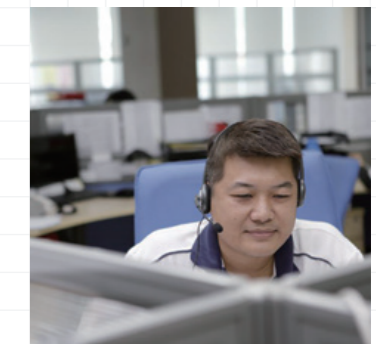


PUNCH INDUSTRY CO., LTD.

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ANNUAL REPORT 2016

REPORT 2016



Supporting product manufacturing around the world

Becoming a global Punch Industry by leveraging our competitive advantage as an integrated manufacturing and sales company

Integrated manufacturing system

Customer-focused sales and marketing system

Advanced technological capabilities

Management Principles

- Driven by the spirit of innovation, we will continue to develop and propose advanced technologies in response to customer needs, for the benefit of society.
- We will create a vibrant corporate culture that fulfills people's dreams, by placing high value on vigorous energy and flexible ideas.
- We will contribute to social development by embracing the spirit of environmental consideration and compliance and promoting sound corporate activities that are appreciated by society.

Corporate Vision

We aim to become the leading brand in the mold and die components industry and achieve high profitability by leveraging our competitive advantage as a comprehensive manufacturing and sales company.

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Performance Highlights

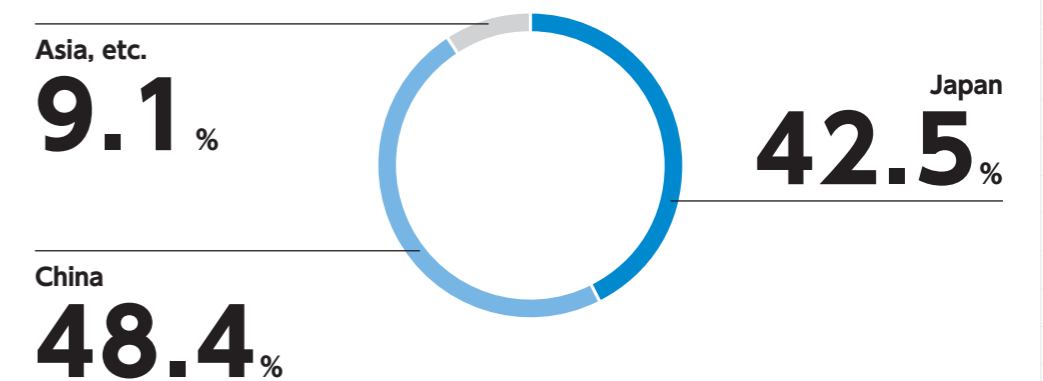
In the fiscal year ended March 31, 2016, we reported year-on-year increases in revenue and earnings and forged a path for renewed growth, despite the impact of the economic slowdown in China and foreign exchange factors.

Main Financial Data

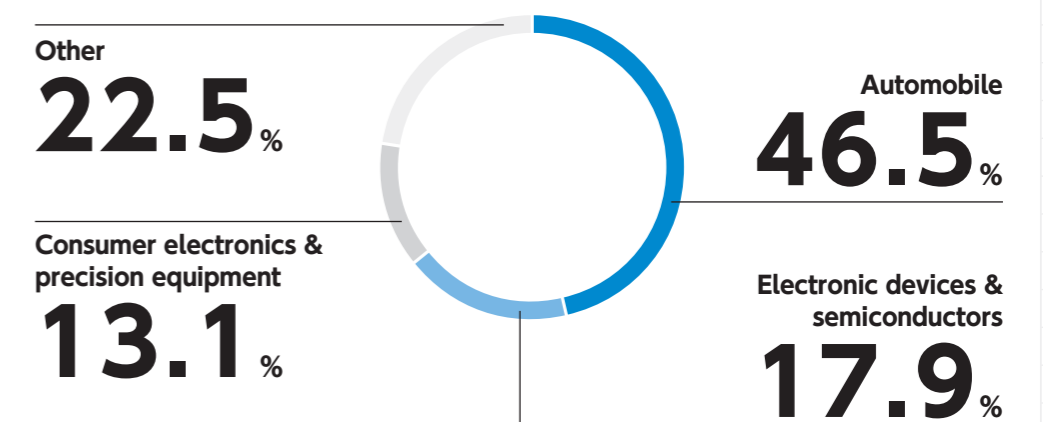
| | | |
|---|---|---|
| <p>¥ 36.7 billion</p> <p>Net sales</p> <p>+6.9% ▲</p> | <p>¥ 1.9 billion</p> <p>Operating income</p> <p>+15.2% ▲</p> | <p>¥ 1.6 billion</p> <p>Ordinary income</p> <p>+3.1% ▲</p> |
| <p>¥ 1.2 billion</p> <p>Profit attributable to owners of parent</p> <p>+5.1% ▲</p> | <p>8.9%</p> <p>Return on equity (ROE)</p> <p>-1.2ppt ▼</p> | <p>51.2%</p> <p>Net worth ratio</p> <p>+3.3ppt ▲</p> |
| <p>¥ 1.2 billion</p> <p>Capital expenditures</p> <p>-0.3% ▼</p> | <p>¥ 0.3 billion</p> <p>R&D expenses</p> <p>+9.6% ▲</p> | <p>73.8%</p> <p>Ratio of overseas employees</p> <p>-0.3ppt ▼</p> |

Note: Percentages and percentage points (ppt) in small type indicate year-on-year changes.

Sales by Region



Sales by Industry



OUR STRENGTH

Our Strengths

The Punch Group is advancing its global operations based on its integrated manufacturing system covering everything from material procurement to final product delivery.

Approx. **15,000** companies

Customer network of some 15,000 companies

- Customer base of around 6,000 companies in Japan and 8,000 in China
- Diversified portfolio resilient to economic impacts on specific industries
- Focus on boosting sales in new fields (food and beverage, and medical sectors)

64 bases

| Production bases | | Sales offices | |
|------------------|----------|---------------|-----------|
| Japan | Overseas | Japan | Overseas |
| 4 | 8 | 14 | 38 |

64 bases around the world

- Established a locally optimized production system and the customer-focused sales and marketing system
- China: six production bases and 32 sales offices; accounts for 48% of Group sales (higher than Japan)
- Further globalization through five-pole sales system (Japan, China, Southeast Asia & India, Europe, and the Americas)

Approx. **1,800** machines

Total number of machines operated by the Group in Japan and overseas

- Wealth of capital equipment, with around 1,800 machines used at domestic and overseas bases
- Building an integrated manufacturing system that handles everything from material procurement to final product delivery
- Deploying our technological capabilities to respond meticulously to the diverse needs of customers
- Reinforcing manufacturing of high value-added special-order products



OUR PRODUCTS

Business Fields

Molds and dies are necessary for making automobiles, electronic equipment, and consumer electronics—essential items in our daily lives—swiftly, uniformly, and in mass quantities. The Punch Group makes the components that constitute such molds and dies. Deploying strengths amassed over 40 years—advanced technological capabilities, product quality, and meticulous services—we support global manufacturing and people’s comfortable lives.

Components for Plastic Molds

Plastic molds are used in the manufacture of many plastic products, such as the outer casings of smartphones and digital cameras. Each product is made by heating resin until it melts, injecting the melted resin into a die mounted on an injection molding machine, and then allowing it to cool and solidify. The Punch Group manufactures and sells components used in these molds.

These are what the Punch Group makes!



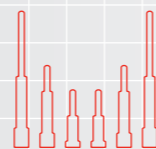
> Key product: Ejector pins

Ejector pins are used to eject and release the molded body from a mold.



> Key product: Core pins

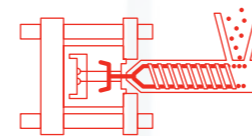
Core pins are used to mold parts. Core pins shape and engrave the portions of the part which they penetrate.



Example of a product made using components for plastic molds

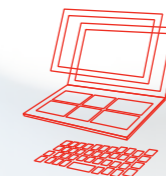
> Mold and die components

Used in many plastic products, such as the outer casings of smartphones and digital cameras



> Dies

Melted plastic resin is injected into a die mounted on an injection molding machine



> Components

Components are ready after cooling and solidifying



> Products

Components are combined and assembled to make the final product

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OUR PRODUCTS

Business Fields

Components for Press Dies

Upper and lower press dies are fitted to a press machine, which moves up and down. Sheet metal is inserted between the two dies, which are then pressed together to form a product that takes the same shape as the upper and lower dies. The Punch Group manufactures and sells components used in these press dies.

These are what the Punch Group makes!



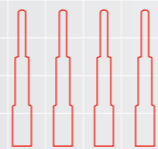
> Key product: Punches

As key components for press dies, punches are used to make holes in and/or engrave designs on sheet metal. The Company derives its name from these products.



> Key product: Holder guide posts

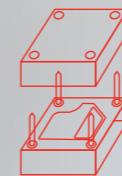
Holder guide posts are used to correctly align the upper and lower press dies.



Example of a product made using components for press dies

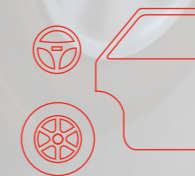
> Mold and die components

Essential for molds used in the mass production of automobiles, electronic devices, and consumer electronics, among others



> Dies

Upper and lower dies are fitted to a press machine before sheet metal is inserted between the dies



> Components

The press machine is activated to finish the components



> Products

Components are combined and assembled to make the product

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OUR KEY MILESTONE

History

Committed to consistent quality as a manufacturer since our foundation, we have achieved sustainable growth while meeting the needs of the times. Here is a short history of the Punch Group.



Overseas sales in the fiscal year ended March 2016: ¥21.1 billion

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1975

Foundation

1975
Commenced operations as KAMBA SHOKAI CO., LTD. in Shinagawa Ward, Tokyo, by founder Yuji Morikubo (currently honorary chairman) to manufacture punching pins for printed boards

1977
Changed company name to PUNCH INDUSTRY CO., LTD.

1980

Seizing growth opportunities through technological innovation

1982
Became first in the world to successfully standardize and mass-produce high-speed steel ejector pins, a kind of plastic mold and die components

At that time, a special alloy steel called die steel was the main material used to make ejector pins. Due to the rapid growth of consumer electronics, especially color TVs, however, demand for plastic molds increased dramatically, highlighting the growing need for ejector pins with greater levels of strength, durability, and toughness.

In response, the Company took on the challenge of developing ejector pins from high-speed steel, a high-hardness material used to make hole punches for printed boards. We enlisted the cooperation of materials trading companies and heat treatment companies and dispatched employees to university research departments to enhance their knowledge of metals and heat-treatment technologies. As a result of these and other considerable efforts, we developed high-speed steel ejector pins boasting about twice the precision of existing ones and dramatically improved durability. We became the first in the world to mass-produce these ejector pins, which we standardized using our own criteria.

1983
Established Kitakami Plant in Kitakami City, Iwate Prefecture, and began nationwide sales of plastic mold components

Although we were a latecomer into the mold and die component market, mass producing high-speed steel ejector pins led instantly to increased market shares.



High-speed steel ejector pins

1989
Established subsidiary MIYAKO PUNCH INDUSTRY CO., LTD. (now Miyako Plant) in Miyako City, Iwate Prefecture, and commenced production of press die components

Utilizing our technological capabilities and trust attained through the manufacture of plastic mold components, we entered the market for press die components with our ultra-precision, high-durability components.

1990

Overseas business expansion through entry into China

1990
Established PUNCH INDUSTRY (Dalian) CO., LTD. in Dalian, Liaoning Province, China

Seeking to further increase our production capabilities, we established a Group company in Dalian, China to serve as our first overseas production base. It initially served as a base for receiving raw materials from Japan and sending semi-finished products back to Japan. Subsequently, China joined the World Trade Organization (WTO), opened its markets, and grew its economy, with local production of consumer electronics and automobiles rising as well. This led to an increase in local demand for mold and die components, thus we established a sales office in China in 2001 and then bolstered sales in that nation.

1991
Published comprehensive catalog of components for plastic molds and press dies

1995
Established a plant in Dalian Wafangdian, Liaoning Province, China

2001
Established sales office in China

2002
Commenced sales of mold components in China

2003
■ Spun off plant in Dalian Wafangdian, Liaoning Province, and established PUNCH INDUSTRY (Wafangdian) CO., LTD.
■ Established PUNCH INDUSTRY (Wuxi) CO., LTD. in Wuxi, Jiangsu Province, China

2004
Established PUNCH INDUSTRY (Dongguan) CO., LTD. in Dongguan, Guangdong Province, China

2006
■ Made Pintec Corporation a Group company
■ Established PUNCH INDUSTRY DALIAN TAMA SPRING CO., LTD. in Dalian, Liaoning Province, China (now PUNCH SPRING (Dalian) CO., LTD.)

