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(Translation)

(Code No.: 4665)

June 1, 2018

To Shareholders

Teruji Yamamura
President & CEO
Duskin Co., Ltd.
1-33 Toyotsu-cho, Suita-shi,
Osaka 564-0051 JAPAN

Notice of the 56th Annual General Meeting of Shareholders

The 56th Annual General Meeting of Shareholders will be held as indicated below under the heading of “Details of the Meeting” and your attendance is cordially requested.

If you are unable to attend on this date, you may exercise your voting rights either in writing or via electronic format (Internet). In this case, you are requested to carefully review the Reference Material for the Annual General Meeting of Shareholders, attached hereto, and exercise your voting rights by 5:00 pm on Wednesday, June 20, 2018.

Details of the Meeting

- 1: Date and Time:** 10:00 am on Thursday, June 21, 2018
(The reception is scheduled to start at 9:00 am.)
- 2: Venue:** Main Hall, Osaka International Convention Center 5th Floor
5-3-51 Nakanoshima, Kita-ku, Osaka, Japan
- 3: Purpose of the Shareholders’ Meeting**

Items to be reported

1. Presentation of the business report, the Consolidated Financial Statements for Fiscal 2017 (April 1, 2017 to March 31, 2018) and Result on Consolidated Financial Statement Auditing Report by Accounting Auditors and the Audit & Supervisory Board
2. Presentation of the business performance, Fiscal 2017 (April 1, 2017 to March 31, 2018)

Matters to be resolved

- Proposal 1: Proposal for Appropriation of Retained Earnings
- Proposal 2: Partial Amendments to the Articles of Incorporation
- Proposal 3: Election of Nine (9) Members of the Board of Directors
- Proposal 4: Election of One (1) Member of the Audit & Supervisory Board
- Proposal 5: Amendment of Remuneration for Directors

4: Matters concerning exercise of voting rights

- (1) When multiple votes are cast through Internet, the final vote will be considered to be the intended official vote.
- (2) When multiple votes are cast on Internet and by proxy card, regardless of the time of the received votes, vote on Internet will be considered to be the intended effective vote.
- (3) Shareholders may vote their shares by proxy by naming another shareholder who holds voting rights to attend the shareholders meeting and act as the proxy. In this case, the proxy must submit proof of identity.

5: Matters concerning materials annexed to this notice and reference materials for the Annual General Meeting of Shareholders

- (1) The following matters have been posted on the corporate website (Japanese version only) and are therefore omitted from the materials annexed to this Notice pursuant to relevant laws and Article 17 of the Company's Articles of Incorporation:

- 1) Necessary systems to ensure appropriate execution of operations and its operational status
- 2) Basic Policies related to the Company's Ownership Control
- 3) The notes to the consolidated financial statements; and
- 4) The notes to the nonconsolidated financial statements

Audit & Supervisory Board Members audit the business report, consolidated and nonconsolidated financial statements attached to this Notice of convocation, and documents 1) to 4) as stated above. The Accounting Auditor audits the consolidated and nonconsolidated financial statements attached to this Notice of convocation, and documents 3) to 4) stated above.

- (2) If amendments are made to the Shareholders' Meeting reference materials, the business report, or the consolidated and non-consolidated financial statements, the amended contents will be posted immediately on the corporate website (Japanese version only).

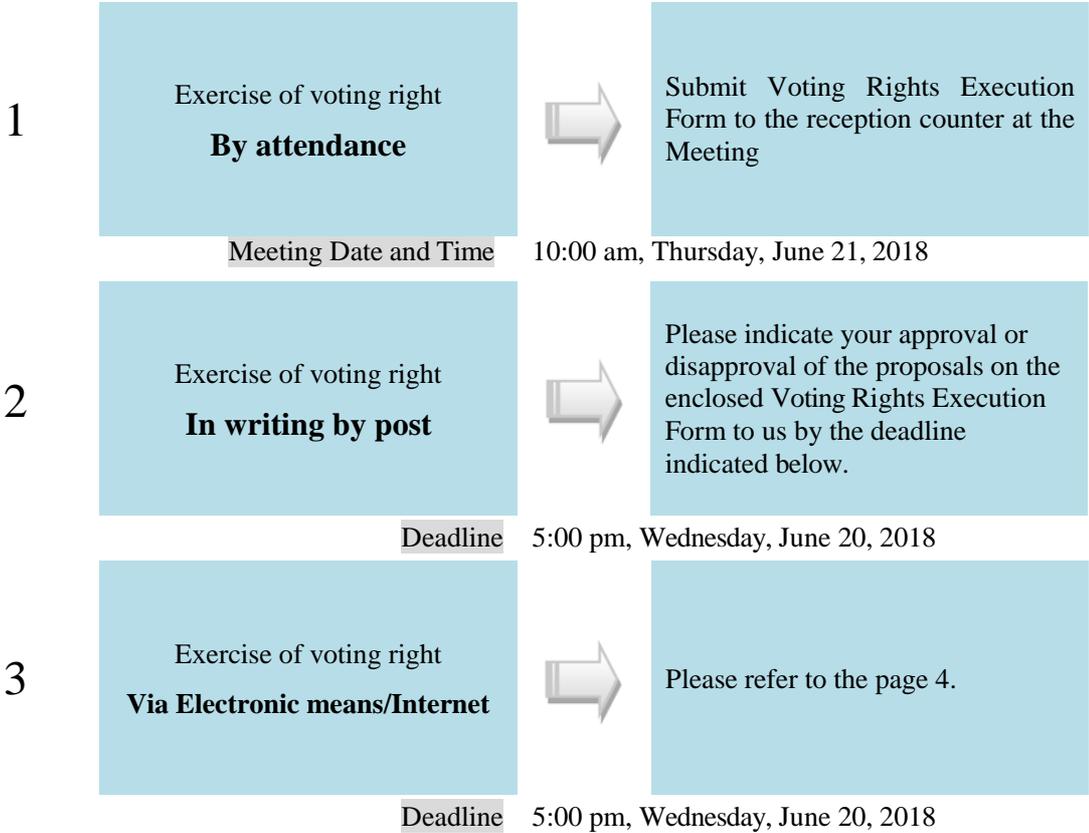
Our corporate website: <http://www.duskin.co.jp/ir/>

When attending the Meeting in person, please present the enclosed voting form at the reception. Please note that only shareholders are entitled to attend the Meeting.

