 2016 (JST)

B TYPE **Exercising voting rights in writing**



Please indicate your approval or disapproval of each of the proposals on the enclosed Voting Rights Exercise Form and return the form before the deadline.

Deadline

5:30 pm on Monday, June 20, 2016 (JST).

Multiple Exercise of Voting Rights

- (1) If you have exercised your voting rights more than once, such as both in writing and via the Internet, the exercise of the voting rights via the Internet shall be treated as effective.
- (2) If you have exercised your voting rights more than once via the Internet, the final exercise of the voting rights shall be treated as effective.

For inquiries on other stock related business (change in address, number of shares held, etc.) please contact below.

- (1) For shareholders with an account at a securities Company
Please contact your securities company.
- (2) For those who do not have an account at a securities company (shareholders with special account)

Stock Transfer Agency Operation Center, Sumitomo Mitsui Trust Bank, Limited

Toll free: **0120-782-031** (Open from 9 am to 5 pm)
(Excluding weekends and holidays)

C
TYPE

Exercising voting rights via the Internet



Deadline

5:30 pm on Monday, June 20, 2016 (JST).

From PCs, smartphones, or mobile phones, please access
the website for exercise of voting rights

<http://www.web54.net>

use the voting rights exercise code and password printed
on the enclosed Voting Rights Exercise Form, follow the
instructions on the screen and indicate your votes “for” or
“against” each of the proposals.



It is also possible to access the website for
exercise of voting rights by using a
smartphone or mobile phone with a barcode
reader function from the QR Code on the
left.

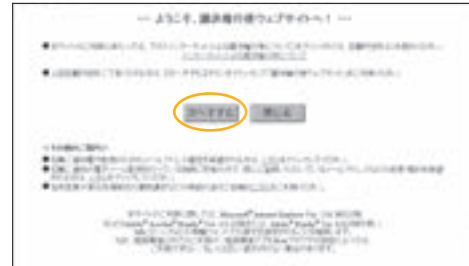
- ※ The internet access fee and communication fees, etc., for accessing the website for exercise of voting rights shall be borne by the shareholder.
- ※ There may be cases where the website for exercise of voting rights cannot be accessed depending on the internet environment, services installed, or models used.

If you are unclear of the operations of PCs, etc. on the website for exercise of voting rights, please inquire the contact point below.

Stock Transfer Agency Web Support Help Line, Sumitomo Mitsui Trust Bank, Limited

Toll free: **0120-652-031** (Open from 9 am to 9 pm)

① Access the website for exercise of voting rights



Click “Continue.”

② Login



Please input the “voting rights exercise code” printed on the enclosed Voting Rights Exercise Form and click “Login.”

Please follow the instructions on the screen and indicate your votes

- ※ If you have made prior application to use the platform for the electronic exercise of voting rights operated by ICJ, Inc., you can use the platform to exercise voting rights.

■ ■ Reference Materials for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Distribution of Surplus

The Company believes that it is important to accumulate sufficient retained earnings to reinforce the management basis and provide for future business development, as well as the adequate profit distribution to shareholders commensurate with the Company's performance.

Under this policy, the Company is striving to increase the dividend payment, targeting a consolidated payout ratio of 20% or higher, subject to the overall consideration of its consolidated results and financial position.

The Company hereby proposes its year-end dividend for the year ended March 31, 2016 as follows, in consideration of the performance for the year as well as the business development in the future.

1 Form of dividend property

Dividends shall be paid in cash.

2 Matters concerning allotment of dividend property and total amount

14 yen per share of the Company's common stock

Total dividend in this case is 367,656,576 yen.

Additionally, the annual dividend for the year ended March 31, 2016 shall be 28 yen per share including the previously implemented interim dividend of 14 yen per share.

3 Effective date of the distribution of surplus

June 22, 2016

Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reason for Proposing the Amendment

The partial change is designed in order to further clarify Directors' management responsibility by shortening their terms of office from two (2) years to one (1) year.

2. Details of the Amendment

The contents of the Amendments are as follows.

(Underlined portions indicate amendments)

Current provisions of the Articles of Incorporation	Amended provisions of the Articles of Incorporation
Articles 1 to 21 (Description omitted)	Articles 1 to 21 (Unchanged)
(Terms of Office) Article 22 (1) The terms of office of directors shall expire at the <u>close</u> of the annual shareholders meeting held at the last business year that ends within <u>two (2) years</u> of the election of the directors. (2) <u>The terms of office of directors who are elected to fill the vacancy or to increase the number of directors shall expire at the time when the terms of office of other directors who are then in office expire.</u>	(Terms of Office) Article 22 (1) The terms of office of directors shall expire at the <u>closure</u> of the annual shareholders meeting <u>held for</u> the last business year that ends within <u>one (1) year</u> of the election thereof. (Delete)
Articles 23 to 43 (Description omitted)	Articles 23 to 43 (Unchanged)

Proposal No. 3: Election of Seven (7) Directors

The terms of office of all seven (7) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of seven (7) Directors is proposed.

The candidates for Director are as follows:

Candidate Number

1



Name

Yoshio Kito

Date of birth

June 4, 1963

Number of shares of the Company held

162,500 shares

Attendance at board meetings

12 out of 12 meetings

Personal history, positions, responsibilities and significant concurrent positions

November 1988 Joined the Company
June 1992 Director
June 1998 Managing Director
April 1999 Senior Managing Director
July 2000 Senior Managing Director, Senior Managing Executive Officer
April 2005 Vice President & Representative Director, Vice President Executive Officer
January 2006 President & Representative Director, President Executive Officer
November 2011 President & CEO, President Executive Officer and General Manager of Domestic Sales Division
April 2013 President & CEO, President Executive Officer and General Manager of Business Division - East Asia
December 2013 President & CEO, President Executive Officer, General Manager of Business Division - East Asia and General manager of Global Solution Division
April 2014 President & CEO, President Executive Officer and General manager of Global Solution Division
April 2016 President & CEO, President Executive Officer and Chief Product Officer (to present)

Significant concurrent positions

KITO Americas, Inc./Chairman
JIANGYIN KITO CRANE CO., LTD./Chairman

Reasons for the election:

Mr. Yoshio Kito, since becoming President & CEO of the Company in January 2006, has displayed leadership centering on aiming to increase corporate value and realize the corporate mission. He has achieved results including overseas business expansion, new product development, and execution of M&As, and is fulfilling his duties as CEO.

He is nominated as a candidate for Director as his leadership continues to be deemed necessary in order to promote the global business operations of the Company and to aim for the continued increase in corporate value.

Message to our shareholders:

The Company started a new five-year Mid-term Management Plan from this fiscal year. We will aim for further growth under the three basic policies, 1) further pursuing customer satisfaction, 2) efficient organization structure and 3) proactive investment in human resources. After the earthquakes in Kumamoto, the importance of a resilient infrastructure is being recognized. As a company shouldering one end of infrastructure development, we aim to become the most trusted anti-gravity equipment manufacturer in the global market and meet the expectations of our shareholders.