2010

Seizing growth opportunities through renewed globalization

2010
Established PUNCH INDUSTRY INDIA PVT. LTD. in Chennai, India

2011
■ Established Hyogo Plant in Kasai City, Hyogo Prefecture
■ Commenced sales of mold components in India

Domestic sales in the fiscal year ended March 2016: ¥15.6 billion

2012
■ Formed a capital and business alliance with PANTHER PRECISION TOOLS SDN. BHD., a Malaysian mold and die component maker
■ Listed stocks on the Second Section of Tokyo Stock Exchange (TSE)

2013
■ Established Chongqing Plant in Chongqing, China for production and logistics
■ PANTHER PRECISION TOOLS SDN. BHD. (now PUNCH INDUSTRY MALAYSIA SDN. BHD.) became a Group company
■ Established PT. PUNCH INDUSTRY INDONESIA in Jakarta, Indonesia

2014
Assigned to the First Section of TSE

2015
■ PUNCH INDUSTRY (Dalian) CO., LTD. acquired AS9100 certification
■ Established PUNCH INDUSTRY MANUFACTURING VIETNAM CO. LTD. in Binh Duong Province, Vietnam

Important World Events

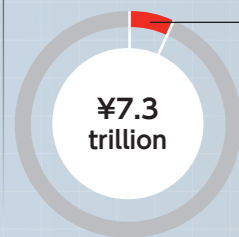
- 1977 End of black-and-white TV broadcasts (full switch to color TV broadcasts)
- 1979 Second oil crisis
- 1980 Japan takes world No. 1 spot for automobile production volume
- 1985 Plaza Accord reached
- 1987 Collapse of share prices on the New York Stock Exchange ("Black Monday")
- 1995 Japanese version of Windows 95 released
- 1997 Asian currency crisis
- 1999 Mobile phones with cameras launched
- 2001 China joins WTO
- 2008 Collapse of Lehman Brothers
- 2009 China becomes world No. 1 for sales volume of new automobiles
- 2011 Termination of analog terrestrial TV broadcasts

OUR VALUE CREATION

The Path to Value Creation

By leveraging its advanced technological capabilities to support global manufacturing, the Punch Group will realize sustainable growth and increased corporate value.

Size of world's mold and die market (2015): ¥7.3 trillion



Mold and die components market: ¥500 billion


Note: Figures are extrapolated from external sources.


External Factors Affecting the Punch Group


Need for molds and dies considerably increasing, especially in emerging markets

Growing demand for high value-added products such as high-precision and ultracompact products


Numerous fields can be tapped outside of the Punch Group's core markets of automobiles and electronics


 Integrated production system and customer-focused sales and marketing system


 Technological capabilities to make special-order products according to customer needs

 Overwhelming number of production machines and processing equipment (approx. 1,800 units)

The Punch Group's Core Competences

 Customer network of around 15,000 companies in broad-ranging sectors

 Global network of 64 bases

 Teams of skilled technicians and an ongoing R&D-driven commitment to take on challenges

Establishment of five-pole sales system

Improvement of customer service

Formulated New Mid-term Business Plan, "Value Creation 2020"

Promotion of high profitability business with reinforcement of R&D

Reform of working style

Make the lives of people around the world more convenient by supplying them with high value-added products

Help protect the environment by supplying mold and die components suited to customers' eco-friendly products

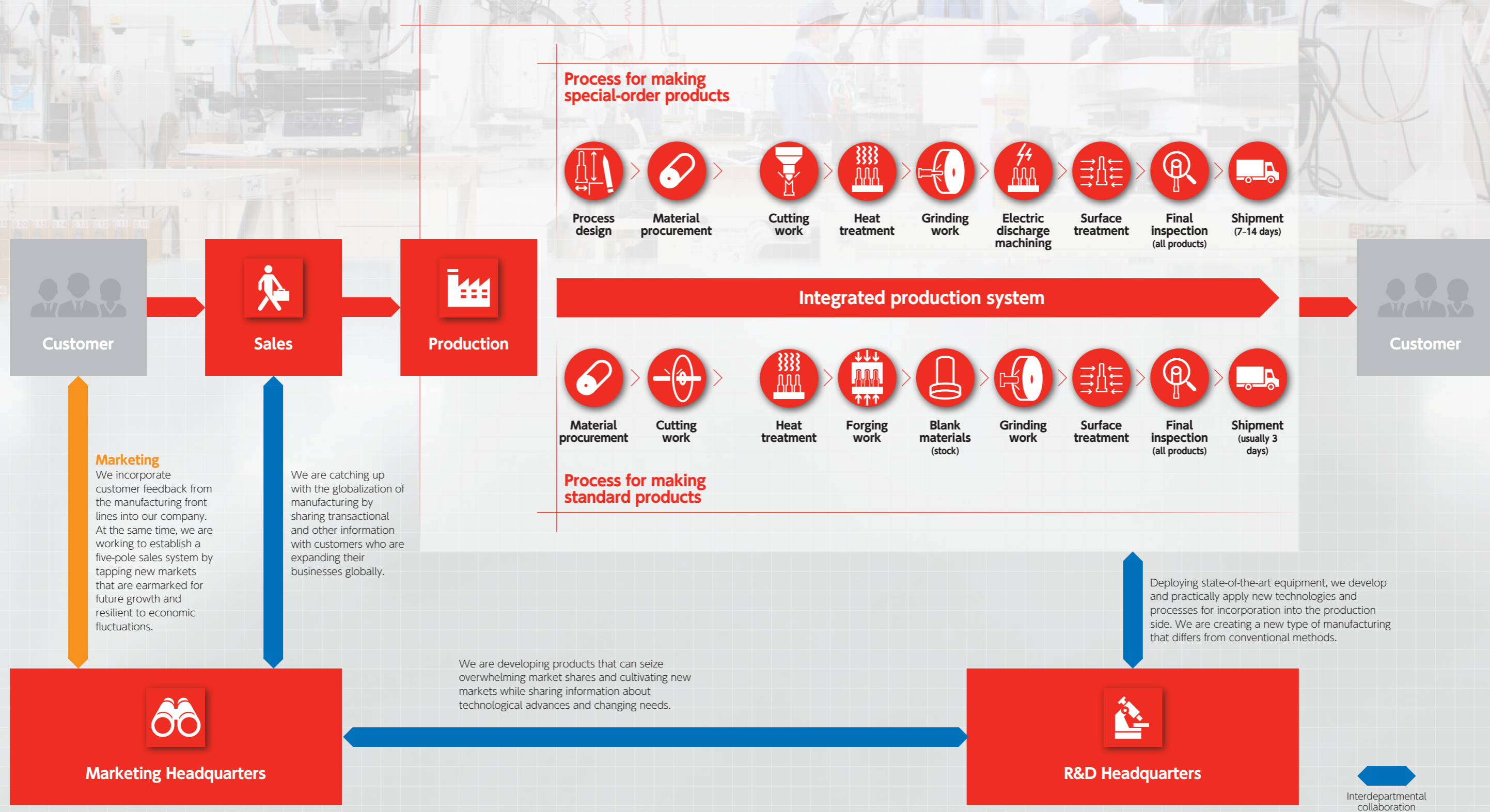
Sustainable Growth and Value Creation

Foster R&D and personnel development in Japan and overseas by considering industry-government-academia collaboration

Improve employees' well-being and achieve sustainable corporate growth

Business Model

Underpinning Punch Industry over its 40-year history is its integrated production system. From standard products to special-order products, we respond meticulously to the diversified needs of customers while deploying reverse engineering to launch new services.



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A Message from the President



Masaaki Takeda
President,
Representative Director
Chief Executive Officer

In 2015, Punch Industry Co., Ltd. celebrated the 40th anniversary of its founding and the 25th anniversary of its entry into Dalian, China. After its founding, Mr. Yuji Morikubo built a foundation for business growth and drove the Punch Group forward, and, as honorary chairman, has continued to underpin the Group's development. During its previous mid-term business plan, entitled "Value Creation 15," the Group had these milestones. To forge a trajectory for further growth, we will advance to the next stage under our new mid-term business plan, "Value Creation 2020."

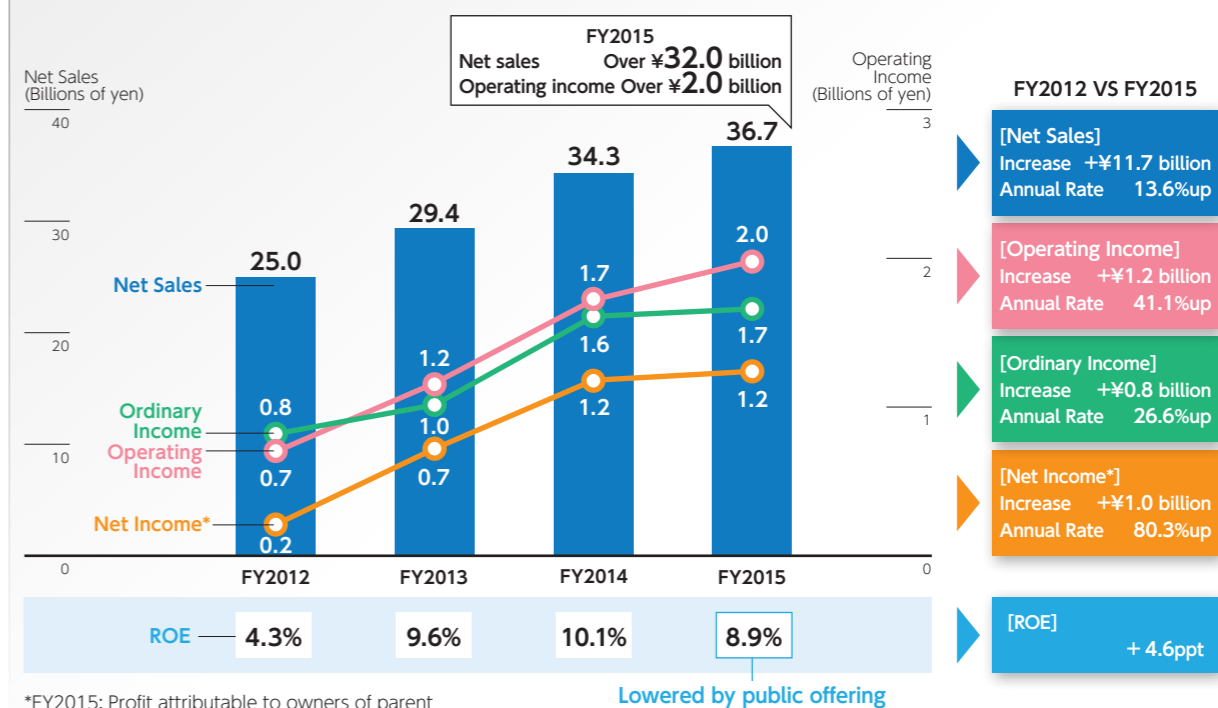
Review of "Value Creation 15"

The Group supplies products to the mold and die market, which has been growing at around 5-6% annually, with further growth expected in the future. Against this backdrop, in December 2012, we listed our shares on the Second Section of the Tokyo Stock Exchange to enhance our finances and expedite global expansion, aiming to become a global Punch Industry that contributes to manufacturers. Then, in April 2013, we embarked on "Value Creation 15" ("VC15"), our mid-term business plan for our next stage of growth. As consolidated financial targets, we aimed for net

sales of ¥32 billion or higher and operating income of ¥2 billion or higher. To reach these targets, we tackled three priority initiatives: globalization, expansion of new markets, and conversion to a high profitability business model. As a result, we achieved our net sales target one year ahead of schedule, and we also got close to our operating income target in the final year.

The final stages of "VC15" saw unanticipated economic slowdown in China. Since December 2015, however, the trend has shifted to recovery, and we feel we have achieved overall results conducive to making dramatic progress going forward.

Performance Results



Specific results of “VC15” and priority initiatives of “Value Creation 2020”

With respect to “globalization” aimed at building a customer-focused sales and marketing system, we strived to expand beyond Japan and China into Southeast Asia, India, Europe, and the Americas. In 2013, PUNCH INDUSTRY MALAYSIA SDN. BHD. became a Group member, allowing us to enhance our production capabilities, increase market shares in Southeast Asia, and secure our sales channels in Europe. We have also made progress in establishing a business foundation in India. Amid changes in product manufacturing industry trends at the global level, we need to improve customer services and promote further globalization to deliver swift, accurate responses. These will continue to be priorities under “Value Creation 2020” (“VC2020”).

Regarding “expansion of new markets,” we strived to step up marketing in untapped fields and clarify target customers in new fields by utilizing our advanced technologies. In the process, we have identified various key themes, such as high-precision microprocessing and automation. Meanwhile, advances in such areas as artificial intelligence (AI), big data, the Internet of things (IoT), and 3D printers are highlighting the importance of high-precision, ultra-compact mold and die components. In this context, we will focus on developing unique products. In January 2015, we

acquired AS9100 certification, the quality management standard for the aerospace industry, and we obtained Nadcap certification for specialized heat treatment process used in the international aerospace industry in March 2016. In these and other ways, we have laid the cornerstones for future business expansion.

As for “conversion to a high profitability business model,” we have established an R&D system for the entire Punch Group, increased sales of high value-added products in Japan, expanded our lineup of strategic products in China, and actively broadened our cemented carbide product business in Southeast Asia. As a result, we have increased our involvement in high profitability businesses.

Each of the aforementioned initiatives has delivered tangible results, but we still have some way to go before achieving the ratio of profit to sales on a par with European and North American manufacturing industry levels, which we hope to realize in the future. Under “VC2020,” we will further emphasize and entrench the three priority initiatives of the previous plan as we strive to build a foundation to fulfill them. To more clearly identify a trajectory for renewed growth, we visualized the Group we want to be in 2020 and decided on actions to take through fiscal 2020 to bridge the gap between this vision and the Group we are today. The four priority initiatives of the current plan are: (1) Establishment of five-pole sales system (Japan, China, Southeast Asia and India, Europe, and the Americas), (2)

Improvement of customer services, (3) Promotion of high profitability businesses with reinforcement of R&D, and (4) Reform of working style. Over the next five years (fiscal 2016–2020), we will transition carefully from a period of preparation to one of reaping results. The “Punch Spirit” will be the driving force to achieve our targets for fiscal 2020.