Please bring this copy of the proxy statement to the Meeting to save resources.

Exercise of Voting Right

Voting rights may be exercised by attendance, in writing or via electronic means.



The convocation notice accessible by smartphones

Shareholders can exercise their voting rights by scanning the QR code below to access the web site stated on page 4 (Japanese version only).

<http://p.sokai.jp/4665/>



* QR code is a registered trademark of DENSO WAVE INCORPORATED.

For Institutional Investors	Institutional shareholders who have applied in advance to the ICJ Proxy e-Voting Platform Service (the Platform Service) offered by ICJ Inc. are entitled to use the Platform Service to submit their votes. (Japanese version only)
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Voting information over the Internet

If you wish to vote over the Internet, please follow the instructions below.

1. Voting over the Internet

Voting over the Internet can only be accomplished by accessing the site designated for this purpose by Duskin (Japanese version only).

Voting site: <http://www.web54.net>

2. Voting validity

- 1) Please note that voting over the Internet requires the voting code and password printed on the Proxy Card and follow the instructions on the site.
- 2) The deadline is 5:00 pm, Wednesday, June 20, 2018.
- 3) When multiple votes are cast on Internet, the last vote will be considered to be the intended official vote.
- 4) When multiple votes are cast on Internet and by proxy card, regardless of the time of the received votes, vote on Internet will be considered to be the intended effective vote.
- 5) Please note that using Internet may incur cost such as connection fee, and such cost will be borne by the shareholders.

3. The voting password

- 1) Please note that voting password is material information for identification, and Duskin will not respond to the enquiries regarding the password.
- 2) Password will expire after certain number of unsuccessful tries. Follow guidance on the screen to apply for reissuance of password.

Please contact the offices below if you have any questions:

Questions for operating personal computers:

Dedicated line for the service
The Sumitomo Mitsui Trust Bank, Limited
Transfer Agent Web Support

Phone: **0120-652-031**
9:00 – 21:00

Other inquiries:

Transfer Agent Office
The Sumitomo Mitsui Trust Bank, Limited

Phone: **0120-782-031**
9:00 – 17:00
Excluding Saturday, Sunday and Holidays

= Reference Material =

Proposal 1: Proposal for Appropriation of Retained Earnings

Duskin considers the return to shareholders one of the most important priorities and the payment of continuous distributions of earnings is basic to how we organize and manage our businesses. After securing internal capital resources required for operations, business plans and sound business management, we have determined that the year-end dividend should be 20 yen per share, the same amount as one year earlier.

(1) Type of dividend: cash

(2) Particulars and amount of the dividends

20 yen per share of common stock

Total amount of dividends: 1,068,891,220 yen (funds for the dividends: retained earnings)

Duskin paid an interim dividend of 20 yen per share. The full-year dividend is to total 40 yen per share.

(3) The effective date of the dividends: June 22, 2018

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the Amendments

(1) In April 2018, Duskin introduced the Operating Officer system to enable the Board of Directors to speed up decision-making, reinforce supervisory functions, and clarify roles and responsibilities in business operations for sound and efficient management.

Along with the introduction of the new system, it is proposed to make necessary changes to the present Articles of Incorporation in order to:

I. Decrease the maximum number of Directors to ensure efficient management by adopting the Operating Officer system (Amended Article 19); and

II. Remove the stipulation on Directors with Special Titles and newly establish an article on Operating Officers and Operating Officers with Special Titles (Amended Articles 26 and 27).

(2) It is proposed to allow a Director who is designated by the Board of Directors to act as a convener and chairperson at any general meeting of shareholders and any Board of Directors meeting. The purpose of these amendments is to ensure more flexible operation of general meetings of shareholders and Board of Directors meetings (Amended Articles 13, 15, 22, and 24).

2. Proposed Amendments

The proposed amendments are as shown below.

(Amendments are underlined.)

Present Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p> <p>(Convocation of General Meeting of Shareholders) Article 13: An ordinary general meeting of shareholders of the Company shall be convened in June of each year and an extraordinary general meeting of shareholders shall be convened whenever necessary. A general meeting of shareholders shall be convened by the <u>President</u>, Director upon a resolution of the Board of Directors.</p> <p>(Chairperson of General Meeting of Shareholders) Article 15: <u>The President, Director</u> shall preside as chairperson at any general meeting of shareholders, provided, however, that, <u>if the President, Director is unable to act, one of the other Directors shall preside.</u></p>	<p style="text-align: center;">CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p> <p>(Convocation of General Meeting of Shareholders) Article 13: An ordinary general meeting of shareholders of the Company shall be convened in June of each year and an extraordinary general meeting of shareholders shall be convened whenever necessary. A general meeting of shareholders shall be convened by the Director who is designated <u>according to the order by the Board of Directors in advance</u> upon a resolution of the Board of Directors, <u>unless otherwise provided by law or ordinance.</u></p> <p>(Chairperson of General Meeting of Shareholders) Article 15: The Director who is designated <u>according to the order by the Board of Directors in advance</u> shall preside as chairperson at any general meeting of shareholders.</p>