Candidate Number

2

New
candidate



Name

Edward W. Hunter

Date of birth

July 3, 1965

Number of shares of
the Company held

40,000 shares

Personal history, positions, responsibilities and significant concurrent positions

May 1988	Joined Owens & Minor, Inc.
April 1990	Joined Voluntary Hospitals of America
June 1993	Joined Stuart Medical (current Owens & Minor, Inc.) General Manager
September 1996	Joined W.W.Grainger, Inc. Senior Director
May 2004	CEO/President of Harrington Hoists, Inc., an affiliate of the Company
April 2008	Joined the Company Executive Officer, CEO/President of KITO Americas, Inc., an affiliate of the Company, and CEO/President of Harrington Hoists, Inc.
April 2011	Senior Executive Officer, Head of Americas Business Operation, General Manager of Business Division - Americas, CEO/President of KITO Americas, Inc. and CEO/President of Harrington Hoists, Inc.
April 2013	Senior Executive Officer, Head of Americas & EMEA Business Operation, General Manager of Business Division - Americas & EMEA, CEO/President of KITO Americas, Inc. and CEO/President of Harrington Hoists, Inc.
April 2016	Executive Vice President, Co-Chief Market Officer, KITO Americas, Inc./Director, Harrington Hoists, Inc./Director, PEERLESS INDUSTRIAL GROUP, INC./ Chairman & Director and Peerless Chain Co., Inc./ Chairman & Director

Significant concurrent positions

KITO Americas, Inc./Director
Harrington Hoists, Inc./Director
PEERLESS INDUSTRIAL GROUP, INC./ Chairman & Director
Peerless Chain Co., Inc./ Chairman & Director

Reasons for the election:

Since joining the group company of the Company in May 2004, Mr. Edward W. Hunter has promoted business expansion of the Americas Business focused on the United States and contributed to improvements of corporate value of the Company. He is nominated as a candidate for Director as his ability are deemed necessary to be demonstrated from a broad and elevated standpoint in order for the Company to grow further in diverse global markets.

Message to our shareholders:

The Company has contributed to customers, employees, and shareholders for many years by supplying the highest quality and safest products around the world. Because of our reputation for quality we have become, in many markets around the world, the first choice for customers with overhead lifting requirements. KITO is now clearly a leading company in cranes, hoists, chain and other material handling devices, but to maintain and grow our customer reputation, we must evolve. To do this, our leaders are increasing their commitment to our customers and to grow profitably in today's uncertain economic environment while strengthening our high standard of quality and customer experience, increasing our product range offered and improving our cost efficiency so that we increase our ability to invest for our long term future.

Candidate Number

3



Name

Akihide Miyawaki

Date of birth

August 4, 1958

Number of shares of the Company held

0 shares

Attendance at board meetings

10 out of 10 meetings

Personal history, positions, responsibilities and significant concurrent positions

- April 1982 Joined Toyota Motor Sales Co., Ltd. (current Toyota Motor Corporation)
- September 1990 Joined Bain & Company Japan, Inc.
- June 1994 Director, William M. Mercer Ltd. of Japan (current Mercer Japan Ltd.)
- August 1997 General Manager of Human Resources division, Chrysler Japan Sales Ltd. and Vice President, Chrysler Asia Pacific regional headquarters
- May 2000 Vice President, SAP Japan Co., Ltd.
- June 2003 Vice President, Johnson & Johnson K.K. Medical Company
- April 2006 Senior Vice President, Johnson & Johnson K.K. Medical Company
- October 2008 Senior Executive Managing Officer, Square Enix Holdings Co., Ltd.
- November 2013 Joined the Company
- December 2013 Senior Executive Officer
- June 2015 Managing Director, Senior Executive Officer and Head of Corporate Planning Office, Corporate Management Division
- April 2016 Senior Managing Director, Senior Managing Executive Officer and Chief Administration Officer (to present)

Significant concurrent positions

KITO HOISTS & CRANES ASIA PTE. LTD./Director

Reasons for the election:

Since becoming Director of the Company in June 2015, Mr. Akihide Miyawaki has fulfilled his duties as Director by drawing on his past experience at global corporations, having a strong record in governance/personnel, one of the important fundamentals of business management.

He is nominated as a candidate for Director as his ability/experience is deemed necessary for the Company to aim for further sophistication of global management and a sound increase in corporate value.

Message to our shareholders:

A strong product line with high safety and quality, a brand feature that receives high reputation and praise in many countries around the world, and diligent and excellent employees who bring that about. These are the sources of KITO's strength. The new Mid-term Management Plan beginning this fiscal year continues the theme from the previous Mid-term Management Plan that we all aspire to deliver even better products to even more customers throughout the world.

I will work to develop and train human resources to meet the high demands of every stakeholders and create strong management systems and infrastructure that contribute to the further globalization of KITO.

Candidate Number

4



Name

Tsuneo Yuzurihara

Date of birth

December 26, 1957

Number of shares of the Company held

23,600 shares

Attendance at board meetings

12 out of 12 meetings

Personal history, positions, responsibilities and significant concurrent positions

April 1980	Joined the Company
April 2007	Executive Officer, Deputy General Manager of Development & Technology Division and Senior Manager of Product Development Department
April 2009	Executive Officer, General Manager of Development & Technology Division and Senior Manager of Product Development Department
October 2009	Executive Officer, General Manager of Development & Technology Division, Deputy General Manager of Manufacturing Division and Senior Manager of Product Development Department
April 2010	Executive Officer, General Manager of Development & Technology Division, General Manager of Manufacturing Division and Senior Manager of Product Development Department
June 2010	Director, Executive Officer, General Manager of Development & Technology Division, General Manager of Manufacturing Division and Senior Manager of Product Development Department
April 2011	Managing Director, Senior Executive Officer, Head of Global Manufacturing, Quality Assurance, Development & Technology Division and General Manager of Development & Technology Division
April 2013	Managing Director, Senior Executive Officer, Head of Global Manufacturing, Quality Assurance, Development & Technology Division and General Manager of Procurement Division
December 2013	Managing Director, Senior Executive Officer, Head of Global Manufacturing, Quality Assurance, General Manager of Development & Technology Division and General Manager of Procurement Division
April 2015	Managing Director, Senior Executive Officer, Head of Global Manufacturing, Quality Assurance, General Manager of Development & Technology Division, General Manager of Procurement Division and General Manager of Procurement Division
April 2016	Managing Director, Senior Executive Officer, Chief Quality Officer and General Manager of Quality Assurance Division (to present)

Significant concurrent positions

JIANGYIN KITO CRANE CO., LTD./Director

Reasons for the election:

Since becoming Director of the Company in June 2010, Mr. Tsuneo Yuzurihara has fulfilled his duties as Director, with achievements in creating new frameworks including overseas development in development, manufacturing, procurement, and quality assurance. He is nominated as a candidate for Director as his ability/experience are deemed necessary to offer high-quality and safe products to customers and to continue our growth as we promote our global business.

Message to our shareholders:

Recently, the international political unrest, unclear future of economic situation and the risk of natural disasters are hitting close to home. Under these circumstances, in order for the Company to progress global business and to ensure future growth, we will reinforce the business base such as quality, cost, and the supply chain and improve corporate value by speeding up offensive measures such as sales and production strategies through the expansion of product portfolio. We will strive to meet the expectations of all of our shareholders.

Candidate Number

5



Name

Kazuhiro Yamada

Date of birth

March 28, 1963

Number of shares of the Company held

18,000 shares

Attendance at board meetings

12 out of 12 meetings

Personal history, positions, responsibilities and significant concurrent positions

April 1985 Joined The Sumitomo Bank, Limited (current Sumitomo Mitsui Banking Corporation)
April 1999 Seconded to Daiwa Securities SB Capital Markets Co. Ltd. (current Daiwa Securities Co. Ltd.)
January 2001 Left The Sumitomo Bank Limited
February 2001 Director of Carlyle Japan LLC
November 2003 Director of the Company (to present)
January 2005 Managing Director of Carlyle Japan LLC
January 2012 Joint Representative of Carlyle Japan LLC (to present)

Significant concurrent positions

Simplex Inc./Outside Director
AvanStrate Inc./Outside Director
ARUHI Group Corporation/Outside Director
GGC Group Ltd./Outside Director
WingArc1st Inc./Outside Director

Reasons for the election:

Mr. Kazuhiro Yamada is currently engaged in corporate management as Co-Head of Japan Operations of Carlyle Japan LLC, the Carlyle Group's local subsidiary in Japan and he is also qualified as Certified International Investment Analyst. We have received his appropriate opinions for the management of the Company from his professional viewpoint on evaluation and improvement of corporate value. He is nominated as a candidate for Outside Director so he can continue to contribute to fair and objective decision-making and oversight at the Board of Directors.