The Punch Spirit: instilling our manufacturing-related DNA in all employees

Since our founding in 1975, the cornerstones of our Company’s survival have been the foresight and fortitude of Yuji Morikubo, our founder and current honorary chairman. Especially in these times of uncertainty, we need to embrace new challenges and not quit even in the face of failure as we concentrate on innovative ideas and passionately bring all projects to fulfillment—rather than aimlessly adhere to conventional working styles.

At this time, which could be called our second foundation toward becoming a global Punch Industry, we need to once more return to our origins and instill our manufacturing-related DNA throughout the Group. Based on this approach, we have clarified three key themes—“Challenge,” “Imaginative & innovative,” and “Open & honest”—so that the “Punch Spirit” returns to the founder’s spirit.

Outline of “VC2020”

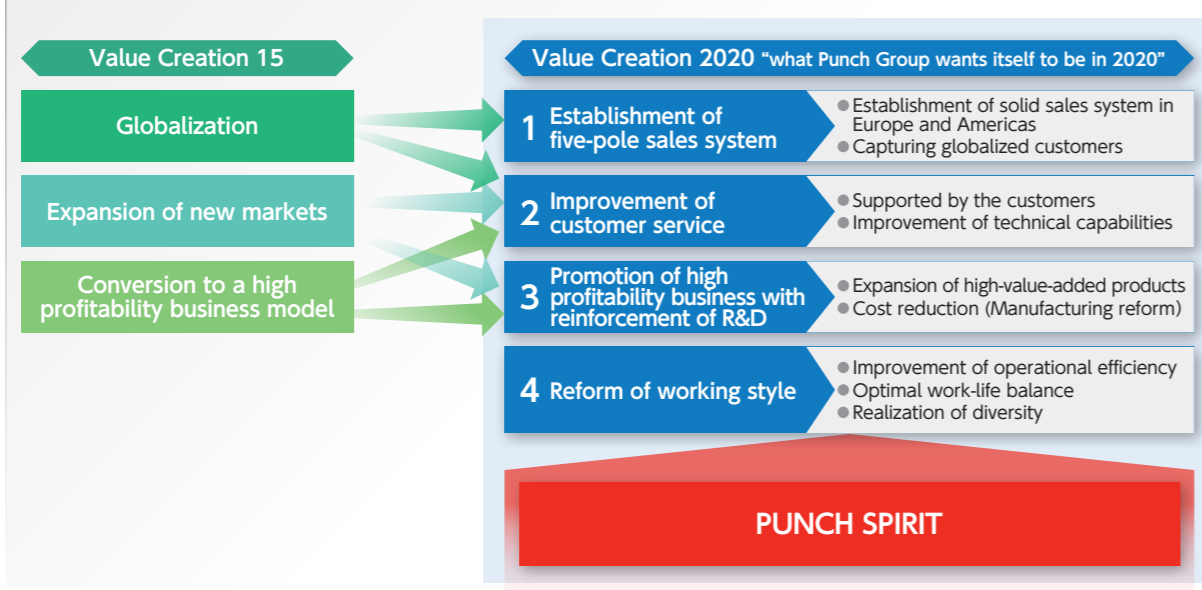
With the “Punch Spirit” foremost in our minds, we will promote the following three reforms to realize the potential of each and every one of the Punch Group’s 4,000 employees.

The first is “reform of mindset.” To this end, we will fundamentally reassess manufacturing to commission our new plant in Vietnam, scheduled to commence operations in the fall of 2016. We will also undertake various reforms going forward, including developing new businesses and services that reflect customers’ wide-ranging needs. To realize these reforms, we need to instigate “reform of mindset” in each employee so they can embrace new challenges without relying on the status quo.

The second is “reform of system.” Here, we will fundamentally reassess the working styles of all departments, including the manufacturing, sales, and administration departments. In addition to raising productivity, we will emphasize the reduction of working hours and introduction of varied working styles, and we will promote human resource system reforms linked to these activities.

The third is “reform of business culture.” Paralleling top-down efforts to implement the two aforementioned reforms, we will promote bottom-up initiatives to reform our corporate culture. These efforts will be spearheaded by our various workplaces.

Linkage of Priority Initiatives of “Value Creation”



What’s Punch Spirit?



Yuji Morikubo
Founder, Honorary Chairman

Concept of Value Creation 2020



Leveraging these three reforms, we will strive to be a global Punch Industry. Specifically, we will endeavor to become a company that supports product manufacturing around the world by establishing a five-pole sales system centered on Japan, China, Southeast Asia and India, Europe, and the Americas.

Management objectives: growth strategies divided into two stages

Under "VC2020," we have set the following management objectives to be achieved by fiscal 2020: net sales of ¥47 billion or higher, operating income of ¥3.3 billion or higher, and profit attributable to owners of parent of ¥2.3 billion or higher.

In order to transition to a new growth trajectory in fiscal 2020, we have divided the five-year period covered

by the plan (fiscal 2016–2020) into two stages. In the first three years, positioned as a period of "investment and run-up," we will undertake concentrated investments to conduct structural reforms. At the new plant in Vietnam, scheduled to commence operations in the fall of 2016, we will strive to increase revenues, reduce costs, and lower selling, general, and administrative expenses. We expect that progress in these three areas will contribute to the growth of the Punch Group. We will work earnestly to these ends, which will also be integral to achieving our management objectives.

We have positioned the subsequent two years as a period of "full-scale start of Punch Group new production system." During this time, we will establish a five-pole sales system, and step up efforts to attract business for special-order products, and generate steady income.

By uniting as a group to implement these various measures, we feel we can achieve the management objectives set under the current mid-term business plan.

We have also set an ROE target of 11% by fiscal 2020, but this is not a "whatever it takes" target. As such, we have not devised specific measures at the present time. Over the five-year period of "VC2020," we will emphasize increased income from core businesses while focusing on making, selling, and earning, and boosting asset efficiency, which is fundamental to corporate management. Consequently, we hope to raise ROE.

A message to our stakeholders

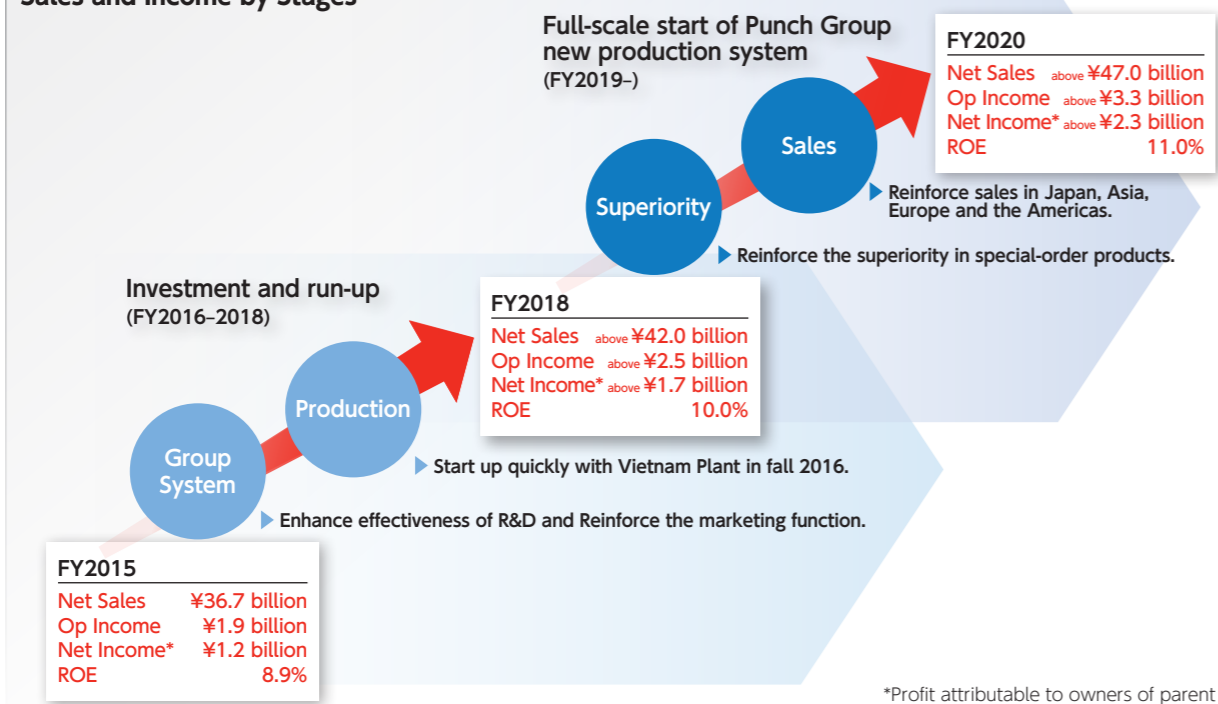
We will continue working hard to make all stakeholders—including shareholders and other investors, customers, business partners, employees, and local communities—feel pleased about the existence of the Punch Group, their investments in the Group, their dealings with the Group, and their jobs at the Group. To this end, we will raise the motivation levels of each and every employee, reinforce our organizational strength, and increase work productivity and earnings power. At the same time, we will become an indispensable company for the world that demonstrates its presence in the form of its ability to support the prosperous lifestyles of people around the world. I feel that my job is to guide the Group along this path.

To increase motivation levels within the entire Group, we need to encourage executive officers, our leaders, to change the way they behave. Based on this premise, we reinforced our system of executive officers responsible for business management. At the same time, seeking to strengthen corporate governance, we fortified the management supervision and oversight functions of the Board of Directors. By clarifying these respective responsibilities—business execution and management supervision and oversight—we will execute highly reliable business operations.

Through these initiatives, we will improve our ability to generate earnings and grow and thus increase returns to shareholders.

We look forward to the continued support of all stakeholders in the future.

Sales and Income by Stages



A Message from the COO

Under Value Creation 2020, which builds on the achievements of Value Creation 15, we will demonstrate our strengths through proactive capital investments while focusing on manufacturing high value-added and special-order products. We will also enter the aerospace industry and step up sales in food- and medical-related fields. By promoting these initiatives via our five-pole sales system, we will achieve tangible growth.



Yasuhiro Sanada
Director
Chief Operating Officer

From the perspective of establishing a firm footing for renewed growth, a major achievement of "VC15" was our building of a global marketing system underpinned by both the R&D Headquarters and the Marketing Headquarters, with the Global Business Planning Office serving as a fulcrum. In the next stage, we will increase

the effectiveness of the global marketing system to optimize our production system and strengthen R&D, construct a framework based on close interaction among Group companies, and firmly entrench the Punch Group's comprehensive strengths.

Core Strategy of Value Creation 2020

| | Japan | China | Southeast Asia, India | Europe | Americas |
|---|--|-------|--------------------------|-------------------------|----------|
| Establishment of Five-pole Sales System | | | | Sales flow construction | |
| Improvement of Customer Service | Global sourcing Expansion of business with global companies | | | | |
| Promotion of High Profitability Business with Reinforcement of R&D | Reverse-engineering | | | | |
| | Reconstruction of manufacturing system (standard products & special-order products) • Starting operations in Vietnam plant • Manufacturing expansion of special parts in Japan and China • World-wide supplying of mold/die parts | | | | |
| | Food-related industry Aerospace-related industry | | Medical-related industry | | |
| Reform of Working Style | Enhancement of employee-oriented management and organizational strength Development of global human resources | | | | |

Establishment of five-pole sales system

In 2015, the world's mold and die market had grown to around ¥7.3 trillion, of which Japan and China accounted for more than half, followed by large markets in North America and Europe. At present, Japan and China account for slightly less than half of the Punch Group's net sales, with the remainder coming from other regions, mainly Southeast Asia. In the next five years, we will establish business foundations in Europe and the Americas.

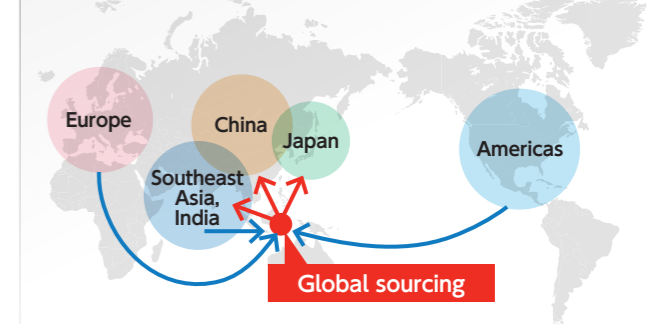
Over the past 26 years of our business development in China, our dealings with the Chinese operations of European and North American customers have increased. Based on relationships of trust, we now feel that customers expect us to set up business frameworks in Europe and North America. Therefore, we will take this opportunity to establish such frameworks in those regions, with the aim of attracting new customers and supplying products to them by fiscal 2020. One step at a time, we will work to become a company that supports global manufacturing.

Improvement of customer service

As the first cornerstone of setting up sales systems in Europe and North America, we established a Global Sourcing Department—responsible for optimizing procurement from production facilities to meet orders from Europe, North America, and Asia—within the Southeast Asia Group. Centralizing quotation processes in the Global Sourcing Department and allocating procurement to the most suitable production facilities enable us to fully utilize the assets of our Japanese, Chinese, Malaysian, and associated

Improvement of Customer Satisfaction with Global Sourcing

Order from Europe/Americas/Asia →
Supplying from optimum production base →



plants, thus shortening delivery lead times and providing meticulous responses in terms of costs and the like. We believe these efforts will lead to increased business for special-order products.

Improvement of customer service means more than simply making customers happy in relation to quality, delivery, and cost. It also means changing our mindsets and actions to create new joyful experiences that we can share with them. As the first step in this process, we will carry out reverse engineering to propose solutions to customers' problems. Many companies have lost their original blueprints following corporate restructurings and other such changes, and we thus receive numerous requests from customers wanting mold and die components based on the original items. We decided to address their demands through "VC2020." We will launch this initiative through our sales operations in Japan and will expand our efforts while monitoring the situation.



