

Annual Review **2016**

SRG TAKAMIYA CO., LTD.



The SRG TAKAMIYA Group supports social infrastructure through the production, sales and rental of temporary equipment and materials.

SRG TAKAMIYA CO., LTD. started with sales of wooden scaffolding for construction sites. With the arrival of the Japan World Exposition held in Osaka, we quickly recognized the potential of the rental market for temporary equipment and materials, and thus shifted our focus from equipment sales towards rentals. Breaking into landslide prevention and soil improvement work, as well as mobile elevating scaffolding for use on ultrahigh-rise buildings, has driven our market development and business expansion, and we have continued to grow as a company specializing in rental of temporary equipment and materials.

In 2010, we acquired and converted to a subsidiary Hory Corporation, a company that develops, manufactures and sells temporary equipment and materials. This added manufacturing capabilities, including high product development capacity and brand strength, providing a multifaceted support system for worksites.

We are also operating a construction business that provides setting-up and dismantling services for scaffolding, and an agriculture business, as well as carrying out expansion overseas. All of these activities aim to build a solid foundation for future growth.

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FY Mar. 2016

Net sales

¥34,350 million

Up 0.3%

Operating income

¥2,983 million

Down 3.7%

Profit attributable to owners of parent

¥2,153 million

Up 4.0%

Supporting Construction Sites with Lightweight Temporary Equipment and Materials

Much of the equipment and materials used at construction sites is rented.

Of this, the SRG TAKAMIYA Group specializes in providing lightweight temporary equipment and materials that includes scaffolding erected for use by workers during construction.

These equipment and materials include several thousand different items, each with their own purpose. So work can proceed safely and effectively on worksites, the Group endeavors continuously to make further developments, while carefully managing the quality of equipment so it can be repeatedly provided for rental.

Principal Lightweight Temporary Equipment

Work Scaffolding

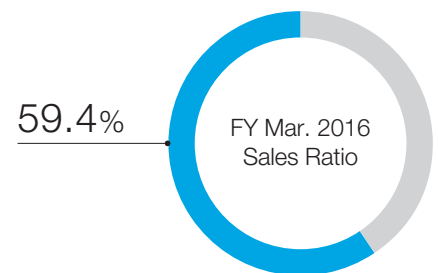


Scaffolding primarily set up around the exterior walls of construction

Rental Business

With the rental of lightweight temporary equipment and materials at its core, this business provides transport, logistics, construction and CAD drawings.

Through active investment in high-value-added, highly versatile new products, centered upon our Iq System of next-generation scaffolding, we are switching over from conventional scaffolding. In this way, we aim to improve operational efficiency and profitability.



Construction Work of the Rental Business

Building Construction



Work scaffolding for work on apartment complexes, schools, hospitals and other facilities.

Bridge Construction



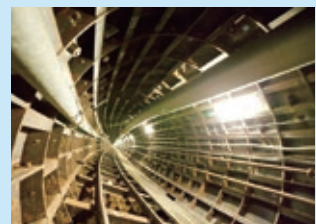
Falsework for construction of bridges in mountainous regions and viaducts

Ultrahigh-rise Building Renovation Work



Mobile elevating scaffolding for use in the renovation of ultrahigh-rise buildings and towers

Tunnels & Underground Construction



Rails and piping for use underground in subways, pipelines and utility tunnels

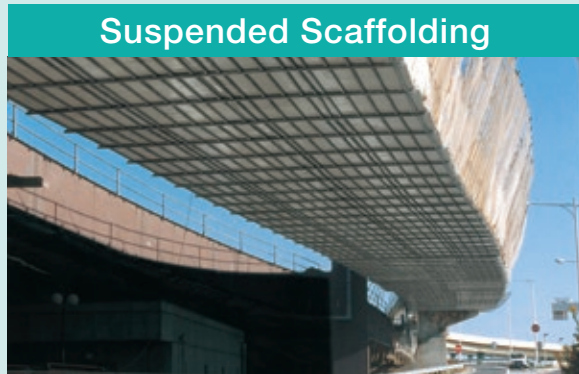
and Materials Used on Construction Sites

Falsework



Used to support heavy loads in buildings and civil engineering projects such as bridges

Suspended Scaffolding

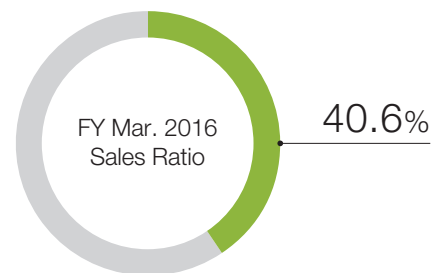


Scaffolding suspended for use in inspections, repair and other work of road bridges

Sales Business

Centered on the Company's subsidiary, Hory Corporation, we are manufacturing and selling materials including clamps and other lightweight temporary equipment and materials such as the Iq System, as well as seismic damping and other building materials and solar panel installation frames.

In response to growing demand related to the 2020 Tokyo Olympic Games, we aim to increase the production capacity and cost competitiveness of temporary equipment and materials, while also working towards development, production and sales in agriculture and other new businesses.