Message to our shareholders:

The recent uncertainty in the global economy is further taking its toll. On the other hand, the middle class of emerging economies is expanding rapidly, and the world GDP is said to triple its current size in the year 2050. For KITO to experience steady growth and record favorable profits in the future, further globalization and support on various client needs are indispensable. I intend to contribute primarily by providing advice on global business management, strengthening business infrastructure, cash flow management, M&A efforts, capital policy and others, so that KITO can evolve into a truly global company.

Candidate Number

6



Name

Keizo Tannawa

Date of birth

September 19, 1952

Number of shares of the Company held

49,900 shares

Attendance at board meetings

12 out of 12 meetings

■ Personal history, positions, responsibilities and significant concurrent positions

April 1978	Joined Nippon Kokan Corporation
July 1987	Joined McKinsey & Company, Inc. Japan
July 1993	Partner of McKinsey & Company, Inc. Japan
July 1997	Representative Director and President of Towers Watson K.K. (current Towers Watson K.K.) (to present)
February 2007	Director of the Company (to present)
July 2013	Chairman of Towers Watson K.K.
July 2014	Senior Advisor of Towers Watson K.K.
January 2016	Left Towers Watson K.K.
February 2016	Advisor of beBit, Inc. (to present)

■ Significant concurrent positions

INVEST SECURITIES CO., LTD./Outside Director (audit and supervisory committee member)
Akebono Brake Industry Co., Ltd./Outside Corporate Auditor
ZMP Inc./Outside Auditor
WWF Japan/Representative Director and Vice Chairman

■ Reasons for the election:

Mr. Keizo Tannawa is providing appropriate opinions on the management of the Company from his long years of knowledge obtained primarily in organization and human resources at a consulting company and his long experience leading the same company as an executive. He is nominated as a candidate for Outside Director so he can continue to contribute to fair and objective decision-making and oversight at the Board of Directors.

■ Message to our shareholders:

Currently, KITO is taking on the challenge of company-wide reform aiming for the evolution into a truly global company. As an Outside Director, I will use my approximately 30 years of experience in the building of organization and human resource management within a global corporation as well as my specialist knowledge to strongly assist making this progress a reality. In order to meet the expectations of shareholders, I will also work on solving management issues with the aim of continuing to create a strong and good company that have both profitability and growth potential, which we can pride ourselves on before the whole world.

Candidate Number

7

New
candidate



Name

Katsumi Nakamura

Date of birth

June 23, 1953

Number of shares of
the Company held

0 shares

■ Personal history, positions, responsibilities and significant concurrent positions

April 1978	Joined Nissan Motor Co., Ltd.
January 2000	Director of Program Management office
April 2001	Senior Executive Officer
July 2003	President of Dongfeng Motor Company Limited
May 2008	EVP of Renault S.A.S.
June 2009	EVP of Renault S.A.S. and Director of Nissan Motor Co., Ltd.
June 2013	Chairman of Calsonic Kansei Corporation (to present)
June 2014	Left Director of Nissan Motor Co., Ltd.

■ Significant concurrent positions

Inabata & Co., Ltd./Outside Director

■ Reasons for the election:

Mr. Katsumi Nakamura has many years of experience as a technician and executive in the already globalized automobile industry. It is deemed that his knowledge is very beneficial for the Company as we aim for further globalization. For this reason, as well as to ensure fair and objective decision-making and oversight, he is nominated as a candidate for Outside Director.

■ Message to our shareholders:

I appreciate being newly nominated as the candidate for Outside Director. After beginning with a designing of cars at Nissan Motor and spending half of my career as an engineer, I spent the next half of my career as a manager/executive. The automobile industry is already largely globalized, and I hope that I can use this knowledge and experience as someone who was in the midst of it towards KITO's development. Since my roots are in technology, I am looking forward to getting involved in KITO's manufacturing spirit as well.

(Notes) 1. No conflict of interest exists between the Company and any of the candidates.

2. Messrs. Kazuhiro Yamada, Keizo Tannawa and Katsumi Nakamura are the candidates for Outside Director.

The Company has designated Messrs. Kazuhiro Yamada and Keizo Tannawa as independent directors and notified the Tokyo Stock Exchange. If the election of Mr. Katsumi Nakamura is approved, the Company intends to designate him as independent director and notify the Tokyo Stock Exchange.

3. Number of years of service since the candidates were first appointed as Outside Directors

1) Mr. Kazuhiro Yamada's term of office as an Outside Director, as of the conclusion of this General Meeting of Shareholders, is 12 years and 7 months.

2) Mr. Keizo Tannawa's term of office as an Outside Director, as of the conclusion of this General Meeting of Shareholders, is 9 years and 4 months.

4. Liability limitation agreement with the candidates

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded agreements with Messrs. Kazuhiro Yamada and Keizo Tannawa, limiting their liability for damages under Article 423, Paragraph 1 of the same Act. The maximum amount of liability under those Agreements is the total of the amounts specified in each item of Article 425, Paragraph 1 of the Companies Act, and if the re-election of Messrs. Kazuhiro Yamada and Keizo Tannawa is approved, the Company plans to continue those agreements with them.

If the election of Mr. Katsumi Nakamura is approved, pursuant to Article 427, Paragraph 1 of the Companies Act, the Company plans to conclude agreements with Mr. Katsumi Nakamura, limiting his liability for damages under Article 423, Paragraph 1 of the same Act on the same condition as Messrs. Kazuhiro Yamada and Keizo Tannawa.

Standards for Independence of Outside Directors

The Company will judge the independence of its outside directors from the viewpoints of whether they can be expected to make positive suggestions and raise questions concerning the Company's business development, in addition to their satisfaction of the standards of independence prescribed by the Tokyo Stock Exchange, Inc. Specifically, independence of the outside directors will be evaluated based on the viewpoints mentioned above to the extent they do not fall under any of the following categories.

1. A person for whom the Company's group is a principal trading partner or a business administrator thereof,
2. A principal trading partner of the Company's group or a business administrator thereof,
3. A major shareholder of the Company or a business administrator thereof,
4. A business administrator of a person for whom the Company's group is a major investor,
5. A person receiving a large donation from the Company's group or a business administrator thereof,
6. A consultant, certified public accountant, other professional accountant, lawyer, or other legal specialist that receives a large amount of money or other assets other than the compensation for a director from the Company (assets in excess of the amount equivalent to 2% of its total sales turnover or gross income or 10 million yen whichever is larger on average in the preceding 3 years, other than the compensation for a director) (In the case that the person receiving the assets is a corporation, association or other group, a person belonging to such group),
7. A person belonging to the auditing firm who performs a statutory audit of the Company,
8. A person from a corporation for which a business administrator of the Company's group assumed the post of its outside director on a reciprocal basis within the preceding 3 years,
9. A person falling under the category of Items 1 through 8 hereof within the preceding 3 years,
10. A close relative (within the 2nd degree of relationship) of a person listed below:
 - a) A person who falls under the category of Items 1 through 9 hereof,
 - b) A director, corporate auditor, executive officer or principal employee of the Company or its affiliated companies.