Promotion of high profitability business with reinforcement of R&D

To achieve comprehensively high profitability, we need to cut costs, disperse risks, and prioritize high value-added products and services. For the Punch Group, which owns around 1,800 machines, to fundamentally change its earnings structure over the next five years, it must work progressively with a greater sense of speed than that shown under “VC15.” To this end, we have divided our initiatives into two stages.

The first stage, covering the three years to the end of fiscal 2018, is positioned as an “investment and run-up” period. During this time, we will implement the following initiatives: (1) Commencement of operation of the Vietnam plant, currently under construction, (2) Establish optimal procurement by transfer of production items in China, and (3) Use the launch of the Vietnam plant to reduce of manufacturing cost in Japan.

We have positioned the second stage, from fiscal 2019 to fiscal 2020, as a period of “full-scale start of Punch Group new production system.” During this time, we will implement the following initiatives: (1) Reinforcement of production capacity of the Vietnam plant, (2) Transfer of production items in Japan, and (3) Reinforcement of production capability for special-order products in Japan.

At our various production bases in Japan and China, we will increase our ability to produce special-order products, invest in R&D and capital equipment, and obtain relevant certifications to expand our dealings with companies in other sectors earmarked for future growth. Over the next five years, we will also solidify our income foundation to achieve operating profit ratio and ROE targets befitting a global corporation. To this end, we will move to the forefront of technological advances and evolving needs as we strive to develop new products that seize overwhelming market shares and continue cultivating new markets.

Reform of working style

By “establishment of five-pole sales system,” “improvement of customer service,” and “promotion of high profitability business with reinforcement of R&D,” we will steadily achieve our targets. To this end, it is essential to energize our organization by reforming our working style. In so doing, we will change the mindset and actions of each and every one of our 4,000 employees while simultaneously reforming our human resource system. Seeking greater organizational strength, we will raise motivation levels to bolster work productivity and earnings power, which will benefit stakeholders in various ways. We will seek to use our ability to support the prosperous lifestyles of people around the world.

A Message from the CFO

Through the smooth flows of our business resources—people, goods, money, and information—I will focus on devising strategies that deliver maximum effect. I believe this is my mission.

Takao Murata
Director
Chief Financial Officer



Fiscal 2015 results

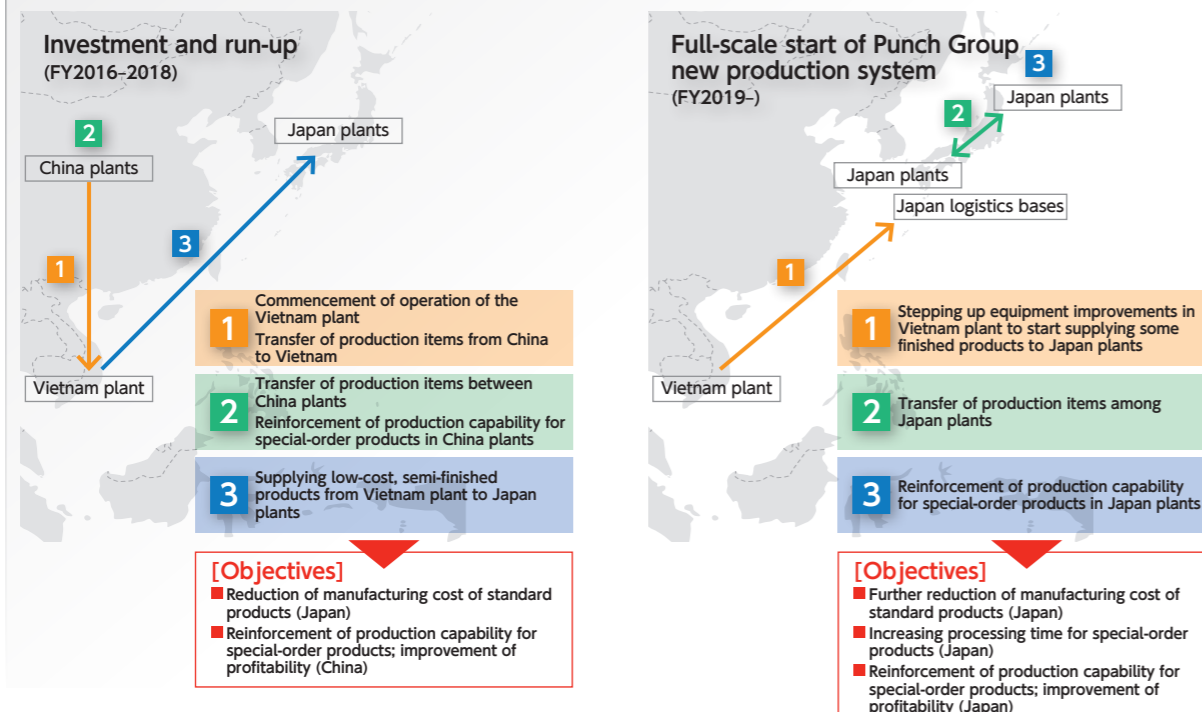
During the year, signs of an economic slowdown in China emerged, raising concerns about the impact at home. However, economic recovery in Japan and Southeast Asia, as well as efforts within China to minimize the decline, allowed us to come close to achieving our initial net sales and operating income targets, which I feel represents a good performance. That said, a sudden devaluation in the Chinese yuan, which had risen continuously in value over many years, led to valuation losses (foreign exchange losses) on U.S. dollar-denominated intercompany loans of Chinese subsidiaries, causing ordinary income and net income to fall short of our targets. Although income increased over the previous year, we must take seriously the fact that we did not meet our targets. We had no inclination about the yuan’s devaluation and were late to take proper action. As chief financial officer, I deeply regret this. Since then, we have started hedging against the yuan, and we are now fully hedged through options trading, so we will not be caught flat-footed again.

In addition to the Chinese yuan, we have many transactions in multiple foreign currencies, including the Malaysian ringgit, Indian rupee, and Indonesian rupiah, which are difficult to hedge the risk of, and the volume of such foreign-currency transactions is trending upwards. Going forward, we will prioritize the use of local currencies for transactions within the Group, and each of our operations will use its own nation’s currency. Beyond minimizing risk, we will pool foreign-currency denominated transactions, which could be affected by foreign exchange market movements, at our head office, then implement various hedging measures, including the use of exchange marry, forward exchange contracts, and options trading.

Outlook for fiscal 2016

Under our new mid-term business plan, “VC2020,” in fiscal 2016, we will increase sales of high value-added products, which are largely impervious to economic fluctuations, in Japan and China, and broaden our operations in other regions, thus substantially expanding the scope of our operations. Due to the

Promotion of High Profitability Business





devaluation of the Chinese yuan, however, sales in China, which account for around half of the Punch Group's net sales, are expected to be less than the previous year's results in yen terms. As forward-looking investments to build a high profitability business foundation, we plan to invest around ¥2.6 billion in the Vietnam Plant and in R&D. Through these activities, we forecast slight year-on-year increases in both net sales and operating income.

Investments and fund raising under "VC2020"

At present, we are extremely driven to invest in areas such as automation to increase production efficiency and in R&D to cultivate new markets and domains. Over the five-year period of "VC2020," we will make total capital investments of approximately ¥14 billion, including around ¥1.0 billion in the Vietnam Plant and around ¥1.5 billion in R&D, with depreciation expenses to be in the ¥7.0 billion range. We have positioned the next five years as a "period of aggression" driven by future-oriented investments.

Through these investments, we will expedite the reorganization of our global production system and dramatically change our cost structure. In conjunction

with the commencement of operations at the Vietnam Plant, which was constructed in 2015, we will reduce the costs of existing products by shifting part of our Japanese and Chinese production to Vietnam. We will then utilize our freed-up capacity in Japan and China to reinforce manufacturing of new high value-added products identified through R&D investments such as special-order products, thus boosting gross profit. We will also invest in R&D and capital equipment, obtain relevant certifications, and deploy other methods to reduce our exposure to changing economic conditions, and expand our dealings with companies in other sectors earmarked for future growth. By taking such measures, we plan to fully recover our investments during the period of "VC2020."

Regarding our capital strategy, we aim to build an optimal capital structure that can reap the benefits of leveraging to a certain extent while securing a sound financial base. To raise funds for these investments, our policy is to use our own capital and complement this with external borrowings. To do this, we will strengthen initiatives with two main focuses. First, we will increase profitability by both reducing costs and boosting orders for high value-added products, and second, we will enhance capital efficiency by increasing the total

asset turnover. While we are making large-scale investments, increasing our total asset turnover will be a difficult challenge, but we will respond by reducing working capital and emphasizing self-financing while paying maximum attention to collecting trade receivables, especially in China and India.

To increase return on equity (ROE), we need to boost "financial leverage" in addition to "profitability" and the "asset turnover ratio." We could increase ROE by borrowing more for share buybacks to boost financial leverage, however, doing so could potentially weaken our financial position and dampen our ability to increase corporate growth over the medium and long terms, thus failing the expectations of shareholders who have owned our shares for a long time. If surplus funds are generated due to increased capital efficiency, we will of course return such funds to shareholders and thus further raise ROE.

Future business priorities from a CFO's perspective

While my title is CFO, internally, I serve as general manager of the Administration Headquarters, so I oversee not only financial matters but also overall administration. Through the smooth flows of our business resources—people, goods, money, and information—I will focus on devising strategies that deliver maximum effect. I believe this is my mission. A key strategic priority in this regard is to energize our human resources. Reflecting the words, "A company is only as good as its people," a business can never function unless its people work, irrespective of the business infrastructure established or funding methods employed.

To this end, we will carry out the three following initiatives:

- (1) Increase satisfaction and motivation levels of employees
- (2) Support employees' skills development so each individual can fully excel in the workplace
- (3) Change working styles to achieve optimal work-life balance

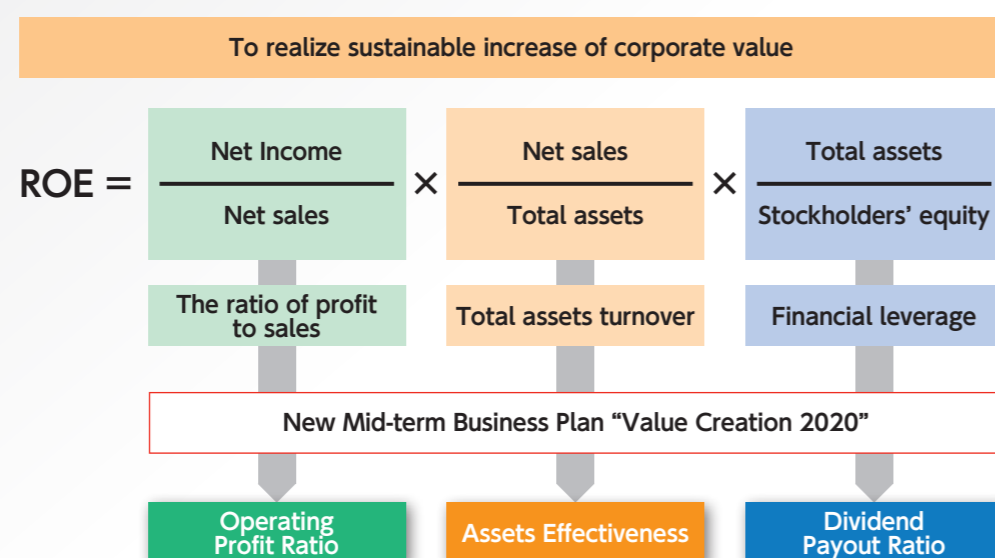
In addition, we will promote diversity by increasing opportunities for women to excel and actively recruiting foreign nationals. Through these initiatives, we will create a company in which all employees can work energetically with high aspirations. As a result, we will meet the expectations of all stakeholders, including customers, shareholders and other investors.

Stance on shareholder returns and shareholder composition

Our shareholder return policy centers mainly on dividend payments, with share buybacks and the like playing a complementary role. Over the next five years, we will continue paying stable dividends backed by increases in earnings and dividend amounts. Our plan is to raise our consolidated payout ratio incrementally to 30% from the current level of 20%.

As for shareholder composition, we have a policy of not having cross-shareholdings. By increasing the number of individual shareholders who own our shares over the long term, we hope to broaden our base of true Punch Industry fans and thus achieve a stable shareholder composition.

Measures to Increase ROE under Value Creation 2020



[Basic Policy for Dividend]

In addition to the stable and continuous dividends, targeting 30% as a consolidated payout ratio based on the performance.

CSR Initiatives

The Punch Group pursues CSR-oriented management that continually supports manufacturing worldwide.



Employees

● Human resources embodying the “Punch Spirit”

The history of the Punch Group is one of always seizing new challenges and relentlessly exerting our imaginative and innovative powers to overcome those challenges. As global circumstances become increasingly uncertain, each and every employee must strongly embrace the spirit of our founder and act accordingly to contribute significantly to customers and society. This is the major motivating force driving the Group forward and fostering the personal growth and job satisfaction of people working for the Group.

With a constant sense of curiosity, we will continue tackling challenges that most people regard as too difficult. Together with our colleagues, we will meet our targets through imagination and innovation. We will have open and honest discussions without concern for hierarchical or organizational differences. We have personnel who practice the “Punch Spirit,” strongly supported by Company frameworks and backed by a sound corporate culture. The “Punch Spirit” is instilled in the thoughts of human resources who work with vigor and enthusiasm in the Group, and also represents our commitment to them.