<p>CHAPTER IV <u>DIRECTORS AND BOARD OF DIRECTORS</u></p> <p>(Number) Article 19: The Company shall not have more than <u>fifteen (15) Directors.</u></p> <p>(Convener of Board of Directors Meeting) Article 22: The <u>President, Director shall convene a Board of Directors meeting. <u>If the President, Director is unable to act, one of the other Directors shall convene the Board of Directors meeting.</u></u></p> <p>(Chairperson of Board of Directors Meeting) Article 24: The <u>President, Director shall preside as chairperson at any Board of Directors meeting. <u>If the President, Director is unable to act, one of the other Directors shall preside.</u></u></p> <p>(Representative Directors <u>and Directors with Special Titles</u>) Article 26: The Board of Directors shall, by its resolution, appoint Representative Directors. <u>The Board of Directors shall, by its resolution, appoint one (1) President, Director and, if necessary, one (1) Chairman, Director and a certain number of other Directors with special titles such as Vice President, Director.</u></p> <p>(Newly established)</p> <p>Articles <u>27 - 43</u> (Omitted)</p>	<p>CHAPTER IV <u>DIRECTORS, BOARD OF DIRECTORS AND OPERATING OFFICERS</u></p> <p>(Number) Article 19: The Company shall not have more than <u>twelve (12) Directors.</u></p> <p>(Convener of Board of Directors Meeting) Article 22: The Director who is designated <u>according to the order by the Board of Directors in advance shall convene a Board of Directors meeting, unless otherwise provided by law or ordinance.</u></p> <p>(Chairperson of Board of Directors Meeting) Article 24: The Director who is designated <u>according to the order by the Board of Directors in advance shall preside as chairperson at any Board of Directors meeting.</u></p> <p>(Representative Directors) Article 26: The Board of Directors shall, by its resolution, appoint Representative Directors.</p> <p>(<u>Operating Officers and Operating Officers with Special Titles</u>) <u>Article 27: The Board of Directors shall, by its resolution, appoint Operating Directors to allocate the Company's duties.</u> <u>The Board of Directors shall appoint a Chairman and Operating Officer, a President and Operating Officer, and a certain number of other Operating Officers with special titles such as Vice President and Operating Officer.</u></p> <p>Articles <u>28 - 44</u> (Unchanged)</p>
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Proposal 3: Election of Nine (9) Members of the Board of Directors

The term of the current twelve (12) Directors will expire at the close of this Annual General Meeting of Shareholders. With the introduction of the Operating Officer system to ensure efficient management, it is proposed to reduce the number of Directors by three (3) and elect a total of nine (9) Directors.

Candidate No.	Name		Titles and Responsibilities (significant concurrent positions)	Number of Board of Directors meetings attended
1	Reappointment	Teruji Yamamura	Representative Director President & Chief Executive Officer	22/22
2	Reappointment	Kenichi Miyajima	Director Senior Executive Operating Officer Food Group	22/22
3	Reappointment	Kazuo Okai	Director Executive Operating Officer International Care Service Business Group	22/22
4	Reappointment	Junichi Narahara	Director Executive Operating Officer Strategy Management and Operations, Direct Selling Group Corporate Account General Manager Strategy Management, Direct Selling Group	22/22
5	Reappointment	Kazushi Sumimoto	Director Senior Operating Officer Corporate Planning Production & Logistics Group	22/22
6	Reappointment	Taku Suzuki	Director Senior Operating Officer Uniform Service, Health & Beauty Rent-All, Health Rent, Life Care	22/22
7	Reappointment Candidate for Independent Outside Director	Tadashi Yamamoto	Outside Director	22/22
8	Reappointment Candidate for Independent Outside Director	Junko Katada	Outside Director	22/22
9	Reappointment Candidate for Independent Outside Director	Tomoya Yoshizumi	Outside Director	17/17

Note: Attendance at meetings of the Board of Directors for Tomoya Yoshizumi is for meetings held after his election as Director on June 22, 2017.

Reference: Policy for selection of Director candidates

Director candidates must have the proper character, knowledge and ethics for this post and must have no health issues that would prevent them from performing their duties.

With regard to internal Directors, the President & CEO requests recommendations for candidates from current Directors and Audit & Supervisory Board Members, and reviews the recommendations. Candidates for internal Directors must be capable of consistently executing the medium-to-long-term growth strategy of the Duskin Group, and making a positive impact on the vitality of our organization. Candidates are selected by the Board of Directors after taking into account the opinions of the Director Evaluation Council, which is chaired by an Outside Director and half of the members are independent directors.

Candidates for Outside Directors must not be a related party of the Duskin Group and must be able to maintain their independence. They must also have the business experience and expertise to perform supervisory and advisory functions for the Board of Directors. In addition, they must be capable of providing beneficial advice from many perspectives to ensure management transparency, soundness and fairness. Outside Director candidates are selected by the Board of Directors after taking into account the opinions of the Director Evaluation Council.

Candidate No. **1**

Teruji Yamamura

Date of birth

January 28, 1957

Number of shares owned: 33,385

Tenure: 14 years

(at the conclusion of this Annual General Shareholders' Meeting)



Reappointment

Attendance at Board of Directors meetings during FY 2017:

22/22

100.0%

Position/Career Summary

Apr. 2018	Representative Director President & Chief Executive Officer (to the present)
Apr. 2009	President & Chief Executive Officer
Apr. 2007	Director Care Service Business Group Rent-All, Home Instead
June 2004	Director & Assistant General Manager Clean Service Business Group
Jan. 1982	Joined the Company

Reasons for recommending Teruji Yamamura as a candidate for Director

Since becoming President & CEO in 2009, Mr. Yamamura has been implementing the reforms to make the Duskin Group get back on track for recovery. He led the structural reforms in the first three-year phase of the long-term strategy ONE DUSKIN initiated in 2015. Due to his track record as President and considerable expertise in franchise businesses, Duskin believes that he is sufficiently qualified and requests a vote in favor of Mr. Yamamura's re-election as a Director.

Candidate No. 2

Kenichi Miyajima

Date of birth
March 16, 1955

Number of shares owned: 11,100

Tenure: 14 years

(at the conclusion of this Annual General Shareholders' Meeting)



Reappointment

Attendance at Board of Directors
meetings during FY 2017:
22/22
100.0%

Position/Career Summary

Apr. 2018	Director Senior Executive Operating Officer Food Group (to the present)
June 2016	Senior Executive Director Mister Donut Business Group Food Business Development
Apr. 2015	Senior Executive Director President's Office Mister Donut Business Group, and Food Group
June 2012	Senior Executive Director President's Office, Public Relations Legal Affairs & Corporate Compliance Quality Assurance & Risk Management Product Inspection Center Food Chain Business & Development
Apr. 2009	Executive Director Clean Service Business Group Care Service Business Group Rent-All, Uniform Service, Health & Beauty, Home Instead, Drink Service, Corporate Account
June 2004	Director General Manager, Clean Service Business Group
May 1990	Joined the Company

Reasons for recommending Kenichi Miyajima as a candidate for Director

Mr. Miyajima was appointed General Manager of Mister Donut Business Group in 2014 after positions in the Clean and Care Service Businesses. Since 2015, he has supervised the entire Food Group, and focused on the reestablishment of the Mister Donut brand and the development of new food businesses. Due to his extensive experience with business operations and considerable expertise in franchise businesses, Duskin believes that he is sufficiently qualified and requests a vote in favor of Mr. Miyajima's re-election as a Director.