(Note)

"Person for whom the Company's group is a principal trading partner" refers to a person who received from the Company a payment of the amount in excess of 2% of its annual consolidated sales turnover or gross income or 100 million yen whichever is larger in the immediately preceding business year.

"Principal trading partner of the Company's group" refers to a person who made to the Company a payment of the amount in excess of 2% of the Company's annual consolidated sales turnover or gross revenue or 100 million yen whichever is larger in the immediately preceding business year.

"Major shareholder of the Company" refers to a person directly or indirectly holding 10% or more of the voting rights of the Company's entire shareholders.

"Person for whom the Company's group is a major investor" refers to a person the Company's group invests in to hold directly or indirectly 10% or more of its total voting rights.

"Person receiving a large donation from the Company's group" refers to a person who received from the Company's group a donation in excess of 10 million yen or 2% of its annual sales turnover or gross income whichever is larger on average in the preceding 3 years.

Reference information related to the Proposal Concerning Officers' Compensation

Proposal No. 4 is a proposal related to the Officers' compensation system of the Company. Accordingly, we will state a summary of the Policy Concerning the Determination of the Amount of Officers' Compensation, etc., and its Calculation Method.

Policy Concerning the Determination of the Amount of Officers' Compensation, etc., and its Calculation Method

(1) Basic Policy of Officers' Compensation System

- 1) The Company positions officers' compensation as one of the important means to achieve sustainable growth and an increase in medium and long-term corporate value of the Group.
- 2) The compensation for Directors, excluding Outside Directors, and Executive Officers shall reflect the level of achievement of consolidated business performance targets and level of the individual officer's contribution to the business performance of the Company. The higher the position and responsibility of an officer, the greater the ratio of the officer's performance-based compensation to his/her total compensation.
- 3) The Company ensures the transparency and objectivity of the compensation of Directors and Executive Officers by deliberating on the compensation of Directors and Executive Officers at the Nomination & Compensation Committee, a voluntary committee which majority of the members are Outside Directors, and making recommendations to the Board of Directors.

(2) Compensation Scheme

- 1) Compensation for Directors, excluding Outside Directors, and Executive Directors consists of base compensation paid as a fixed compensation, performance-based annual bonuses and performance-based retirement benefits. Given their role, the compensation for Outside Directors consists of only fixed compensation.
- 2) The Company determines an appropriate level of base compensation, comprehensively taking into account the size of the Company and the duties of Officers, referring to external databases, etc.

(3) Mechanism of Performance-based Compensation

- 1) We calculate the standard annual bonuses by position, with a range of 25 to 50% of base compensation for each position. Then we determine bonuses for individual Director/Executive Officers within a range of 50 to 200% of standard annual bonus by comprehensively evaluating individual Director/Executive Officer's level of achievement of his/her targets and the level of his/her contribution to the business performance of the Company, using consolidated net sales and EBITDA (income before income taxes, to which extraordinary income, interest expenses and depreciation and amortization are added) of the Company as the evaluation indicators.
- 2) We calculate the standard annual reserve for retirement benefits for each position, within a range of 10 to 25% of base compensation. Then we determine annual reserves for retirement benefits for individual Directors/Executive Officers with a range of 50 to 200% of the standard annual reserves by comprehensively evaluating the level of achievement of their targets and the level of their contribution to the business performance of the Company, using consolidated net sales and EBITDA of the Company as the evaluation indicators.

(4) Method of Determining Compensation

- 1) From the perspective of corporate governance, the Company ensures the transparency and objectivity of the compensation of Directors and Executive Officers by deliberating on the compensation of Directors and Executive Officers at the Nomination & Compensation Committee, a voluntary committee which majority of the members are Outside Directors, and making recommendations to the Board of Directors.
- 2) The Board of Directors approves the compensation for Directors and Executive Officers based on such recommendation by the Nomination & Compensation Committee.

Proposal No. 4: Granting of Retirement Benefits to Retiring Director

It is proposed that retirement benefits be granted to Director Shigeki Osozawa, who is retiring by resignation at the conclusion of this Meeting to reward his service according to the method of evaluation and calculation and determination procedures set forth in the Company's "Policy Concerning the Determination of the Amount of Officers' Compensation, etc., and its Calculation Method" in the preceding page.

Name	Personal history
Shigeki Osozawa	June 2012 Director (to present)

Proposal No. 5: Granting of Stock Acquisition Rights as Stock Options to Directors (Excluding Outside Directors) and Executive Officers

Pursuant to Articles 236, 238, and 239 of the Companies Act, it is proposed that stock acquisition rights be granted as stock options to Directors (excluding Outside Directors) and Executive Officers of the Company as follows, and that the determination of subscription requirements of stock acquisition rights be delegated to the Board of Directors of the Company.

1. Reason for need to solicit individuals to receive stock acquisition rights at especially favorable terms:

The purpose is to motivate and give the directors (excluding outside directors) and executive officers an incentive for improving the Company's performance and corporate value.

2. Individuals eligible to receive stock acquisition rights:

Directors (excluding outside directors) and executive officers of KITO CORPORATION. The number of Directors specified in the Articles of Incorporation of the Company is ten (10) (including Outside Directors) at maximum, and currently the Company has seven (7) Directors (including 3 Outside Directors). If Proposal No. 3 is approved as proposed, the number of Directors will be seven (7) (including 3 Outside Directors).

3. Details, cap on the number, etc. of stock acquisition rights delegated to determine the subscription requirements based on the resolution that will be passed at the Shareholders Meeting:

- (1) Cap on the number of stock acquisition rights delegated to determine the subscription requirements:

It shall be set at 1,000 units, the details of which are as defined in (3) below.

The total number of stocks to be received by exercise of such stock acquisition rights shall be capped at 200,000 common stocks of KITO CORPORATION, and at the number calculated by multiplying the adjusted number of stocks to be granted by the number of the above stock acquisition rights in cases where the number of the stocks to be granted (as defined below) is adjusted in accordance with (3)-(a).

- (2) Payment of money is not required for the stock acquisition rights delegated to determine the subscription requirements.
- (3) Details of the stock acquisition rights delegated to determine the subscription requirements:

(a) Type and number of stocks underlying the stock acquisition rights:

The type of stocks underlying the stock acquisition rights shall be a common stock of KITO CORPORATION, and the number of such stocks underlying a single stock warrant (hereinafter referred to as the "Number of the Stocks to be Granted") shall be 200 shares.

However, in the event of a split (including allotment of the common stocks of KITO CORPORATION without contribution; the same applies hereinafter) or reverse split of the common stocks of KITO

CORPORATION, the Number of the Stocks to be Granted shall be adjusted based on the following formula, and a fraction of less than one share resulting from the adjustment shall be disregarded:

Adjusted Number of the Stocks to be Granted = Number of the Stocks to be Granted before adjustment × Ratio of stock split or reverse split

In addition to the above, in the event of unavoidable reasons requiring the adjustment of the Number of the Stocks to be Granted, such Number of the Stocks to be Granted shall be adjusted within the reasonable extent.

(b) Amount of assets to be invested upon exercise of the stock acquisition rights:

It shall be the amount calculated by multiplying the amount paid per one common stock of KITO CORPORATION to be received by exercise of the stock acquisition rights (hereinafter referred to as the “Exercise Price”) by the Number of the Stocks to be Granted.