● Fostering human resources who support sustainable growth

(1) Meticulous rank-specific training to support employee development

We conduct 10 rank-specific training courses—from new employees to top management—according to what stage employees are at in their careers. By supporting the development of employees via training in their day-to-day activities and reinforcing intercompany ties between them, we are raising our organizational strength.

(2) Encouraging employees to embrace challenges as professionals

We encourage employees to become true professionals by elevating their talents, skills, and specialties to higher levels. This is the driving force of the Group. We will concentrate on fostering professionals in each workplace by encouraging them to hand down core technologies to the next generation of employees, obtain various qualifications, and acquire specialist knowledge and skills in the sales and staffing departments.

(3) Language education with a view to global business advancement

As we strive to advance globally, we support personal development learning in multiple languages for all employees, not just overseas workers.

● Topic: Overseas training system

The Group implements six-month training programs at its overseas bases. Trainees are solicited in-house from various departments—manufacturing, sales, and administration—and are educated through practical work experience in foreign countries.



Training in India

CSR Initiative Highlights

Local Communities

2016 National Sports Festival

Punch Industry was an official supporter of the 2016 National Sports Festival (Sports Festival Iwate).

We actively engaged in initiatives to enliven the festival.

2016 希望郷 いわて国体 2016 希望郷 いわて大会
 広げよう 感動。伝えよう 感謝。



Punch Industry is providing support to Sports Festival Iwate.

[Punch Industry's involvement]

- Participated in rehearsal events for soft tennis and badminton as volunteers
- Participated in Iwate Flower Campaign
- Participated in Challenge Day 2016

Donated five aluminum models of the Wanko Brothers made by Punch Industry to Kitakami City, Iwate Prefecture

As a corporate sponsor of the Kitakami City Preparation Committee for Sports Festival Iwate, in March 2016, Punch Industry donated five models of the Wanko Brothers (the official mascots for the festival) to Kitakami City, Iwate Prefecture. We are very proud of these gifts, which we made using aluminum based on our own CAD, CAM and cutting technologies.

With the aim of invigorating Sports Festival Iwate, the models have been put on display at the front entrance of the main government building of Kitakami City Hall.



Aluminum models of the Wanko Brothers on display at the main government building of Kitakami City Hall

Local Communities

Regional environmental initiatives



Volunteers removing vegetation by the road to make access to temporary housing easier

As part of our social contribution activities, we carry out regular cleanup activities in the areas surrounding our manufacturing plants. In Miyako district, where one of our plants is located, we provided a portion of the grounds around our plant for the construction of temporary housing for victims of the Great East Japan Earthquake. The access road to the site requires regular maintenance to prevent vegetation from interfering with traffic. For this reason, Punch Industry employees from Miyako district regularly mow the access road and undertake ground-leveling work on the road shoulder. As members of the local community, our employees are united in their efforts to foster local beautification.

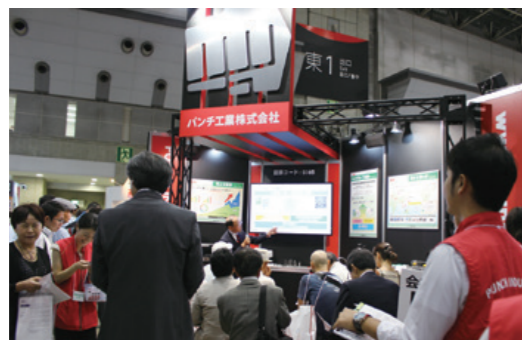
Shareholders and Other Investors

IR activities

Company briefings for individual investors and participation in IR events

To help more individual investors understand our business, we engage in a variety of IR events.

In the fiscal year ended March 31, 2016, we participated in the Nikkei IR Fair 2015, as we have done annually since our public listing. We also started holding briefings about the Company in Iwate Prefecture, which we had planned for some time.



Nikkei IR Fair 2015



Company briefing in Morioka City, Iwate Prefecture

Business Partners

Quality-enhancement initiatives

PUNCH INDUSTRY (Dalian) obtains AS9100 and Nadcap certifications

In January 2015, PUNCH INDUSTRY (Dalian) CO., LTD. acquired AS9100 certification, the quality management standard for the aerospace industry, and in March 2016, it obtained Nadcap certification for specialized heat treatment process used in the international aerospace industry.

In line with its accelerated global expansion, the Punch Group will strive to enter the aerospace industry, earmarked for future market growth. At the same time, we will work to further improve product quality with the aim of delivering better products and services to our customers.



AS9100



Nadcap

The Punch Group's CSR website:
<http://www.punch.co.jp/english/approach/society.html>

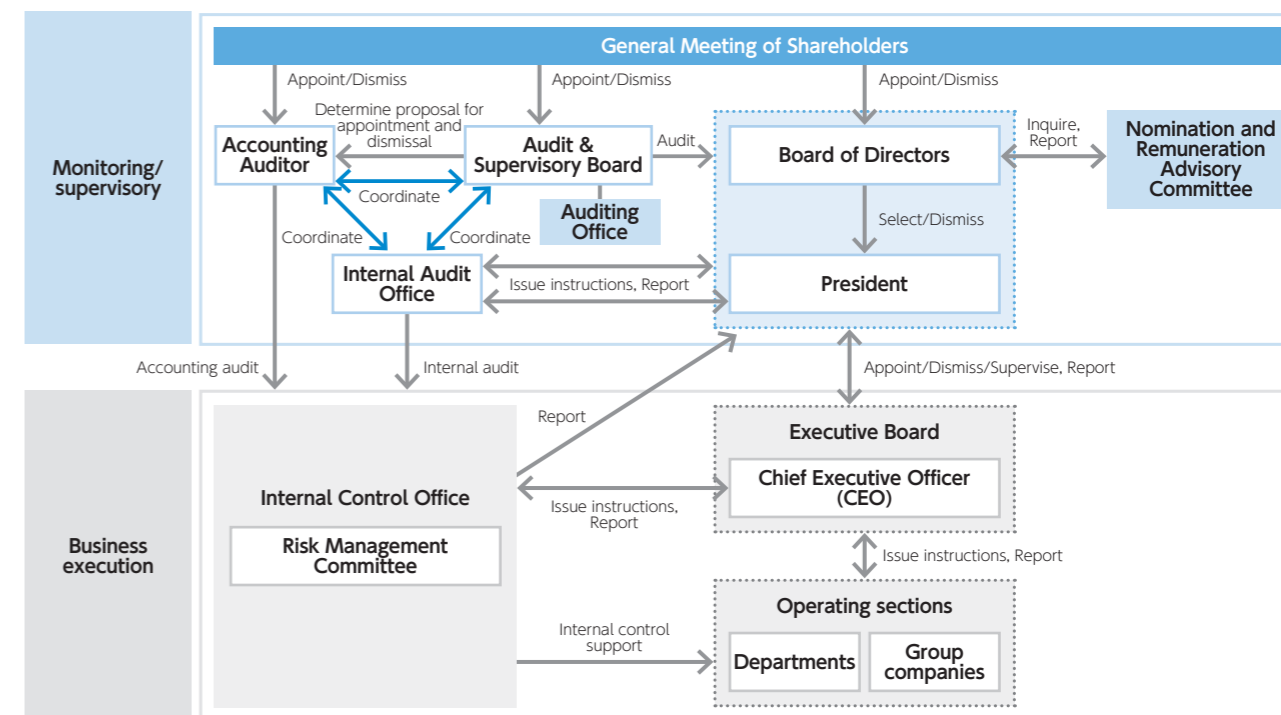
Corporate Governance

To continue being an entity that is highly regarded by society, the Punch Group will further improve the transparency and soundness of management by reinforcing corporate governance and maintaining rigorous compliance.

Basic Policy

The Punch Industry Group makes dedicated efforts to enhance corporate governance practices to comply with laws and sincerely fulfill the corporate social responsibility, to ensure the soundness and transparency of management, to protect the interests of all shareholders, customers and other stakeholders, and to continuously increase the corporate value, under the following concepts:

1. Securing shareholders' rights and equality
2. Appropriately cooperating with all the stakeholders including shareholders
3. Ensuring transparency by appropriate information disclosure
4. Supervising business execution by the Board of Directors
5. Engaging in constructive dialogue with shareholders



1. Board of Directors & Execution Structure

Punch Industry's Board of Directors, composed of a small number of members, five directors (including two external directors), is poised for prompt decision-making. The company holds the executive board as a decision-making body of the business execution, under the executive officer system, aiming to separate the monitoring/supervisory of the Board of Directors and executive functions of the management, and to define responsibilities and authority.

2. Executive Board

The Executive Board, composed of all executive officers, determines matters prescribed in resolutions/decision-making authority standards including important decisions on execution of business based on authority legitimately bestowed upon it by the Board of Directors.

3. Audit & Supervisory Board and its members

Audit & Supervisory Board is presently in place, composed of four

members (including two external members). The council monitors the company's governance practices and implementation status, and conducts an audit of daily activities, including the execution of duties by the directors. The external members are certified attorneys, and are responsible for monitoring management practices from the perspective of compliance.

In addition, Punch Industry sets Auditing Office and allocates dedicated staff to ensure the smooth audit engagement.

4. Nomination & Remuneration Advisory Committee

Punch Industry sets the non-statutory "Nomination and Remuneration Advisory Committee" as an advisory body of the Board of Directors centering on the external directors and the external auditors in order to clarify basic policies and standards, and enhance fairness and transparency of decision-making process, for determining on the nomination and remuneration of directors and executive officers, and for determining on the nomination of Audit & Supervisory Board Members.

5. Risk Management Committee

Composed of Directors, Full-time Audit & Supervisory Board Members, Executive officers, Chief of the Internal Audit Office, the Risk Management Committee oversees the development, maintenance and improvement of risk management and legal compliance frameworks, and implements employee training and education.

Compliance/Risk Management

Recognizing that rigorous compliance is absolutely essential for improving corporate value, the Punch Group has established a code of corporate ethics. Through extensive dissemination of the code, all officers and employees are aware that their conduct must comply with laws and regulations and meet the highest ethical standards.

We develop internal regulations governing risk management, as well as a risk management system. The system comprehensively identifies and assesses management and business risks that may affect our operations.

6. Remuneration of Board Members, etc.

The method of deciding on the remuneration of directors and auditors is approved by unanimous resolution of all members of the General Meeting of Shareholders. The Board of Directors decides the specific amount of remuneration for each director upon the examination of appropriateness at Nomination and Remuneration Advisory Committee, and the Audit & Supervisory Board decides the specific amount of remuneration for each auditor.

We have established a Risk Management Committee. The Committee identifies and assesses risks, while serving as a framework that ensures the thorough dissemination of compliance information throughout the entire Group through the implementation of ongoing employee education programs and training. Risk Management Guidelines contain provisions to be implemented in the event of an unforeseen occurrence that could impact our operations.



Message from an External Director

Yukiko Mitsuhashi
External Director

This year is my 17th year working as an attorney handling corporate legal affairs. To date, I have assisted numerous corporate clients both in Japan and overseas with inter-company business dealings. My job is essentially to properly analyze risks and effectively apportion such risks among the parties involved. As a company engaged in full-scale overseas business development, addressing risks becomes more and more important, in my opinion. Through discussions at Board of Directors' meetings, I will seek to support the further globalization of the Group from an objective standpoint.


In addition, corporate governance is one of my specialist fields. At long last, corporate governance in Japan is reforming its systems and energizing its discussions to reflect social perspectives. Now, we have reached the stage

of effectively realizing system reforms, and I certainly want to help bring about such reforms within the Group.

Recently, prior to my appointment as an external director, I had the opportunity to talk at length with Masaaki Takeda, the president, and other members of our management team. I sensed that everyone has a strong awareness of corporate governance, including Shigeru Yokoyama, who is already an external director, and I believe the Board of Directors has a culture which allows for frank discussions. By adding one more external director, in addition to lending a new voice to discussions and ensuring legal compliance in management, I would like to help the Board of Directors maximize the Group's growth potential from an outside perspective.

Before becoming an attorney, I spent eight years working in a corporation. I fully understand that a company's day-to-day management and growth are based on the day-to-day efforts of individual employees. I am the only female director at Punch Industry, and given the need for the dynamic engagement of all citizens, we must become a company in which all employees feel fulfilled and take pride in their work. Another key mission is to not neglect the Group's initiatives aimed at achieving working style reform. I believe these initiatives will definitely lead to increased corporate value over the medium and long terms.

I feel very humbled to be appointed as an external director, and I will strive to meet the expectations of all stakeholders while learning all I can about the Group's business.