Candidate No. 3

Kazuo Okai

Date of birth
June 29, 1957

Number of shares owned: 18,355
Tenure: 10 years
(at the conclusion of this Annual General Shareholders' Meeting)



Reappointment

Attendance at Board of Directors meetings during FY 2017:
22/22
100.0%

Position/Career Summary

Apr. 2018	Director Executive Operating Officer International, Care Service Business Group (to the present)
June 2015	Executive Director General Manager, Clean & Care Development Group
Apr. 2010	Director Corporate Planning, Overseas Business Development New Business Development
June 2008	Director Manager, Overseas Business Development
Apr. 1980	Chairman & CEO, Duskin Hong Kong Co., Ltd. Joined the Company

Reasons for recommending Kazuo Okai as a candidate for Director

Mr. Okai has used extensive experience to oversee corporate planning, overseas operations, the Clean & Care Business Group and other operations since he joined Duskin. Starting in 2017, he has been supervising strategic planning and product/service development for Care Service Businesses and expansion and establishment of overseas businesses. As he has extensive experience with business operations and considerable expertise in franchise businesses, Duskin believes that he is sufficiently qualified and requests a vote in favor of Mr. Okai's re-election as a Director.

Candidate No. 4

Junichi Narahara

Date of birth

February 20, 1958

Number of shares owned: 10,300

Tenure: 9 years

(at the conclusion of this Annual General Shareholders' Meeting)



Reappointment

Attendance at Board of Directors meetings during FY 2017:

22/22

100.0%

Position/Career Summary

Apr. 2018	Director Executive Operating Officer Strategy Management and Operations, Direct Selling Group Corporate Account General Manager, Strategy Management, Direct Selling Group (to the present)
Apr. 2015	Director General Manager, Clean & Care Sales Group
Mar. 2014	Director, Western Japan, Clean & Care Group
June 2009	Director General Manager, Mister Donut Business Group
Oct. 1982	Joined the Company

Reasons for recommending Junichi Narahara as a candidate for Director

Mr. Narahara has been involved in the growth of Mister Donut Business Group for many years since he joined Duskin. Since 2014, he has been overseeing sales in the Clean & Care Businesses and National Account. From 2018, he is taking initiatives to formulate strategies and energize the sales organization in Direct Selling Group. He is also leading the reinforcement of corporate sales. As he has extensive experience with business operations and considerable expertise in franchise businesses, Duskin believes that he is sufficiently qualified and requests a vote in favor of Mr. Narahara's re-election as a Director.

Candidate No. 5

Kazushi Sumimoto

Date of birth

November 29, 1960

Number of shares owned: 6,285

Tenure: 4 years

(at the conclusion of this Annual General Shareholders' Meeting)



Reappointment

Attendance at Board of Directors
meetings during FY 2017:
22/22
100.0%

Position/Career Summary

Apr. 2018	Director Senior Operating Officer Corporate Planning Production & Logistics Group (to the present)
Apr. 2017	Director Corporate Planning, Production & Logistics Group
May 2016	Director, Corporate Planning, Life Care Development Group, Rent-All, Uniform Service, Health & Beauty
June 2014	Director, Home Instead Division Manager, Rent-All
Apr. 1983	Joined the Company

Reasons for recommending Kazushi Sumimoto as a candidate for Director

Mr. Sumimoto was assigned to Clean & Care Business Group and then moved to Rent-All in 2012 where he made a major contribution to the growth of this business. Since becoming the Director for corporate planning in 2016, he has overseen the formulation of growth strategies. As the Director for Production & Logistics since 2017, he has played a central role in optimizing cost structures. As he has extensive experience with business operations and considerable expertise in franchise businesses, Duskin believes that he is sufficiently qualified and requests a vote in favor of Mr. Sumimoto's re-election as a Director.

Candidate No. 6

Taku Suzuki

Date of birth

October 8, 1965

Number of shares owned: 3,300

Tenure: 2 years

(at the conclusion of this Annual General Shareholders' Meeting)



Reappointment

Attendance at Board of Directors meetings during FY 2017:
22/22
100.0%

Position/Career Summary

Apr. 2018	Director Senior Operating Officer Uniform Service, Health & Beauty Rent-All, Health Rent, Life Care (to the present)
Apr. 2017	Director Life Care Development, Rent-All Uniform Service, Health & Beauty
June 2016	Director, Product Inspection Center General Manager, Production & Logistics Group
Apr. 1989	Joined the Company

Reasons for recommending Taku Suzuki as a candidate for Director

Mr. Suzuki was involved with new business development associated with the Clean & Care Business Group, laundry plant operations and other activities after he joined Duskin. In 2012, he was appointed General Manager of the Production & Logistics Group, where he enacted production reforms. From 2017 as the Director for senior care services, he has demonstrated strong leadership for establishing and strengthening the business foundation in this field. As he has extensive experience with business operations and considerable expertise in franchise businesses, Duskin believes that he is sufficiently qualified and requests a vote in favor of Mr. Suzuki's re-election as a Director.