The Exercise Price shall be the amount calculated by multiplying whichever is the higher of (A) the average of daily closing price of the common stocks of KITO CORPORATION at the Tokyo Stock Exchange (hereinafter referred to as the “Closing Price”) for the month (except days when no trades are done) prior to the month that includes the day when the stock acquisition rights are allotted (hereinafter referred to as the “Day of Allotment”); or (B) the Closing Price for the Day of Allotment (the Closing Price for the day immediately prior to the Day of Allotment if no trades are done), by 1.05, and a fraction of less than 1 yen shall be rounded up.

In cases where a split or reverse split of the stocks of KITO CORPORATION takes place after the Day of Allotment, the Exercise Price shall be adjusted based on the following formula, and a fraction of less than 1 yen resulting from the adjustment shall be rounded up:

$$\text{Adjusted Exercise Price} = \text{Exercise Price before Adjustment} \times \frac{1}{\text{Ratio of Stock Split or Reverse Split}}$$

In cases where KITO CORPORATION issues new stocks or disposes of treasury stocks (except securities acquired by KITO CORPORATION in exchange for delivery of the common stocks of KITO CORPORATION or securities with put option, and stocks delivered by exercise of the stock acquisition rights of which the holder can demand delivery of the common stocks of KITO CORPORATION) at a price lower than the market value after the Day of Allotment, the Exercise Price shall be adjusted based on the following formula and a fraction of less than 1 yen resulting from the adjustment shall be rounded up:

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price before Adjustment} \times \text{Number of Stocks Issued} + \frac{\text{Number of New Stocks} \times \text{Amount Paid per Share}}{\text{Market Value}}}{\text{Number of Stocks Issued} + \text{Number of New Stocks}}$$

In the above formula, the “Number of stocks issued” shall be the number calculated by deducting the number of treasury stocks out of the common stocks of KITO CORPORATION from the total number of common stocks of KITO CORPORATION that have already been issued, and the “Number of new stocks” shall be deemed to be replaced with the “number of treasury stocks to be disposed of” in the event of disposition of the treasury stocks.

In addition to the above, in the event of unavoidable reasons requiring adjustment of the Exercise Price (e.g., in cases where KITO CORPORATION reduces the amount of its stated capital after the Day of Allotment), the Exercise Price shall be adjusted, in consideration of the terms and conditions of such reduction in the amount of the stated capital, within the reasonable extent.

(c) Period during which the stock acquisition rights may be exercised:

It shall be a period from the day when two (2) years have elapsed since the day on which the resolution is adopted to the day when ten (10) years have elapsed and determined by the board of directors of KITO CORPORATION.

(d) Conditions for exercising the stock acquisition rights:

- i) Successors of a holder of the stock acquisition rights may inherit the stock acquisition rights.
- ii) Disposition of the stock acquisition rights such as pledges shall not be permitted.

(e) Grounds and requirements for acquiring the stock acquisition rights:

- i) In cases where a holder of the stock acquisition rights is discharged on disciplinary grounds or removed from his/ her post as director, executive officer or auditor (except removal due to mandatory retirement and termination of a term) or resigns for his/her own reasons, all of the stock acquisition rights issued for such a holder may be acquired with no compensation.
- ii) In cases where a holder of the stock acquisition rights finds a position at a company in substantial competition with KITO CORPORATION or conducts on his/her own business in substantial competition with KITO CORPORATION, all of the stock acquisition rights issued for such a holder may be acquired with no compensation.
- iii) In cases where a holder of the stock acquisition rights violates the terms of the “agreement on allotment of stock acquisition rights” that is signed between the holders of the stock acquisition rights and KITO CORPORATION, all of the stock acquisition rights issued for such a holder may be acquired with no compensation.

(f) Restrictions on acquiring the stock acquisition rights through transfers:

In order to acquire the stock acquisition rights through transfers, approval by resolution at the board of directors of KITO CORPORATION is required.

(g) Matters concerning the stated capital or capital reserve to be increased in cases where stocks are issued by way of exercise of the stock acquisition rights:

- i) The amount of the stated capital to be increased in cases where the stocks are issued by way of exercise of the stock acquisition rights shall be half of the amount of the maximum increase in the stated capital as calculated pursuant to Article 17-(1) of the Ordinance on Company Accounting, and a fraction of less than 1 yen resulting from the calculation shall be rounded up.

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- ii) The amount of the capital reserve to be increased in cases where the stocks are issued by way of exercise of the stock acquisition rights shall be the amount calculated by deducting the amount of the stated capital to be increased as stipulated in the above i) from the amount of the maximum increase in the stated capital as in i).

(h) Handling of the stock acquisition rights in the event of the act of reorganization:

In cases where KITO CORPORATION carries out a merger (only when KITO CORPORATION is extinguished due to the merger), absorption-type or incorporation-type company split, stock swap, or stock transfer (hereinafter collectively referred to as the “Act of Reorganization”), KITO CORPORATION shall deliver to the holders of outstanding stock acquisition rights, as of the effective time of the Act of Reorganization (hereinafter referred to as the “Remaining Stock Acquisition Rights”), stock acquisition rights of a stock company (hereinafter referred to as the “Reorganized Company”) as provided in (a) to (e) of (viii) of Article 236-(1) of the Companies Act (hereinafter referred to as the “Reorganized Company Stock Acquisition Rights”) based on the following terms and conditions.

In this case, the Remaining Stock Acquisition Rights shall be extinguished, and the Reorganized Company shall newly issue the Reorganized Company Stock Acquisition Rights; provided, however, that in accordance with the terms and conditions below this shall apply only to cases where the delivery of the Reorganized Company Stock Acquisition Rights is stipulated in the agreement on an absorption-type / consolidation-type merger, absorption-type company split or stock swap, or in the plan on an incorporation-type company split or stock transfer.

- i) Number of the Reorganized Company Stock Acquisition Rights to be delivered:
The Reorganized Company Stock Acquisition Rights shall be respectively delivered in the same number of stock acquisition rights that are owned by a holder of the Remaining stock acquisition rights.
- ii) Type and number of the stocks of the Reorganized Company underlying the Reorganized Company Stock Acquisition Rights:
The type shall be a common stock of the Reorganized Company, and its number shall be determined in consideration of the terms of conditions of the Act of Reorganization and in accordance with the above (a).
- iii) Amount of assets to be invested upon exercise of the Reorganized Company Stock Acquisition Rights:
It shall be, in consideration of the terms and conditions of the Act of Reorganization, the amount calculated by multiplying the amount paid after the reorganization resulting from the adjustment of the Exercise Price as prescribed in the above (b) by the number of stocks of the Reorganized Company underlying such Reorganized Company Stock Acquisition Rights as determined in the above ii).
- iv) Period during which the Reorganized Company Stock Acquisition Rights may be exercised:
It shall be from whichever is the later of (A) the first day of the period during which the Stock Acquisition Rights may be exercised as provided in the above (c); or (B) the effective day of the Act of Reorganization, through the last day of the period during which the stock acquisition rights may be exercised as provided in the above (c).

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- v) Conditions for exercising the Reorganized Company Stock Acquisition Rights:
They shall be determined pursuant to the above (d).
 - vi) Grounds and requirements for acquiring the Reorganized Company Stock Acquisition Rights:
They shall be determined pursuant to the above (e).
 - vii) Restrictions on acquiring the Reorganized Company Stock Acquisition Rights through transfers:
In order to acquire the Reorganized Company Stock Acquisition Rights through transfers, the approval by resolution at the board of directors of the Reorganized Company (or “directors” when the Reorganized Company does not have the board of directors) is required.
 - viii) Matters concerning the stated capital or capital reserve to be increased in cases where stocks are issued by way of exercise of the Reorganized Company Stock Acquisition Rights:
They shall be determined pursuant to the above (g).
 - (i) Rounding-down of fractions resulting from exercise of the stock acquisition rights:**
In cases where the stocks to be delivered to the holders of the stock acquisition rights have a fraction of less than 1 share, such a fraction shall be rounded down.
 - (j) Amount of the stock acquisition rights:**
The amount of the stock acquisition rights shall be calculated using the Black Scholes model, which is a general option value calculation model, based on the conditions as of the day of allotment.
 - (k) Other details of the stock acquisition rights:**
They shall be defined at the board of directors meeting that determines the subscription requirements for the stock acquisition rights.