 **Punch Industry's corporate governance website:**
<http://www.punch.co.jp/english/companyinfo/governance.html>

Directors, Audit & Supervisory Board Members, Honorary Chairman, and Executive Officers (As of June 22, 2016)

Directors



Masaaki Takeda
Chief Executive Officer



Yasuhiro Sanada
Chief Operating Officer



Takao Murata
Chief Financial Officer



Yuji Morikubo
Founder, Honorary Chairman

Honorary Chairman



Shigeru Yokoyama
External Director



Yukiko Mitsuhashi
External Director

Audit & Supervisory Board Members



Norio Kitsui
Full-time Audit & Supervisory Board Member



Susumu Sugita
Full-time Audit & Supervisory Board Member



Ryoichi Ando
External Audit & Supervisory Board Member



Yoriatsu Matsue
External Audit & Supervisory Board Member

Executive Officers



Makoto Kume



Akira Takanashi



Hiroshi Fujisawa



Hirohisa Morikubo



Tetsuji Morikubo



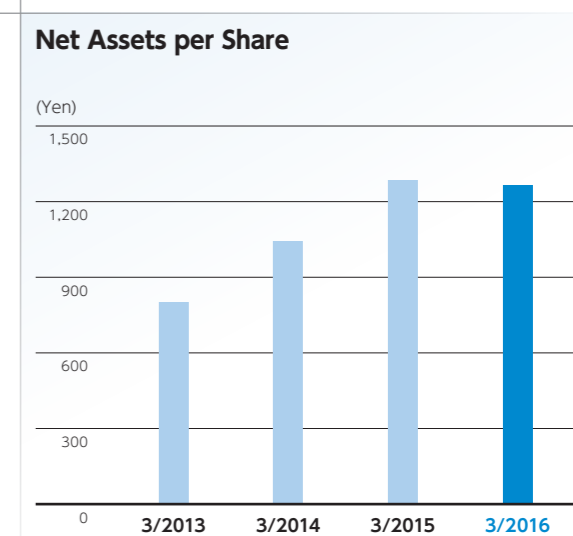
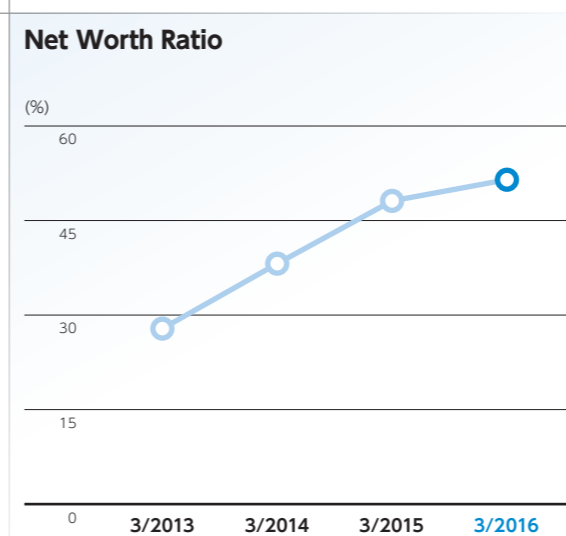
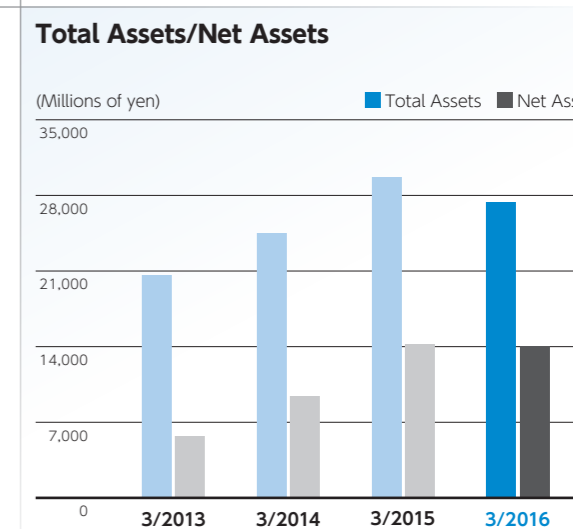
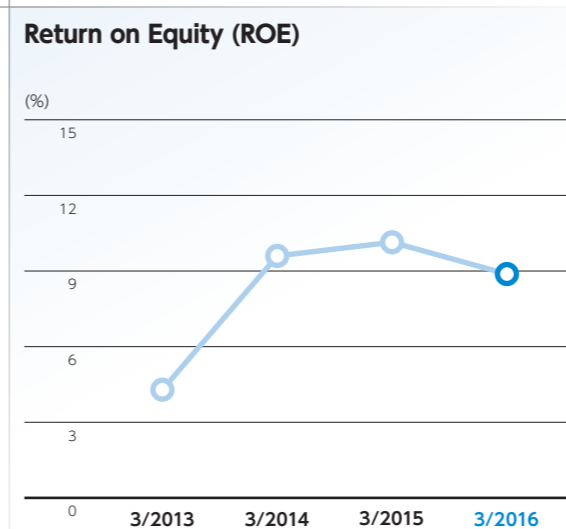
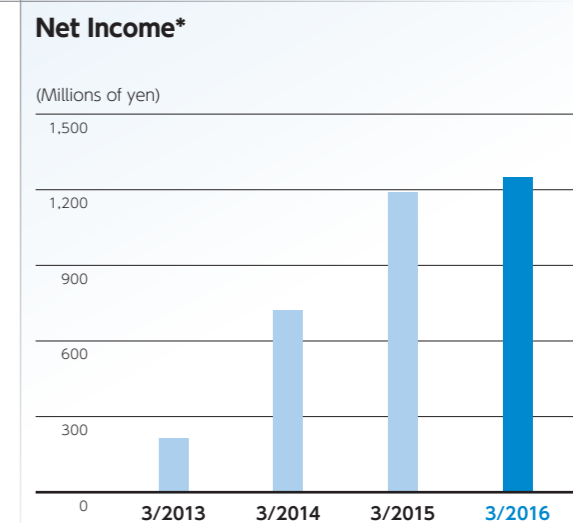
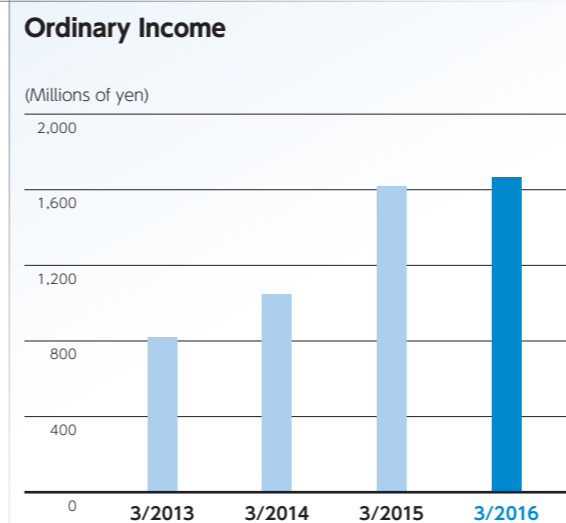
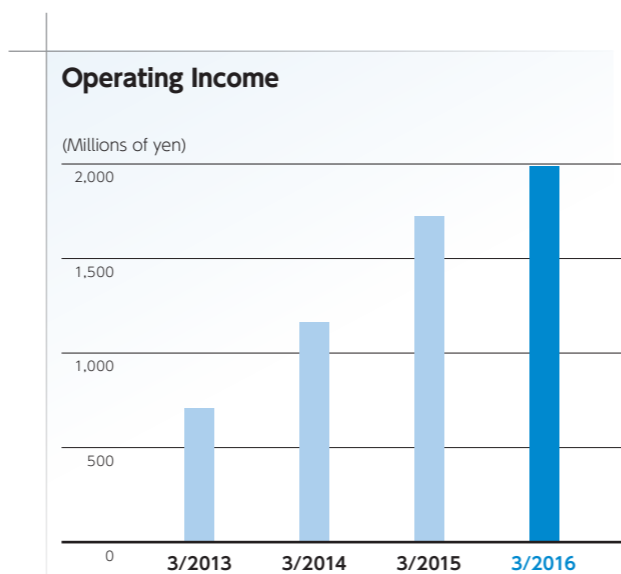
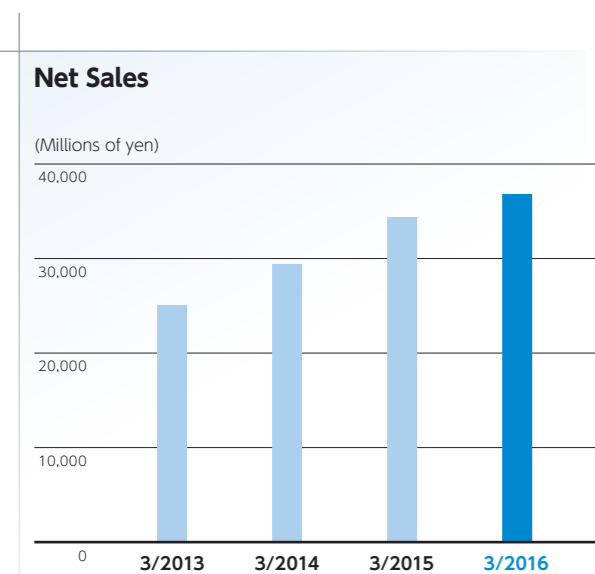
Hideki Kinumatsu

Financial Information

| | 3/2013 | 3/2014 | 3/2015 | 3/2016 |
|---|---------|----------|----------|-----------------|
| Net sales | 25,041 | 29,436 | 34,392 | 36,755 |
| Operating income | 707 | 1,161 | 1,724 | 1,986 |
| Ordinary income | 822 | 1,047 | 1,617 | 1,666 |
| Net income* | 213 | 720 | 1,188 | 1,249 |
| Earnings per share (yen) | 34.30 | 99.58 | 130.91 | 112.94 |
| Total assets | 20,573 | 24,471 | 29,623 | 27,337 |
| Net assets | 5,726 | 9,362 | 14,205 | 13,999 |
| Net assets per share (yen) | 800.87 | 1,043.83 | 1,283.75 | 1,264.64 |
| Return on equity (ROE) (%) | 4.3 | 9.6 | 10.1 | 8.9 |
| Net worth ratio (%) | 27.8 | 38.2 | 47.9 | 51.2 |
| Net cash provided by operating activities | 1,690 | 1,194 | 1,805 | 3,187 |
| Net cash used in investing activities | (1,773) | (1,252) | (1,180) | (1,159) |
| Net cash provided by (used in) financing activities | (41) | (370) | 1,013 | (1,901) |
| Free cash flow | (82) | (57) | 624 | 2,028 |

(Millions of yen)

*Fiscal year ended March 31, 2016: Profit attributable to owners of parent



Management's Discussion and Analysis

Performance Overview

In the fiscal year ended March 31, 2016, the global economy was expected to continue its moderate recovery overall, despite some signs of weakness. In the United States, economic recovery was anticipated to continue, although the impact of factors such as interest rates, crude oil prices, and the exchange rate of the dollar all bear watching. Meanwhile, the European economy continued to recover moderately, although the impact of such factors as the unemployment rate, price trends, and geopolitical risks must be kept in mind. While stable growth was anticipated in China, there were risks of a downswing due to trends in real estate prices and financial markets, among other factors.

The Japanese economy continued to show a moderate recovery trend amid ongoing improvement in the employment and income situation, although the impact of rising uncertainty in overseas economies and fluctuations in financial and capital markets should be considered.

Under these circumstances, the Punch Group continued to set globalization, expansion of new markets, and conversion to a high profitability business model as its three priority initiatives in the final fiscal year of its mid-term business plan, "Value Creation 15," launched in 2013. The Group engaged in efforts such as expanding sales in markets in Southeast Asia, India, Europe, and the Americas, enhancing activities to attract orders in new businesses in Japan and China, and reducing manufacturing costs.

In Japan, strong performance in the automobile and consumer electronics sectors combined with growth in the food and beverage sector led to a year-on-year rise in sales. In China, we were able to secure a year-on-year increase in sales on a cumulative basis, driven by automobiles, consumer electronics, and precision equipment, although a slowdown in economic growth became apparent in electronic devices and semiconductors from the third quarter of the fiscal year under review.

Revenue

Consolidated net sales increased 6.9% year on year, to ¥36,755 million.

Sales in Japan increased year on year, to ¥15,637 million, reflecting strong performance in the automobile and consumer electronics sectors in addition to growth in the food and beverage sector.

Overseas sales grew year on year on a cumulative basis, driven by automobiles, consumer electronics, and precision equipment. On the other hand, electronic devices and semiconductors brought to light the economic slowdown in China from the third quarter of the fiscal year

under review. In other regions, performance was robust in Singapore and Vietnam, and sales were favorable in Europe, the Americas, and Thailand as well. As a result, overseas sales amounted to ¥21,118 million.

Earnings

Operating income rose 15.2% year on year, to ¥1,986 million, due to an improvement in the cost of sales ratio resulting from improved plant operations and profit growth resulting from higher sales, despite an increase in selling, general and administrative expenses stemming from research and development investments and other factors.

Profit attributable to owners of parent grew 5.1% year on year, to ¥1,249 million, mainly due to a refund of income taxes following application of the preferential tax system at PUNCH INDUSTRY (Dalian) CO., LTD.

Financial Position

At March 31, 2016, total assets amounted to ¥27,337 million, down ¥2,286 million from a year earlier. This was primarily due to a decrease in notes and accounts receivable.

Total liabilities stood at ¥13,338 million, down ¥2,080 million from a year earlier. This was mainly due to a decrease in loans payable.

Net assets decreased ¥205 million from a year earlier, to ¥13,999 million. This was primarily due to an increase in retained earnings stemming from higher profit attributable to owners of parent and a decrease in foreign currency translation adjustments.

Cash Flows

Cash and cash equivalents at fiscal year-end totaled ¥3,235 million, down ¥66 million from a year earlier.

For the fiscal year under review, net cash provided by operating activities amounted to ¥3,187 million. Factors boosting cash flows included ¥1,656 million in income before income taxes and minority interests, ¥1,432 million in depreciation and amortization, and a ¥463 million decrease in notes and accounts receivable, offsetting a ¥440 million decrease in accounts payable and accrued expenses and ¥401 million in income taxes paid.

Net cash used in investing activities totaled ¥1,159 million. Main factors included ¥1,001 million in purchase of property, plant and equipment.

Net cash used in financing activities was ¥1,901 million. This was mainly due to a ¥922 million decrease in short-term loans payable, ¥687 million in repayment of long-term loans payable, and ¥304 million in cash dividends paid.