Candidate No. 7

Tadashi Yamamoto

Date of birth

November 14 , 1952

Number of shares owned: -

Tenure: 3 years

(at the conclusion of this Annual General Shareholders' Meeting)



Reappointment

Candidate for Independent
Outside Director

Attendance at Board of Directors
meetings during FY 2017:

22/22

100.0%

Position/Career Summary

June 2015	Director (to the present)
June 2014	Resigned from the position of Audit & Supervisory Board Member, Wacoal Corp.
June 2012	Audit & Supervisory Board Member Wacoal Corp. Resigned from the position of Director Wacoal Holdings Corp.
Mar. 2012	Resigned from the position of Director, Wacoal Corp.
Apr. 2008	Director, Wacoal Holdings Corp. Senior Managing Corporate Officer General Manager, International Operations Wacoal Corp.
June 2006	Director, Wacoal Holdings Corp. Managing Corporate Officer General Manager, Human Resource & Administration Wacoal Corp.
Apr. 1976	Joined Wacoal Corp.

Reasons for recommending Tadashi Yamamoto as a candidate for Director

Mr. Yamamoto has a great deal of experience and knowledge in corporate management as a Director and Senior Managing Corporate Officer at Wacoal Corporation. In addition, he has considerable expertise concerning human resource planning, international operations and other fields. Since becoming a Duskin Outside Director in June 2015, Mr. Yamamoto has contributed to enhancing corporate governance by providing advice and supervision regarding management from an objective standpoint independent of the executives who conduct business operations. Therefore, Duskin requests a vote in favor of Mr. Yamamoto's re-election as an Outside Director.

Candidate No. 8

Junko Katada

Date of birth

February 21, 1963

Number of shares owned: 600

Tenure: 3 years

(at the conclusion of this Annual General Shareholders' Meeting)



Reappointment

Candidate for Independent
Outside Director

Attendance at Board of Directors
meetings during FY 2017:

22/22

100.0%

Position/Career Summary

June 2015	Director (to the present)
June 2015	Resigned from the position of Auditor, Osaka Izumi Consumers' Co-Operative Union
June 2007	Auditor, Osaka Izumi Consumers' Co-Operative Union

Reasons for recommending Junko Katada as a candidate for Director

Ms. Katada has a thorough knowledge of consumer issues. Since becoming a Duskin Outside Director in June 2015, she has contributed to enhancing corporate governance by providing advice and supervision regarding protection of the interests of customers and general consumers from an objective standpoint independent of the executives who conduct business operations. Therefore, Duskin requests a vote in favor of her re-election as an Outside Director. Although she has not been involved in corporate management, Duskin believes that Ms. Katada is capable of fulfilling her duties as an Outside Director.

Tomoya Yoshizumi**Date of birth**
June 10, 1953**Number of shares owned: -****Tenure: 1 year****(at the conclusion of this Annual General Shareholders' Meeting)****Reappointment**Candidate for Independent
Outside DirectorAttendance at Board of Directors
meetings during FY 2017:

17/17

100.0%

Position/Career Summary

June 2017	Director (to the present)
June 2017	Resigned from Ajinomoto Co., Inc.
June 2015	Advisor, Ajinomoto Co., Inc.
June 2013	Corporate Vice President & General Manager, North America Division, Bioscience & Finechemicals Business Division Ajinomoto Co., Inc.
June 2011	Member of the Board & Corporate Vice President General Manager, North America Division Bioscience & Finechemicals Business Division Ajinomoto Co., Inc. President, Ajinomoto U.S.A. (current AJINOMOTO NORTH AMERICA, INC)
June 2008	Member of the Board & Corporate Vice President President, Amino Acids Company
June 2007	Member of the Board, Ajinomoto Co., Inc.
Apr. 1978	Joined Ajinomoto Co., Inc.

Reasons for recommending Tomoya Yoshizumi as a candidate for Director

Mr. Yoshizumi has a great deal of experience and knowledge in corporate management as a Member of the Board and Corporate Vice President at Ajinomoto Co., Inc. At Ajinomoto, he was engaged in strategic production planning, the Medium-Term Management Plan and implementing M&A strategies for the Ajinomoto Group. For four years from 2011, he supervised business operations in North America as General Manager, North America Division and President of AJINOMOTO NORTH AMERICA, INC. Since becoming a Duskin Outside Director in June 2017, Mr. Yoshizumi has contributed to enhancing corporate governance by providing advice and supervision regarding management from an objective standpoint independent of the executives who conduct business operations. Therefore, Duskin requests a vote in favor of Mr. Yoshizumi's re-election as an Outside Director.

1. The nominees have no special interests in Duskin.
2. Duskin has designated Mr. Tadashi Yamamoto, Ms. Junko Katada and Mr. Tomoya Yoshizumi as Independent Directors in accordance with regulations of the Tokyo Stock Exchange. If these Director candidates are re-elected, Duskin plans to again designate them as Independent Directors.
3. Duskin has contracts with Mr. Tadashi Yamamoto, Ms. Junko Katada and Mr. Tomoya Yoshizumi that limit their liability as provided in Article 423, Paragraph 1 of the Companies Act within the amount prescribed by laws or ordinances. If these three individuals are elected as Outside Directors, Duskin plans to extend these contracts.
4. The number of meetings of the Board of Directors that Mr. Tomoya Yoshizumi attended is for meetings that were held after his election as Director on June 22, 2017.

Proposal 4: Election of One (1) Member of the Audit & Supervisory Board

The term of office of Audit & Supervisory Board Member, Takaaki Oda expires at the close of this Annual General Meeting of Shareholders. This proposal for the election of one (1) Audit & Supervisory Board Member has received the consent of the Audit & Supervisory Board.

Reference: Policy for selection of Audit & Supervisory Board Member candidates

Audit & Supervisory Board Member candidates must have the proper character, knowledge and ethics for this post and must have no health issues that would prevent them from performing their duties.

The roles of Audit & Supervisory Board Members are properly auditing the performance of Directors (business audits (compliance audits) and accounting audits) and establishing a sound corporate governance framework. Therefore, internal Audit & Supervisory Board Member candidates must maintain independence from people who conduct business operations and have the knowledge and skills needed to perform their duties with integrity. These candidates must also have a profound knowledge of the Company's business operations and the ability to reach decisions about management from an objective and neutral standpoint. Selections of candidates reflect the advice of the Council of Outside Directors and Audit & Supervisory Board Members and are determined by resolutions of the Board of Directors after obtaining the consent of the Audit & Supervisory Board. Furthermore, the policy is to have at least one Audit & Supervisory Board Member candidate who has substantial knowledge about finance and accounting.