1 Overview of the Company Group

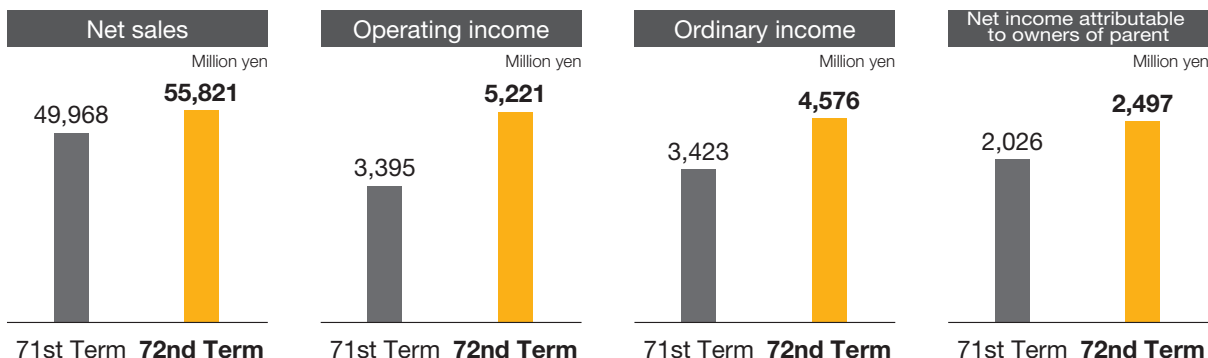
(1) Business Progress and Results

In fiscal 2015, the fiscal year ended March 31, 2016, along with concerns about the slowdown in the world economy and the effects of the low price of crude oil, a sense of uncertainty spread in domestic and overseas markets. Although a moderate upward trend in corporate capital investment emerged in Japan, companies were aware of the risk of downturn in the economy and adopted a cautious stance toward investments. Overseas, the decline in crude oil prices weighed heavily on investments in the energy industry, and, although overall demand stayed firm in the United States, the strong dollar had a downside effect on manufacturing and export industries. Economic growth in China continued to slow, and, in the regions in the rest of Asia influenced by conditions in the Chinese economy, the momentum of growth weakened.

Fiscal 2015 was the fifth and final year of Kito Group's Mid-term Management Plan. As a result of

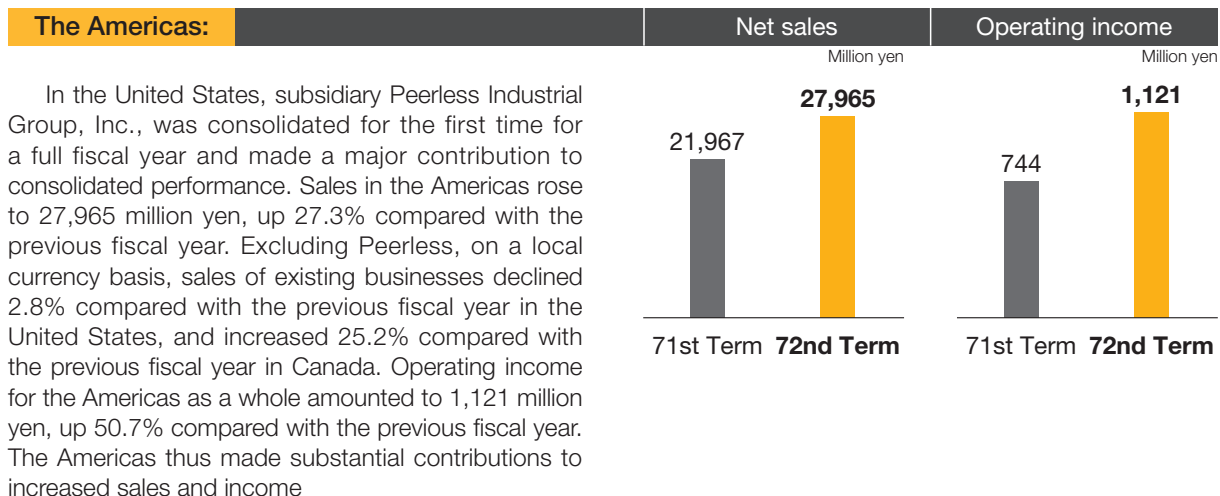
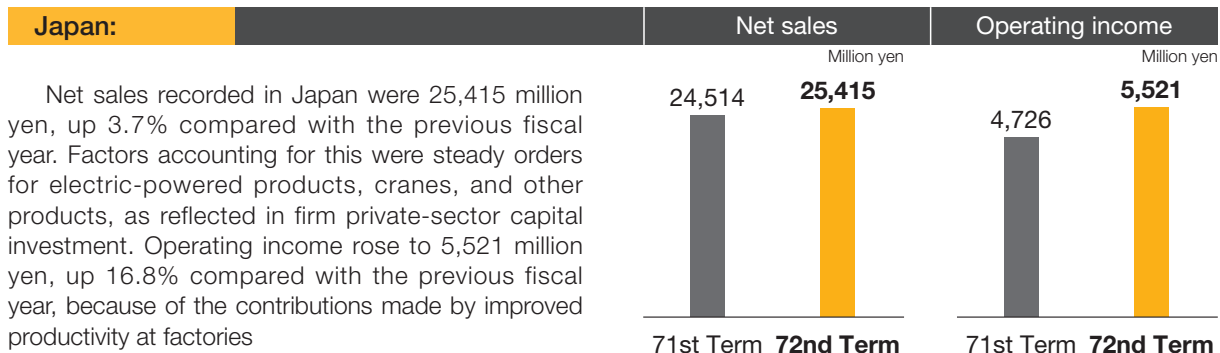
changes in external factors, including the slowdown in the Chinese economy and weakening of investment in the Asian region, Kito Group responded flexibly with a number of business initiatives to attain the objectives of the Mid-term Management Plan. These included shifting its resources to business activities in North America, strengthening its profit management in crane projects, and expanding its lineup of mainstay hoist products as well as below-hook lifting devices.

Accounting for each of these factors, consolidated net sales were 55,821 million yen (+11.7% compared with the previous fiscal year), consolidated operating income was 5,221 million yen (+53.8% compared with the previous fiscal year), consolidated ordinary income was 4,576 million yen (+33.7% compared with the previous fiscal year), and net income attributable to the owners of parent was 2,497 million yen (+23.2% compared with the previous fiscal year). As a consequence, both sales and income increased over the previous fiscal year.



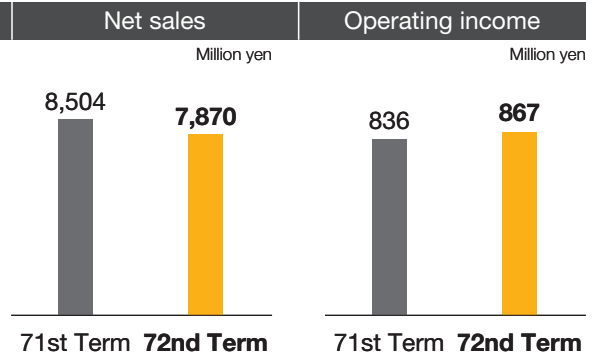
The Kito Group conducts business activities on a segment basis by location in connection with the operations of Kito Corporation and its consolidated

subsidiaries. Business results by segment are as presented as follows.