Business Risks

The following statements contain important issues with regard to the outlook of the Punch Group's business and operations, and may have a material effect on the decisions of investors. Please note that such forward-looking statements in this report are based on the judgments made by the Punch Group as of June 22, 2016. Undue reliance should not be placed on these or any other projections made by the Group.

1 Trends in customers' industries

The Punch Group does business with more than 10,000 customers at home and abroad, and we believe that our customer structure, which does not depend on any specific customer group, is well-balanced. Our major customers' industries encompass a wide range of products, including automobiles, electronic devices, semiconductors, consumer electronics, and precision equipment. It is therefore probable that market trends, price structures, and intensifying competition in these industries will determine trends in production and capital expenditure, and may impact the Punch Group's business performance.

2 Competition

The components for molds and dies that the Punch Group manufactures face competition in such areas as technology, price, and delivery. For standard products, we are concentrating on reducing manufacturing costs to enhance our competitive edge. For special-order products, we are differentiating ourselves from our competitors by building an integrated production system backed by advanced technological skills and by creating a customer-focused sales and market system. However, if these business strategies do not work according to plan, or we encounter unexpected developments from our competitors, or such developments occur to a greater degree than we anticipated, this could impact the Punch Group's business performance.

3 Purchase of principal raw materials

The Punch Group depends on a specific trading company and manufacturers for a large part of its purchases of principal raw materials such as steel and carbides. While we have built a stable supply system with these suppliers, any change in the management strategies, significant revisions to trade terms and conditions, or performance fluctuations in these suppliers could impact the Punch Group's business performance.

4 Undeveloped and new business fields

In addition to its existing business supplying components for plastic molds and press dies, the Punch Group has set its future growth strategies focusing on undeveloped businesses in fields where it can leverage its core strengths. However, if these efforts do not progress as anticipated due to changes in the economic situation, trends in related technological innovations, or developments by our competitors, the Punch Group's business performance may be affected.

5 Business risks in China

The Punch Group has been engaged in business activities in China since 1990, and to date has never faced a withdrawal or major employment adjustment in an environment that is different from Japan's in terms of business practices and employment systems. Our business in China now represents an important foundation of the Punch Group's consolidated operating income. Although we anticipate stable business expansion in the future in line with economic growth and amicable labor-management relations, any major changes to this business environment, including political unrest, mounting anti-Japanese sentiment, removal orders due to urban development policies, or higher labor costs, among others, could affect the Punch Group's business performance.

6 Business Risks in Southeast Asia and Other Regions

We have expanded our business in Southeast Asian markets since the conversion of PUNCH INDUSTRY MALAYSIA SDN. BHD. to a wholly owned subsidiary in August 2013. We are also making efforts to develop business in India, Europe, and the Americas. However, the Group's performance could be affected if there are any major changes in the business environment due to local political unrest, tightening of regulations, changes in economic conditions, uncertainty over currencies, or other factors.

While we believe that the goodwill generated in the wake of the consolidation of PUNCH MALAYSIA appropriately reflects its future earnings capacity, any deterioration in the profitability of this subsidiary caused by substantial changes in management or the business environment could impact the Punch Group's business performance due to a loss from goodwill impairment.

7 Collection of receivables

The Punch Group does business with more than 10,000 customers at home and abroad and conducts thorough credit management with each of our customers. However, if it becomes difficult to collect receivables due to a deterioration in management conditions or other factors at any of our customers, the Punch Group's business performance and financial position could be affected.

8 Domestic logistics system

For domestic distribution, the Company operates a centralized control system from its Tokyo Logistics Center (hereinafter, "TLC"), outsourced to external logistics companies, and an overnight shipping system has been implemented except for deliveries to some regions. However, if any problems occur at TLC, or if the delivery service is interrupted by a natural disaster or some other calamity, this could have an impact on the Punch Group's business performance.

9 Information systems

The Punch Group's sales management system and production management system form the basis of its business, and we believe that these systems operate with adequate stability and security. However, unpredictable events including natural disasters, failures in system hardware, software, or networks, or computer viruses causing system failures could affect the Punch Group's business performance.

10 Management of customer information

The Punch Group conducts transactions with more than 10,000 customers in Japan and overseas, and manages large volumes of customer information through electronic media and print media. If information leaks were to occur due to a failure of management or problems with the information system, etc., the Punch Group would face a serious loss of credibility, which would impact its business performance.

11 Noncurrent assets

The Punch Group holds a number of noncurrent assets, including production facilities, to meet a wide variety of customer needs. By applying the "Accounting Standards for Impairment of Fixed Assets" to these noncurrent assets, we endeavor to ensure that these assets remain sound by testing for impairment. However, depending on the profit and loss or cash flow situation of the Company's plants and offices and Group companies, these assets could have an impact on the Punch Group's operating results and financial position.

12 Fluctuations in foreign exchange rates

In preparing its consolidated financial statements, the Company faces systemic risks from foreign currency fluctuations in the Chinese yuan, Indian rupee, Malaysian ringgit, and others, when converting the currencies, used by overseas Group companies, into Japanese yen.

An increase in the number of transactions in foreign currencies is expected in line with the Company's accelerated global business development. The Company will protect its financial structure against foreign currency fluctuations by managing the risk associated with foreign exchange, including marrying exchange credits and debts for each currency, forward foreign exchange contracts, etc.

Chinese subsidiaries have foreign exchange risks for loans payable as some debts are in foreign currencies. The Company monitors the medium- to long-term trends in these currencies, and reduces the risk by taking countermeasures such as forward foreign exchange contracts to address short-term fluctuations.

However, significant foreign exchange fluctuations exceeding the Company's assumptions could impact the Punch Group's performance.

13 Interest-bearing debt

The Punch Group's ratios of interest-bearing debt to total assets are shown below.

| | (Consolidated) | |
|--|----------------|----------------|
| | March 31, 2015 | March 31, 2016 |
| Balance of interest-bearing debt (Thousands of yen) | 7,155,937 | 5,429,894 |
| Total assets (Thousands of yen) | 29,623,834 | 27,337,639 |
| Dependence on interest-bearing debt (%) | 24.2 | 19.9 |

Notes: 1. Balance of interest-bearing debt is the total of short-term loans payable, current portion of long-term loans payable, long-term loans payable, accounts payable (installments), and long-term accounts payable (installments).
2. Dependence on interest-bearing debt is the balance of interest-bearing debt divided by total assets x 100.

The Punch Group has lowered its dependence on interest-bearing debt, relatively speaking, as a result of reducing interest-bearing debt through efforts to secure profits by bolstering its earning capacity and to generate its own funds by reducing its working capital. However, our interest-bearing debt may increase in the future, as our policy is to continue to invest aggressively.

Under these circumstances, if we find it impossible to procure funds due to changes in the financial environment, and therefore difficult to execute our investment plans, and if the fund procurement costs increase amid the rising trend in market interest rates, the Punch Group's performance and financial position could be affected.

The Company's commitment-line contracts with major financial institutions contain financial covenants, and in the event of any infringement of these covenants, the Company could be required to repay the relevant loans, which could affect the Punch Group's financial position.

14 Human resources

The Punch Group has placed its emphasis on securing and developing capable human resources, and has implemented a range of personnel measures based on its personnel system with the aim of bolstering employee motivation and morale towards improving business performance. The Punch Group also recruits highly capable, talented personnel when necessary.

However, if these measures fail to function effectively, or the required personnel cannot be secured in time due to the situation in the human resources market, the Punch Group's performance could be affected.

15 Lawsuits and other actions

While the Punch Group exerts its utmost efforts to maintain and protect its intellectual property rights, it is conceivable that the Group, through the course of conducting business overseas, may become embroiled in a lawsuit concerning intellectual property rights due to differences in legal systems between countries.

Although the Punch Group has taken all possible precautions to ensure the quality of its products, if a lawsuit were brought to claim damage from a serious accident due to product failure or complaints, the Group may incur huge costs involving heavy compensation payments.

In addition to the above, if a material lawsuit were brought against its business operations, the Punch Group's performance could be affected.

16 Environmental measures

The Punch Group has established its "Environment Principles" and "Environmental Actions Guideline" to actively address environmental issues. However, if unexpected environmental problems occur, or changes in production facilities and waste treatment methods are required due to amendments to the relevant laws and regulations, the Punch Group's performance could be affected.

Measures to deal with soil contamination by volatile organic compounds at the site of the former Kanegasaki Plant have proceeded steadily thus far. However, if an unexpected situation arises, or significant changes are made to the laws and regulations associated with environmental policies, the Punch Group's performance could be affected.

17 Disasters

In addition to its headquarters, the Punch Group has four manufacturing sites, one distribution center, and 14 sales offices in Japan; six manufacturing sites and 32 sales offices in China; two manufacturing sites and five sales offices in Southeast Asia; and one sales office in India. If natural disasters, such as earthquakes and typhoons, or accidents including fires, occur, or if serious failures in the supply of electricity or in the telecommunications infrastructure occur due to unexpected problems at power generating facilities, etc., or if wars or acts of terrorism, etc., take place in the areas where these business operations are located, the Group's business performance could be affected.

Consolidated Balance Sheets

PUNCH INDUSTRY CO., LTD. and Consolidated Subsidiaries
March 31, 2015 and 2016

| | Millions of yen | | Thousands of U.S. dollars |
|--------------------------------------|-----------------|----------|---------------------------|
| | 3/2015 | 3/2016 | 3/2016 |
| ASSETS | | | |
| Current assets: | | | |
| Cash and deposits | ¥ 3,302 | ¥ 3,235 | \$ 28,718 |
| Notes and accounts receivable—trade | 11,613 | 10,614 | 94,201 |
| Merchandise and finished goods | 2,107 | 1,879 | 16,679 |
| Work in process | 516 | 464 | 4,122 |
| Raw materials and supplies | 1,368 | 1,377 | 12,222 |
| Deferred tax assets | 326 | 251 | 2,229 |
| Others | 239 | 216 | 1,922 |
| Allowance for doubtful accounts | (104) | (163) | (1,454) |
| Total current assets | 19,369 | 17,875 | 158,640 |
| Property plant and equipment: | | | |
| Buildings and structures | 5,188 | 5,156 | 45,758 |
| Machinery, equipment and vehicles | 13,684 | 13,721 | 121,772 |
| Tools, furniture and fixtures | 1,818 | 1,829 | 16,238 |
| Land | 835 | 824 | 7,319 |
| Construction in progress | 132 | 109 | 976 |
| Others | 3 | 3 | 29 |
| | 21,664 | 21,644 | 192,091 |
| Accumulated depreciation | (13,495) | (13,948) | (123,784) |
| Property, plant and equipment, net | 8,168 | 7,696 | 68,307 |
| Investments and other assets: | | | |
| Goodwill | 879 | 602 | 5,343 |
| Deferred tax assets | 120 | 191 | 1,704 |
| Others | 1,178 | 1,012 | 8,985 |
| Allowance for doubtful accounts | (93) | (41) | (365) |
| Total investments and other assets | 2,085 | 1,765 | 15,667 |
| Total assets | ¥ 29,623 | ¥ 27,337 | \$ 242,613 |

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|---------|---------------------------|
| | 3/2015 | 3/2016 | 3/2016 |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities: | | | |
| Notes and accounts payable—trade | ¥ 4,098 | ¥ 3,860 | \$ 34,257 |
| Short-term loans payable | 4,174 | 3,062 | 27,177 |
| Current portion of long-term loans payable | 675 | 488 | 4,334 |
| Income taxes payable | 238 | 209 | 1,860 |
| Provision for bonuses | 440 | 445 | 3,958 |
| Others | 2,685 | 2,385 | 21,166 |
| Total current liabilities | 12,312 | 10,451 | 92,752 |
| Long-term liabilities: | | | |
| Long-term loans payable | 2,306 | 1,794 | 15,923 |
| Net defined benefit liability | 523 | 859 | 7,625 |
| Others | 275 | 233 | 2,073 |
| Total long-term liabilities | 3,105 | 2,886 | 25,620 |
| Net assets: | | | |
| Shareholders' equity: | | | |
| Capital stock | 2,897 | 2,897 | 25,716 |
| Capital surplus | 2,626 | 2,626 | 23,311 |
| Retained earnings | 6,155 | 7,061 | 62,671 |
| Total shareholders' equity: | 11,679 | 12,586 | 111,699 |
| Accumulated other comprehensive income: | | | |
| Valuation difference on available-for-sale securities | 1 | — | — |
| Foreign currency translation adjustments | 2,489 | 1,598 | 14,189 |
| Remeasurements of defined benefit plans | 28 | (196) | (1,745) |
| Total accumulated other comprehensive income | 2,520 | 1,402 | 12,444 |
| Non-controlling interests | 5 | 10 | 97 |
| Total net assets | 14,205 | 13,999 | 124,241 |
| Total liabilities and net assets | ¥29,623 | ¥27,337 | \$242,613 |

Section 1:
How the Punch Group
Creates Value

Section 2:
Strategies and Practices to Further
Create Value for the Punch Group

Section 3:
The Basis Supporting
Value Creation

Section 4:
Financial and Corporate
Information

Consolidated Statements of Income

PUNCH INDUSTRY CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2015 and 2016