Candidates for Outside Audit & Supervisory Board Member must not be a related party of the Duskin Group, be able to maintain their independence, and have extensive knowledge and experience about legal matters, accounting, internal controls, corporate reorganizations and other fields that are needed to oversee and advise the Board of Directors. Selections of candidates reflect the advice of the Council of Outside Directors and Audit & Supervisory Board Members and are determined by resolutions of the Board of Directors after obtaining the consent of the Audit & Supervisory Board.

Takaaki Oda

Date of birth

May 31, 1962

Number of shares owned: 500

Tenure: 4 years

(at the conclusion of this Annual General Shareholders' Meeting)



Reappointment

Candidate for Independent
Outside Audit & Supervisory
Board Member

Attendance at Board of Directors
meetings during FY 2017:
22/22

Attendance at the Audit &
Supervisory Board meetings during
FY 2017:
14/14

Position/Career Summary

June 2014 Audit & Supervisory Board Member (to the present)
May 2002 Partner, Miyake & Partners (to the present)
Jan. 1995 Partner, Miyake Godo Law Office
Apr. 1988 Registered at Osaka Bar Association, and joined Miyake
Godo Law Office
Oct. 1985 Passed National Bar Examination

(Significant concurrent positions)

Director, Audit and Supervisory Committee Member
New Japan Chemical Co., Ltd.

Reasons for recommending Takaaki Oda as a candidate for Audit & Supervisory Board Member

Mr. Takaaki Oda is an attorney and is expected to be able to monitor and oversee Duskin's management from an independent and objective standpoint, based on his extensive experience and expertise as an attorney. Duskin requests a vote in favor of his re-election as an Outside Member of the Audit & Supervisory Board. Although he has not been involved in corporate management, Duskin believes that Mr. Oda is capable of fulfilling his duties as an Outside Member of the Audit & Supervisory Board.

1. Mr. Takaaki Oda has no special interests in Duskin.
2. If the proposal is approved without amendment, Duskin plans to reappoint Mr. Takaaki Oda as an independent director in accordance with regulations of the Tokyo Stock Exchange.
3. Duskin has a contract with Mr. Takaaki Oda that limits his liability as provided in Article 423, Paragraph 1 of the Companies Act within the amount prescribed by laws or ordinances. If the proposal is approved without amendment, Duskin plans to extend this contract.

Reference: Standards for independence of Outside Directors and Audit & Supervisory Board Members

The independence of an Outside Director or Outside Audit & Supervisory Board Member requires that none of the following items is applicable to these individuals. These standards are based on the independence standards of the Securities Listing Regulations Enforcement Rules of the Tokyo Stock Exchange and also include standards established by Duskin.

To test the independence of a candidate for Outside Director or Outside Audit & Supervisory Board Member, Duskin first confirms that the candidate is not in violation of standards 1 to 9 of the Duskin Standards for Independence of Outside Directors and Audit & Supervisory Board Members. Then, the Board of Directors deliberates selection of Outside Director and Outside Audit & Supervisory Board Member candidates. The deliberations include consideration of the opinions and advice of the Director Evaluation Council for Outside Director candidates, and the opinions of Audit & Supervisory Board Members and the advice of the Outside Directors and Audit & Supervisory Board Members Council for Outside Audit & Supervisory Board Member candidates.

1. A Director (except an Outside Director of Duskin), Audit & Supervisory Board Member (except an Outside Audit & Supervisory Board Member of Duskin) or employee of one of Duskin Group* companies
 - * Duskin and subsidiaries of Duskin.
2. A major shareholder* of Duskin or a Director, Audit & Supervisory Board Member or employee of a company or other organization that is a major shareholder of Duskin
 - * An individual, company or other entity that owns at least 10% of Duskin's voting rights
3. A Director, Audit & Supervisory Board Member or employee of a company with a major business relationship* with Duskin Group
 - * A company where, in the most recent fiscal year, amounts paid to or received from Duskin Group for business transactions are more than the larger of 3% of the consolidated sales of Duskin Group or the company (including the parent company and subsidiaries) or ¥1 billion
4. An individual that has received substantial donations* from Duskin Group or a Director, Audit & Supervisory Board Member or employee of a company or other organization that has received such donations
 - * Substantial donations are cash and other items with a value of the larger of 1% of consolidated sales of Duskin Group in the most recent fiscal year or ¥100 million.
5. An attorney, accountant, consultant who has received substantial payments* or other items of value (or an individual belonging to a company or other organization that has received these payments) other than Director or Audit & Supervisory Board Member compensation from Duskin Group
 - * Cash or other items with a value of the larger of 1% of consolidated sales of Duskin Group in the most recent fiscal year or ¥100 million
6. An individual who was ever in any position described in the above items 1 and 2
7. An individual who was within the past three years in any position described in the above items 3 through 5
8. Spouses and first or second-degree relatives of individuals described in the above items 1 through 7
9. Individuals who have been a Duskin Outside Director for five years or a Duskin Outside Audit & Supervisory Board Member for eight years
10. Individuals with any other reasons for doubt about independence concerning the performance of duties as a Duskin Outside Director or Outside Audit & Supervisory Board Member

Proposal 5: Amendment of Remuneration for Directors

At the 53rd Annual General Meeting of Shareholders held on June 19, 2015, a limit of 500 million yen per annum (of which 35 million yen per annum is for Outside Directors) was approved for the remuneration for Directors of the Company.

As it is proposed in Proposal 2 (Partial Amendments to the Articles of Incorporation) to decrease the number of Directors after the introduction of the Operating Officer system, we request that approval be given to reduce the limit of remuneration for Directors to 400 million yen per annum (of which 35 million yen per annum is for Outside Directors).

Share-based-remuneration-type stock options within the limit of remuneration were approved to be allotted to Directors up to 50 million yen per annum at the 55th Annual General Meeting of Shareholders held on June 22, 2017. No change will be made on this point.

There are currently twelve (12) Directors (including three (3) Outside Directors). If Proposal 3 is approved without amendment, there will be nine (9) Directors (including three Outside Directors).