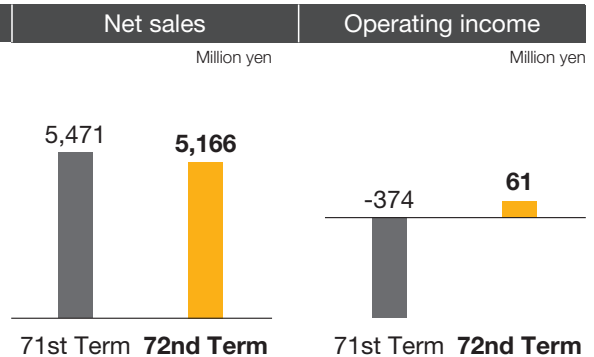


China:

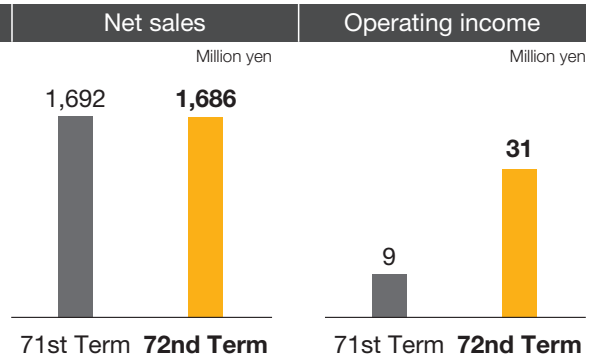
The Chinese economy slowed, and demand was generally weak. As a result, sales amounted to 7,870 million yen, down 7.5% compared with the previous fiscal year. As a result of cost reductions, profitability improved, and operating income amounted to 867 million yen, up 3.7% compared with the previous fiscal year.

**Asia:**

As a result of the effects of the slowdown in the Chinese economy, growth in regional economies weakened and demand for investment declined. Sales amounted to 5,166 million yen, down 5.6% compared with the previous fiscal year. Operating income was 61 million yen, compared with an operating loss of 374 million yen in the previous fiscal year, as a result of improvement of profitability in crane projects, expansion of maintenance and other service businesses, and the aggregation of production bases in Thailand.

**Europe:**

In the midst of rising uncertainties, including the decline in the price of crude oil and conditions in neighboring countries, sales in this segment amounted to 1,686 million yen, down 0.3% compared with the previous fiscal year and operating income amounted to 31 million yen, up 239.7%.



(2) Capital investment

The total amount of capital investment in the consolidated fiscal year ended in March 2016 was 2,013 million yen, comprising primarily the seismic strengthening works and the renewal of manufacturing facilities.

(3) Financing

In the consolidated fiscal year ended in March 2016, the Company financed 2,525 million yen in the form of long-term loans payable.

(4) Status of Transfer of Business of Other Companies

KITO Chain Italia S.r.l., a non-consolidated subsidiary of the Company received the transfer of the whole chain and chain-related products business of Weissenfels Tech Chains S.r.l., of Italy on February 1, 2016.

(5) Corporate challenges to be addressed

Kito Group will further strengthen its business operations and increase its presence in the global market as stated in the new Mid-term Management Plan that carries through to the fiscal year ending March 31, 2021. The following points have been identified as top priorities in order to constantly deliver value that will exceed customers' expectations and achieve maximization of value of the KITO brand in the markets.

i Enhance Customer Experience

We will expand our product fields and product lineup as well as increase the value of

and differentiate our products. We will improve our user training and other services, shorten lead times, and work to further enhance customer service. We will also strengthen our quality control and quality assurance systems globally.

ii Create an Efficient Organization

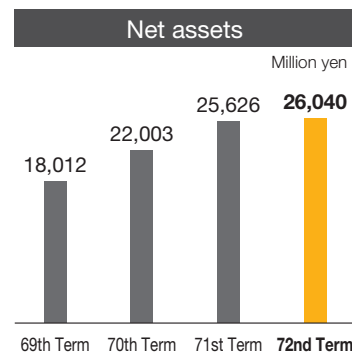
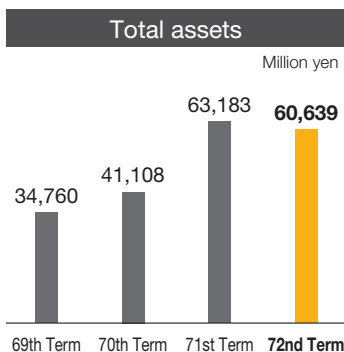
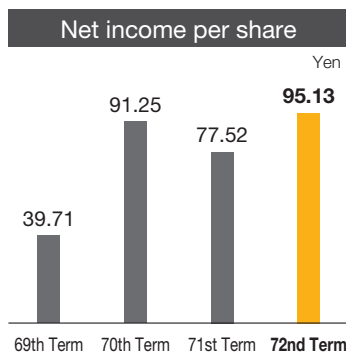
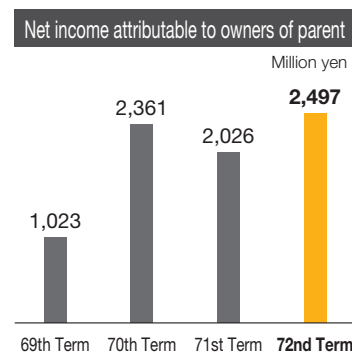
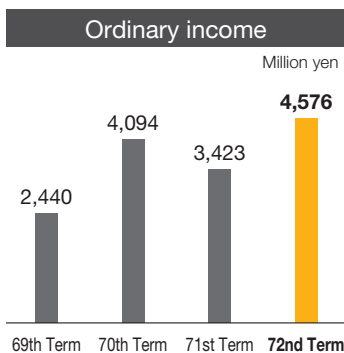
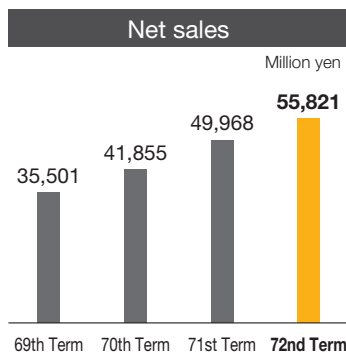
We will upgrade and strengthen our global IT and business platform infrastructure. We will also work to improve our supply chain management, increasing the operational efficiency of our four manufacturing bases in Japan, China, the Americas, and in Asia, improving delivery services, and reducing inventories. We will work to optimize our chain production system, which boasts the largest production volume for link chains in the world, building around our presence in Japan, the Americas, and Europe.

iii Invest in people

We are working to build an attractive organization by reforming the awareness of our employees and our corporate culture. By further evolving diversity, the aim will be to develop business leaders who can realize teamwork by organizing team members of differing cultures and promote the development of business in global markets.

We beseech the continued understanding and support of our shareholders in these endeavors.

(6) Changes in assets and earnings



(In millions of yen, except per share amounts)

Item	69th Term April 1, 2012 through March 31, 2013	70th Term April 1, 2013 through March 31, 2014	71st Term April 1, 2014 through March 31, 2015	72nd Term (FY2015) April 1, 2015 through March 31, 2016
Net sales	35,501	41,855	49,968	55,821
Ordinary income	2,440	4,094	3,423	4,576
Net income attributable to owners of parent	1,023	2,361	2,026	2,497
Net income per share	39.71 yen	91.25 yen	77.52 yen	95.13 yen
Total assets	34,760	41,108	63,183	60,639
Net assets	18,012	22,003	25,626	26,040

(Notes) 1. Net income per share is calculated based on the average number of shares outstanding during the period.