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|----------------|---------------------------|
| | 3/2015 | 3/2016 | 3/2016 |
| Net sales | ¥34,392 | ¥36,755 | \$326,197 |
| Cost of sales | 25,030 | 26,577 | 235,867 |
| Gross profit | 9,361 | 10,178 | 90,330 |
| Selling, general and administrative expenses | 7,637 | 8,191 | 72,696 |
| Operating income | 1,724 | 1,986 | 17,364 |
| Operating income (expenses): | | | |
| Interest income | 14 | 30 | 274 |
| Dividend income | 8 | 3 | 27 |
| Gain on sales of scraps | 32 | 31 | 276 |
| Interest expenses | (111) | (91) | (813) |
| Foreign exchange losses | — | (293) | (2,602) |
| Soil contamination expenses | (35) | — | — |
| Gain on sales of noncurrent assets | 7 | 4 | 36 |
| Gain on sales of investment securities | — | 3 | 29 |
| Loss on sales and retirement of noncurrent assets | (12) | (17) | (159) |
| Other, net | (15) | (0) | (4) |
| Total | (112) | (330) | (2,936) |
| Income before income taxes | 1,612 | 1,656 | 14,698 |
| Income taxes: | | | |
| Current | 480 | 450 | 3,994 |
| Refund of income taxes | (0) | (83) | (738) |
| Deferred | (51) | 44 | 394 |
| Total | 428 | 411 | 3,650 |
| Profit | 1,183 | 1,244 | 11,047 |
| Loss attributable to non-controlling interests | (4) | (4) | (39) |
| Profit attributable to owners of parent | ¥ 1,188 | ¥ 1,249 | \$ 11,086 |

Consolidated Statements of Comprehensive Income

PUNCH INDUSTRY CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2015 and 2016

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|----------------|---------------------------|
| | 3/2015 | 3/2016 | 3/2016 |
| Profit | ¥ 1,183 | ¥ 1,244 | \$11,047 |
| Other comprehensive income: | | | |
| Valuation difference on available-for-sale securities | 0 | (1) | (17) |
| Foreign currency translation adjustments | 1,058 | (875) | (7,768) |
| Remeasurements of defined benefit plans | 76 | (225) | (1,997) |
| Total other comprehensive income | 1,135 | (1,102) | (9,783) |
| Comprehensive income | ¥2,319 | ¥ 142 | \$ 1,264 |
| Comprehensive income attributable to: | | | |
| Owners of the parent | ¥2,322 | ¥ 136 | \$ 1,216 |
| Non-controlling interests | (3) | 5 | 49 |

Consolidated Statements of Changes in Net Assets

PUNCH INDUSTRY CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2015 and 2016

| | Millions of yen | | | | | | | | | |
|--|----------------------|-----------------|-------------------|----------------------------|---|--|---|--|---------------------------|------------------|
| | Shareholders' equity | | | | Accumulated other comprehensive income | | | | | |
| | Capital stock | Capital surplus | Retained earnings | Total shareholders' equity | Valuation difference on available-for-sale securities | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | Non-controlling interests | Total net assets |
| Balance at March 31, 2014 | ¥1,571 | ¥1,300 | ¥5,096 | ¥ 7,968 | ¥ 1 | ¥1,432 | ¥ (47) | ¥1,385 | ¥ 9 | ¥ 9,362 |
| Cumulative effects of changes in accounting policies | | | 72 | 72 | | | | | | 72 |
| Issuance of new shares | 1,326 | 1,326 | | 2,652 | | | | | | 2,652 |
| Dividends from surplus | | | (201) | (201) | | | | | | (201) |
| Profit attributable to owners of parent | | | 1,188 | 1,188 | | | | | | 1,188 |
| Net other changes of items during the period | | | | | 0 | 1,057 | 76 | 1,134 | (3) | 1,131 |
| Balance at March 31, 2015 | 2,897 | 2,626 | 6,155 | 11,679 | 1 | 2,489 | 28 | 2,520 | 5 | 14,205 |
| Cumulative effects of changes in accounting policies | | | (38) | (38) | | | | | | (38) |
| Dividends from surplus | | | (304) | (304) | | | | | | (304) |
| Profit attributable to owners of parent | | | 1,249 | 1,249 | | | | | | 1,249 |
| Net other changes of items during the period | | | | | (1) | (891) | (225) | (1,118) | 5 | (1,112) |
| Balance at March 31, 2016 | ¥2,897 | ¥2,626 | ¥7,061 | ¥12,586 | ¥ — | ¥1,598 | ¥(196) | ¥1,402 | ¥10 | ¥13,999 |

| | Thousands of U.S. dollars | | | | | | | | | |
|--|---------------------------|-----------------|-------------------|----------------------------|---|--|---|--|---------------------------|------------------|
| | Shareholders' equity | | | | Accumulated other comprehensive income | | | | | |
| | Capital stock | Capital surplus | Retained earnings | Total shareholders' equity | Valuation difference on available-for-sale securities | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | Non-controlling interests | Total net assets |
| Balance at March 31, 2015 | \$25,716 | \$23,311 | \$54,625 | \$103,653 | \$17 | \$22,097 | \$ 252 | \$22,366 | \$49 | \$126,068 |
| Cumulative effects of changes in accounting policies | | | (341) | (341) | | | | | | (341) |
| Dividends from surplus | | | (2,700) | (2,700) | | | | | | (2,700) |
| Profit attributable to owners of parent | | | 11,086 | 11,086 | | | | | | 11,086 |
| Net other changes of items during the period | | | | | (17) | (7,908) | (1,997) | (9,922) | 49 | (9,873) |
| Balance at March 31, 2016 | \$25,716 | \$23,311 | \$62,671 | \$111,699 | \$ — | \$14,189 | \$(1,745) | \$12,444 | \$97 | \$124,241 |

Consolidated Statements of Cash Flows

PUNCH INDUSTRY CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2015 and 2016

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------------|---------------------------|
| | 3/2015 | 3/2016 | 3/2016 |
| Cash flows from operating activities: | | | |
| Income before income taxes and minority interests | ¥ 1,612 | ¥ 1,656 | \$ 14,698 |
| Adjustments for: | | | |
| Depreciation and amortization | 1,316 | 1,432 | 12,716 |
| Amortization of goodwill | 97 | 89 | 791 |
| Increase in net defined benefit liability | 12 | 11 | 102 |
| Increase in provision for bonuses | 80 | 5 | 49 |
| Increase (decrease) in allowance for doubtful accounts | (25) | 17 | 157 |
| Increase (decrease) in soil contamination expenses | (260) | — | — |
| Interest and dividends income | (22) | (33) | (301) |
| Interest expenses | 111 | 91 | 813 |
| Foreign exchange losses | 430 | 337 | 2,997 |
| Loss on sales and retirement of noncurrent assets | 4 | 13 | 122 |
| Decrease (increase) in notes and accounts receivable—trade | (1,142) | 463 | 4,111 |
| Decrease (increase) in inventories | (356) | 109 | 970 |
| Increase in notes and accounts payable—trade | 182 | 45 | 406 |
| Increase (decrease) in accounts payable—other and accrued expenses | 679 | (440) | (3,911) |
| Others, net | (440) | (154) | (1,367) |
| Subtotal | 2,281 | 3,645 | 32,355 |
| Interest and dividends income received | 21 | 33 | 301 |
| Interest expenses paid | (105) | (90) | (804) |
| Income taxes paid | (392) | (401) | (3,563) |
| Net cash provided by operating activities | 1,805 | 3,187 | 28,288 |
| Cash flows from investing activities: | | | |
| Net decrease in time deposits | 21 | — | — |
| Purchase of property, plant and equipment | (1,129) | (1,001) | (8,884) |
| Proceeds from sales of investment securities | — | 5 | 50 |
| Proceeds from sales of property, plant and equipment | 14 | 14 | 131 |
| Purchase of intangible assets | (109) | (125) | (1,117) |
| Payments of long-term loans receivable | (41) | (37) | (331) |
| Collection of long-term loans receivable | 46 | 41 | 372 |
| Others, net | 18 | (57) | (507) |
| Net cash used in investing activities | (1,180) | (1,159) | (10,287) |
| Cash flows from financing activities: | | | |
| Net decrease in short-term loans payable | (743) | (922) | (8,185) |
| Proceeds from long-term loans payable | 900 | 12 | 115 |
| Repayment of long-term loans payable | (1,341) | (687) | (6,102) |
| Proceeds from issuance of common stock | 2,639 | — | — |
| Cash dividends paid | (201) | (304) | (2,700) |
| Others, net | (238) | (0) | (6) |
| Net cash provided by (used in) financing activities | 1,013 | (1,901) | (16,878) |
| Effect of exchange rate change on cash and cash equivalents | 157 | (193) | (1,715) |
| Net increase (decrease) in cash and cash equivalents | 1,795 | (66) | (592) |
| Cash and cash equivalents at beginning of period | 1,506 | 3,302 | 29,310 |
| Cash and cash equivalents at end of period | ¥ 3,302 | ¥ 3,235 | \$ 28,718 |

Company Profile (As of March 31, 2016)

| | | | |
|----------------------------|--------------------------|--------------------|---|
| Company name | PUNCH INDUSTRY CO., LTD. | Head office | Omori Bellport E-5F., 6-22-7 Minami-oi, Shinagawa-ku Tokyo |
| Established | 1975 | Business | Manufacture and sale of mold and die components |
| Capital | 2,897.73 million yen | Main banks | The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited Resona Bank, Limited |
| Number of employees | 3,836 (consolidated) | | |

Introduction to Company Website and IR e-Magazine

Company Website



Top page

Investor Relations

The Punch Industry website contains various information, including Company Overview, Business Overview, and Investor Relations information.

<http://www.punch.co.jp/english/>

IR e-Magazine



Please subscribe to our e-Magazine using this QR code or URL. (Japanese language only)

We provide business results, press releases, and other IR-related information via e-mail.

<https://fofa.jp/punch/a.p/102/>
(Japanese language only)

PUNCH INDUSTRY CO., LTD.

PUNCH INDUSTRY CO., LTD.

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PT. PUNCH INDUSTRY INDONESIA

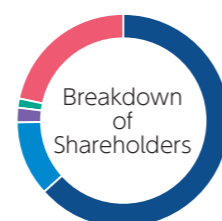
Komplek Griya Inti Sentosa Jl. Griya Agung No.3, Sunter Agung Jakarta 14350 Indonesia
TEL: +62-21-641-0730

Investor Information (As of March 31, 2016)

Stock Information

| | |
|-----------------------------------|-------------------------------------|
| Total number of authorized shares | 40,000,000 |
| Total number of shares issued | 11,061,200 |
| Number of shareholders | 4,766 |
| Stock exchange listing | First Section, Tokyo Stock Exchange |
| Security code | 6165 |
| Number of shares per trading unit | 100 |
| Transfer agent | Sumitomo Mitsui Trust Bank |
| Accounting auditor | PricewaterhouseCoopers Aarata LLC |

Note: On July 1, 2016, PricewaterhouseCoopers Aarata changed its name to PricewaterhouseCoopers Aarata LLC.

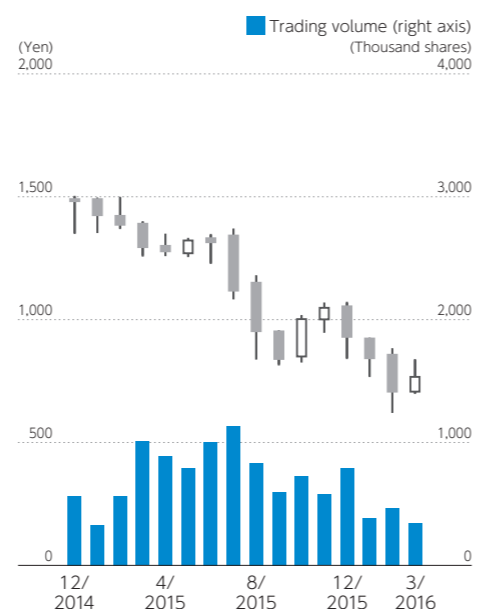


| | | |
|----------------------------|-----------|---------------|
| ■ Individuals and others | 7,022,018 | 63.48% |
| ■ Other domestic companies | 1,270,900 | 11.49% |
| ■ Foreign companies | 229,600 | 2.08% |
| ■ Securities companies | 156,482 | 1.41% |
| ■ Financial institutions | 2,382,200 | 21.54% |

Major Shareholders (Top 10)

| Name | Number of shares held | Percentage of shares held (%) |
|--|-----------------------|-------------------------------|
| MT Kosan Co., Ltd. | 1,090,000 | 9.85 |
| Master Trust Bank of Japan, Ltd. (trust account) | 1,082,300 | 9.78 |
| Yuji Morikubo | 822,000 | 7.43 |
| Tetsuji Morikubo | 650,000 | 5.88 |
| Punch Industry Employees' Stock Ownership Scheme | 565,700 | 5.11 |
| Nomura Trust and Banking Co., Ltd. (trust account) | 272,300 | 2.46 |
| Michiko Kamba | 231,000 | 2.09 |
| Japan Trustee Services Bank, Ltd. (trust account) | 204,400 | 1.85 |
| Kenji Sugimoto | 155,400 | 1.40 |
| Hirohisa Morikubo | 128,000 | 1.16 |

Stock Prices and Trading Volumes



Inquiries

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Disclaimer Regarding Forward-Looking Statements

This annual report contains forward-looking statements regarding Punch Industry's future plans, strategies, and forecasts. Such statements are not based on historical fact, but are expectations, estimates, and forecasts based on information currently available. These expectations, estimates, and forecasts involve many potential risks and uncertainties, including changes to the economy, exchange rate variations, changes in the competitive environment, the outcome of current or future litigation, or the continued usefulness of capital procurement. As a result, actual business results may differ materially from these statements. Accordingly, investors are cautioned not to place undue reliance on forward-looking statements. Punch Industry is not obliged to amend these forward-looking statements based on new information or future events.