Consolidated Balance Sheets

(millions of yen)

Account	FY2017 as of Mar. 31, 2018	FY2016 as of Mar. 31, 2017	Account	FY2017 as of Mar. 31, 2018	FY2016 as of Mar. 31, 2017
Assets			Liabilities		
Current assets	69,434	62,021	Current liabilities	33,985	34,603
Cash and deposits	18,846	21,200	Notes and accounts payable-trade	6,834	6,836
Notes and accounts receivable - trade	9,950	9,887	Short-term loans payable	173	78
Lease receivables and investment assets	1,326	1,359	Current portion of long-term loans payable	—	10
Securities	24,461	16,018	Income taxes payable	1,403	2,337
Merchandise and finished goods	7,738	7,388	Provision for bonuses	3,397	3,255
Work in process	142	157	Asset retirement obligations	18	12
Raw materials and supplies	1,598	1,557	Accounts payable-other	8,112	7,583
Deferred tax assets	1,822	1,719	Guarantee deposit received for rental products	9,314	9,421
Other	3,585	2,766	Other	4,731	5,069
Allowance for doubtful accounts	-37	-34	Non-current liabilities	14,286	13,403
Non-current assets	126,623	128,095	Net defined benefit liability	12,882	11,901
Property, plant and equipment	49,344	51,334	Asset retirement obligations	578	616
Buildings and structures	16,996	17,769	Long-term guarantee deposited	788	812
Machinery, equipment and vehicles	6,491	6,745	Long-term accounts payable-other	18	74
Land	22,750	23,628	Other	18	0
Construction in progress	178	241	Total liabilities	48,271	48,007
Other	2,927	2,948	Net Assets		
Intangible assets	8,474	7,683	Shareholders' equity	139,388	136,203
Goodwill	549	647	Capital stock	11,352	11,352
Other	7,925	7,035	Capital surplus	11,087	11,086
Investment and other assets	68,804	69,078	Retained earnings	120,519	117,332
Investment securities	60,523	58,979	Treasury shares	-3,571	-3,568
Long-term loans receivable	3	5	Accumulated other comprehensive income	8,026	5,521
Deferred tax assets	1,250	2,199	Valuation difference on available-for-sale securities	9,878	7,754
Guarantee deposits	5,751	6,304	Deferred gains or losses on hedges	1	—
Other	1,310	1,616	Foreign currency translation adjustment	-54	-120
Allowance for doubtful accounts	-34	-27	Remeasurements of defined benefit plans	-1,798	-2,113
Total Assets	196,058	190,116	Share acquisition rights	9	—
			Non-controlling interests	361	384
			Total Net Assets	147,786	142,108
			Total Liabilities and Net Assets	196,058	190,116

Note: All financial figures are in millions of yen, all amounts less than a million are dropped.

Consolidated Statements of Income

(millions of yen)

Account	FY2017 (Apr. 1, 2017 - Mar. 31, 2018)	FY2016 (Apr. 1, 2016 - Mar. 31, 2017)
Net sales	161,031	161,880
Cost of sales	87,808	89,204
Gross profit	73,222	72,676
Selling, general and administrative expenses	65,664	66,606
Operating profit	7,557	6,069
Non-operating income	1,747	1,884
Interest income	345	408
Dividend income	346	325
Rent income on facilities	152	177
Commission fee	174	198
Share of profit of entities accounted for using equity method	220	171
Miscellaneous income	508	603
Non-operating expenses	326	399
Interest expenses	7	1
Rent expenses on facilities	57	35
Subsidies return loss	45	—
Compensation expenses	42	48
Cancellation penalty	35	102
Commission for purchase of treasury shares	—	60
Miscellaneous loss	137	151
Ordinary profit	8,978	7,554
Extraordinary income	163	728
Gain on sales of non-current assets	133	0
Gain on sales of investment securities	24	580
Investment securities settlement gain	—	114
Gain on sales of shares of subsidiaries and associates	—	24
Other	5	8
Extraordinary losses	1,228	1,673
Loss on sales of non-current assets	93	22
Loss on abandonment of non-current assets	173	166
Impairment loss	840	1,297
Loss on disaster	0	176
Other	121	10
Profit before income taxes	7,913	6,610
Income taxes-current	2,821	3,051
Income taxes-deferred	-228	-726
Profit	5,320	4,285
Loss attributable to non-controlling interests	-4	-33
Profit attributable to owners of parent	5,324	4,318

Note: All financial figures are in millions of yen, all amounts less than a million are dropped.

Consolidated Statements of Changes in Net Assets

(April 1, 2017 – March 31, 2018)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,352	11,086	117,332	-3,568	136,203
Changes of items during the period					
Dividends of surplus			-2,137		-2,137
Profit attributable to owners of parent			5,324		5,324
Purchase of treasury shares				-2	-2
Changes in equity of the parent company related to transactions with non-controlling shareholder		1			1
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	1	3,186	-2	3,185
Balance at end of current period	11,352	11,087	120,519	-3,571	139,388

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	7,754	—	-120	-2,113	5,521	—	384	142,108
Changes of items during the period								
Dividends of surplus								-2,137
Profit attributable to owners of parent								5,324
Purchase of treasury shares								-2
Changes in equity of the parent company related to transactions with non-controlling shareholder								1
Net changes of items other than shareholders' equity	2,123	1	65	314	2,505	9	-22	2,491
Total changes of items during the period	2,123	1	65	314	2,505	9	-22	5,677
Balance at end of current period	9,878	1	-54	-1,798	8,026	9	361	147,786

Note: All financial figures are in millions of yen, all amounts less than a million are dropped.