2. Amounts less than one million yen, except per share amounts, are rounded down.

(7) Important information on parent company and subsidiaries

1) Parent company

Not applicable

2) Subsidiaries

Company name	Capital	Percentage of voting rights	Description of principal business
(Consolidated subsidiaries)			
KITO Americas, Inc.	(Thousand USD) 20,000	100.0%	Holding company for the purpose of investing in Harrington Hoists, Inc., Har Ki, Inc., and PEERLESS INDUSTRIAL GROUP, INC.
Harrington Hoists, Inc.	(Thousand USD) 9,500	*100.0%	Manufacture and sales of the Company's products
Har Ki, Inc.	(Thousand USD) 1	*100.0%	Managing trademark rights and intellectual property rights concerning the products of Harrington Hoists, Inc.
PEERLESS INDUSTRIAL GROUP, INC.	(Thousand USD) 20,000	*100.0%	Holding company for the purpose of investing in Peerless Chain Co., Inc.
Peerless Chain Co., Inc.	(Thousand USD) 20,000	*100.0%	Manufacture and sale of chains and chain-related products
KITO CANADA INC.	(Thousand CND) 800	100.0%	Sales of the Company's products
KITO DO BRASIL COMERCIO DE TALHAS E GUINDASTES LTDA	(Thousand BRL) 12,971	100.0%	Sales of the Company's products and cranes
Kito Europe GmbH	(Thousand EUR) 3,000	100.0%	Sales of the Company's products
SCC-SECURITY CHAIN (EUROPE) HANDELES-GmbH	(Thousand EUR) 25	*100.0%	Sales of tire chains and other products
SCC JAPAN GODO KAISHA	(Thousand JPY) 10,000	*100.0%	Sales of tire chains and other products
JIANGYIN KITO CRANE CO., LTD	(Thousand USD) 26,000	90.0%	Manufacture and sales of wire-rope hoist products, etc. and manufacture of components of the Company's products

Company name	Capital	Percentage of voting rights	Description of principal business
KITO HOISTS & CRANES (SHANGHAI) CO., LTD.	(Thousand USD) 7,000	*94.0%	Sales of the Company's products
KITO TAIWAN CO., LTD.	(Thousand NTD) 76,500	55.0%	Sales of the Company's products and cranes
KITO KOREA CO., LTD.	(Thousand KRW) 4,453,080	93.3%	Manufacture and sales of the Company's products
SIAM KITO CO., LTD.	(Thousand THB) 100,000	*80.0%	Manufacture and sales of the Company's products
SUKIT BUSINESS CO., LTD.	(Thousand THB) 100	82.8%	Holding company for the purpose of investing in SIAM KITO CO., LTD.
KITO PHILIPPINES, INC.	(Thousand USD) 13,989	100.0%	Manufacture of components of the Company's products
PT. KITO INDONESIA	(Thousand IDR) 20,472,840	100.0%	Sales of the Company's products and cranes
KITO HOISTS & CRANES ASIS PTE. LTD.	(Thousand SGD) 4,460	100.0%	Holding company for the purpose of investing in SIAM KITO CO., LTD.
ARMSEL MHE PVT. LTD.	(Thousand IDR) 19,636	100.0%	Manufacture and sales of cranes and wire rope hoist products, etc.
(Non-consolidated subsidiaries)			
Kito Chain Italia S.r.l.	(Thousand EUR) 10	100.0%	Manufacture and sale of chains and chain-related products

- (Notes)
- Harrington Hoists, Inc. is a wholly owned subsidiary of KITO Americas, Inc.
 - Har Ki, Inc. is a wholly owned subsidiary of KITO Americas, Inc.
 - Peerless Chain Co., Inc. is a wholly owned subsidiary of PEERLESS INDUSTRIAL GROUP, INC.
 - SCC JAPAN GODO KAISHA and SCC - Security Chain (Europe) Handels-GmbH are subsidiaries of Peerless Chain Co., Inc.
 - KITO PHILIPPINES, INC. terminated its operations at the end of March 2014, and is currently under liquidation.
 - Kito Chain Italia S.r.l. was established on January 14, 2016.
 - Investment ratio with (*) indicate investment by subsidiaries of the Company.

3) Status of specified wholly-owned subsidiaries of the Company as of March 31, 2016

There are no companies classified as specified wholly-owned subsidiaries.

4) Progress and results of the merger

There are 20 subsidiaries included in the scope of consolidation of the Company.

Results of the consolidated fiscal year ended in March 2016 are stated in “1. Overview of the Company Group (1) Business Progress and Results.”

Consolidated financial statements

Consolidated balance sheets Consolidated fiscal year 2015 (As of March 31, 2016)

Million yen

Accounts	Amounts	Accounts	Amounts
Assets		Liabilities	
Current assets	37,599	Current liabilities	15,072
Cash and deposits	8,529	Notes and accounts payable	5,301
Notes and accounts receivable	11,761	Short-term loans payable	1,758
Merchandise and finished goods	10,735	Current portion of long-term loans payable	2,836
Work in process	1,599	Accrued expenses	2,757
Raw materials and supplies	1,517	Income taxes payable	644
Deferred tax assets	1,627	Provision for bonuses	477
Other	1,895	Provision for product warranties	55
Allowance for doubtful receivables	(66)	Provision for sales returns	300
		Other	939
Noncurrent assets	23,040	Non-current liabilities	19,527
Property, plant and equipment	11,901	Long-term loans payable	14,687
Buildings and structures	4,668	Provision for directors' retirement benefits	177
Machinery, equipment and vehicles	4,861	Net defined benefit liability	2,664
Land	1,496	Deferred tax liabilities	1,683
Construction in progress	379	Other	313
Other	494	Total liabilities	34,599
Intangible assets	7,896	Net assets	
Goodwill	2,901	Shareholders' equity	24,128
Software	1,239	Capital stock	3,976
Other	3,756	Capital surplus	5,226
Investments and other assets	3,242	Retained earnings	15,279
Investment securities	1,337	Treasury shares	(354)
Deferred tax assets	641	Accumulated other comprehensive income	883
Other	1,263	Valuation difference on available-for-sale securities	0
		Deferred gains or losses on hedges	(132)
Total assets	60,639	Foreign currency translation adjustment	1,512
		Remeasurement of defined benefit plans	(496)
		Subscription rights to shares	36
		Minority interests	991
		Total net assets	26,040
		Total liabilities and net assets	60,639

Note: Amount less than one million yen are rounded down.

Consolidated statement of income Consolidated fiscal year 2015 (From April 1, 2015 to March 31, 2016)

Million yen

Accounts	Amounts	
Net sales		55,821
Cost of sales		35,512
Gross profit		20,309
Selling, general and administrative expenses		15,087
Operating income		5,221
Non-operating income		218
Interest income	26	
Dividends income	0	
Rents received	32	
Proceeds from the sales of scrap	43	
Other	115	
Non-operating expenses		863
Interest expenses	464	
Foreign exchange losses	175	
Other	224	
Ordinary income		4,576
Extraordinary loss		366
Impairment loss	211	
Cost for quality control	154	
Income before income taxes		4,210
Income taxes-current		1,779
Income taxes-deferred		(167)
Net income		2,599
Net income attributable to non-controlling interests		101
Net income attributable to owners of parent		2,497

Note: Amount less than one million yen are rounded down.