Non-Consolidated Balance Sheets

(millions of yen)

Account	FY2017 as of Mar. 31, 2018	FY2016 as of Mar. 31, 2017	Account	FY2017 as of Mar. 31, 2018	FY2016 as of Mar. 31, 2017
Assets			Liabilities		
Current assets	56,653	48,617	Current liabilities	42,852	44,900
Cash and deposits	13,262	14,819	Accounts payable-trade	6,144	6,276
Notes receivable-trade	44	3	Accounts payable-other	6,785	5,866
Accounts receivable-trade	7,669	7,420	Accrued expenses	1,004	936
Lease receivables	29	24	Income taxes payable	951	1,934
Securities	24,461	16,018	Deposits received	14,315	16,107
Merchandise and finished goods	5,926	5,682	Guarantee deposits received for rental products	9,965	10,080
Work in process	4	2	Provision for bonuses	2,488	2,391
Raw materials and supplies	918	936	Asset retirement obligations	18	12
Prepaid expenses	509	505	Other	1,177	1,294
Deferred tax assets	1,286	1,209	Non-current liabilities	13,472	8,476
Short-term loans receivable	4	3	Provision for retirement benefits	8,004	6,677
Short-term loans receivable from subsidiaries and associates	109	95	Provision for loss on guarantees	113	—
Other	2,442	1,910	Asset retirement obligations	491	544
Allowance for doubtful accounts	-17	-15	Long-term guarantee deposited	970	856
Non-current assets	126,111	126,753	Long-term deposits received	3,860	380
Property, plant and equipment	38,315	40,298	Long-term accounts payable-other	17	17
Buildings	13,176	13,895	Other	15	—
Structures	808	772	Total Liabilities	56,324	53,377
Machinery and equipment	834	1,108	Net Assets		
Vehicles	0	1	Shareholders' equity	116,595	114,265
Tools, furniture and fixtures	1,639	1,677	Capital stock	11,352	11,352
Fixed assets for rent	58	81	Capital surplus	1,090	1,090
Land	21,684	22,607	Legal capital surplus	1,090	1,090
Construction in progress	113	154	Retained earnings	107,723	105,390
Intangible assets	7,570	6,740	Legal retained earnings	2,777	2,777
Goodwill	17	11	Other retained earnings	104,946	102,612
Trademark right	50	2	Reserve for business development	869	869
Software	5,526	5,735	Reserve for reduction entry	—	31
Temporary account for intangible fixed assets	1,787	786	General reserve	96,800	100,800
Other	188	205	Retained earnings brought forward	7,276	912
Investments and other assets	80,225	79,713	Treasury shares	-3,571	-3,568
Investment securities	59,222	57,729	Valuation and translation adjustments	9,835	7,729
Shares of subsidiaries and associates	14,639	14,380	Valuation difference on available- for-sale securities	9,833	7,729
Investments in capital	0	0	Deferred gains or losses on hedges	1	—
Investments in capital of subsidiaries and associates	0	0	Share acquisition rights	9	—
Long-term loans receivable	2	4	Total Net Assets	126,440	121,994
Long-term loans receivable from subsidiaries and associates	399	409	Total Liabilities & Net Assets	182,765	175,371
Long-term prepaid expenses	611	675			
Deferred tax assets	40	735			
Guarantee deposits	5,179	5,600			
Other	159	200			
Allowance for doubtful accounts	-30	-23			
Total Assets	182,765	175,371			

Note: All financial figures are in millions of yen, all amounts less than a million are dropped.

Non-Consolidated Statements of Income

(millions of yen)

Account	FY2017 (April 1, 2017- March 31, 2018)	FY2016 (April 1, 2016 March 31, 2017)
Net sales	132,537	134,245
Cost of sales	76,883	78,709
Gross profit	55,653	55,535
Selling, general and administrative expenses	50,737	51,466
Operating profit	4,915	4,069
Non-operating income	2,978	2,898
Interest income	18	16
Interest income on securities	324	390
Dividend income	1,173	918
Rent income on facilities	844	856
Commission fee	268	271
Miscellaneous income	348	444
Non-operating expenses	417	489
Interest expenses	16	20
Provision for loss on guarantees	113	—
Rent expenses on facilities	64	69
Subsidies return loss	45	—
Cancellation penalty	32	87
Debt waiver	—	105
Commission for purchase of treasury shares	—	60
Miscellaneous loss	145	146
Ordinary profit	7,476	6,478
Extraordinary income	134	698
Gain on sales of non-current assets	106	0
Gain on sales of investment securities	24	580
Investment securities settlement gain	—	114
Other	3	3
Extraordinary losses	1,176	1,949
Loss on sales of non-current assets	93	22
Loss on abandonment of non-current assets	154	129
Impairment loss	834	1,078
Loss on disaster	0	157
Loss on valuation of shares of subsidiaries and associates	—	559
Other	93	2
Income before income taxes	6,434	5,227
Income taxes-current	2,042	2,306
Income taxes-deferred	-310	-802
Profit	4,703	3,723

Note: All financial figures are in millions of yen, all amounts less than a million are dropped.

Non-consolidated Statements of Changes in Net Assets

(April 1, 2017 – March 31, 2018)

(millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings				Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			Retained earnings brought forward	
				Reserve for business development	Reserve for reduction entry	General reserve			
Balance at beginning of current period	11,352	1,090	1,090	2,777	869	31	100,800	912	105,390
Changes of items during the period									
Dividends of surplus								-2,137	-2,137
Profit								4,703	4,703
Purchase of treasury shares									
Decrease by corporate division								-231	-231
Reversal of reserve for reduction entry						-31		31	—
Reversal of general reserve							-4,000	4,000	—
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	—	—	—	-31	-4,000	6,364	2,333
Balance at end of current period	11,352	1,090	1,090	2,777	869	—	96,800	7,276	107,723

	Shareholders' equity		Valuation and translation adjustments			Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	-3,568	114,265	7,729	—	7,729	—	121,994
Changes of items during the period							
Dividends of surplus		-2,137					-2,137
Profit		4,703					4,703
Purchase of treasury shares	-2	-2					-2
Decrease by corporate division		-231					-231
Reversal of reserve for reduction entry		—					—
Reversal of general reserve		—					—
Net changes of items other than shareholders' equity			2,104	1	2,106	9	2,115
Total changes of items during the period	-2	2,330	2,104	1	2,106	9	4,446
Balance at end of current period	-3,571	116,595	9,833	1	9,835	9	126,440

Note: All financial figures are in millions of yen, all amounts less than a million are dropped.