Major Products of the Sales Business

Clamps



Bolted fastening-type metal fittings offer enhanced strength and safety through press-processing. Hory Corporation was the first company to mass-produce clamps in Japan, and boasts a high market share

Iq System, Next Generation Scaffolding



Scaffolding providing a lift height of 190 cm means a more spacious work area, equipped with advance guardrails to ensure safe, efficient scaffolding work

Seismic Damper for Residential Application



Hory's original seismic damper can be used for both new and renovated buildings, lessening damage due to repeated shaking

Solar Panel Installation Framing



Installation frames for residential roofs, and frames and fittings for industrial facilities such as mega photovoltaic power plants

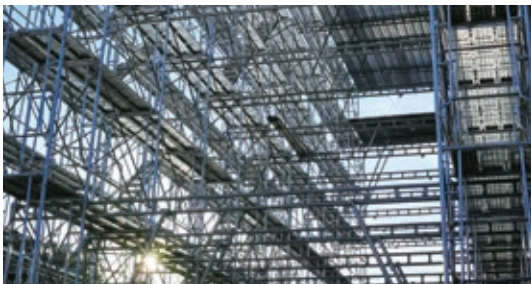
Lightweight Temporary Equipment and Materials Specialist Creating New Industry Norms

By utilizing and combining following five functions, the SRG TAKAMIYA Group provides a range of temporary construction solutions.



Development and Manufacturing

We have acquired a range of metal processing technologies over the years. By leveraging these technologies, we are developing and manufacturing unique products such as next-generation Iq System scaffolding, seismic dampers and solar panel installation frames.



Rentals

We have a wide range of rental equipment and materials for use on various worksites, from general scaffolding through to falsework for use with bridge construction and tunnel construction.



Sales

In addition to sales of temporary equipment and materials and building materials for residences centered on Hory brand, we sell used temporary equipment and materials.



Construction

Through a nationwide network of companies that set up scaffolding, we are contracted for safe and high-quality assembly and dismantling of scaffolding.



CAD Drawings

We create CAD drawings and make strength calculations for scaffolding, perform tracing that converts paper frame drawings to CAD data and create drawings with 3D technologies.

Supporting Safety on Construction Sites, Improving the Industry

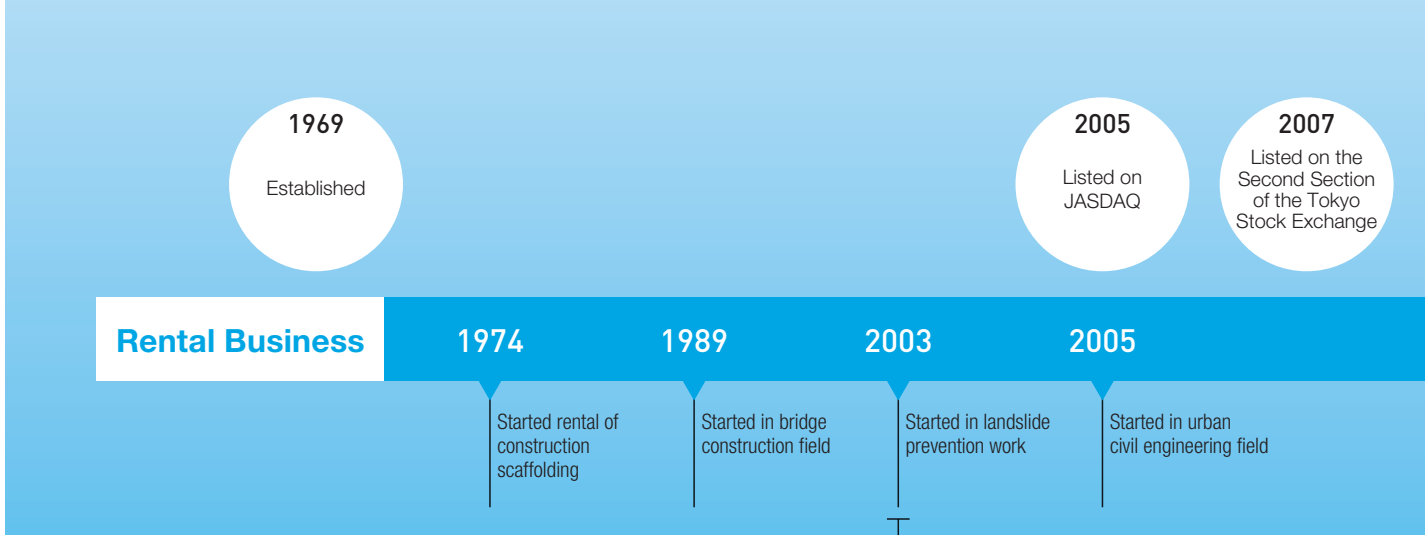
The SRG TAKAMIYA Group specializes in temporary equipment and materials, and provides high-value-added, high-quality products and services to a wide range of industries and business areas. We are also addressing diverse customer issues and contributing towards safe and efficient workplaces through technical innovation. We are always looking towards future business developments, and will always be a business group that introduce innovations and contributes to the development of the industry.



The SRG TAKAMIYA Group's Strengths



Steadily Expanding Business Fields by Being Attentive to the Changing Times



SRG TAKAMIYA Group's Major Products

YT Lock System

The YT Lock System is scaffolding for use on slopes of hillsides, which are more prone to accidents than flat areas, and is designed to be simple to set up safely. This product removes the need for tightening tens of thousands of clamps to connect individual pipes and clamps in the conventional scaffolding setup, helping to save time and worker-hours. This also enables safe assembly on slopes, where both hands are required.



Scaffolding setup on slope

Lift Climber

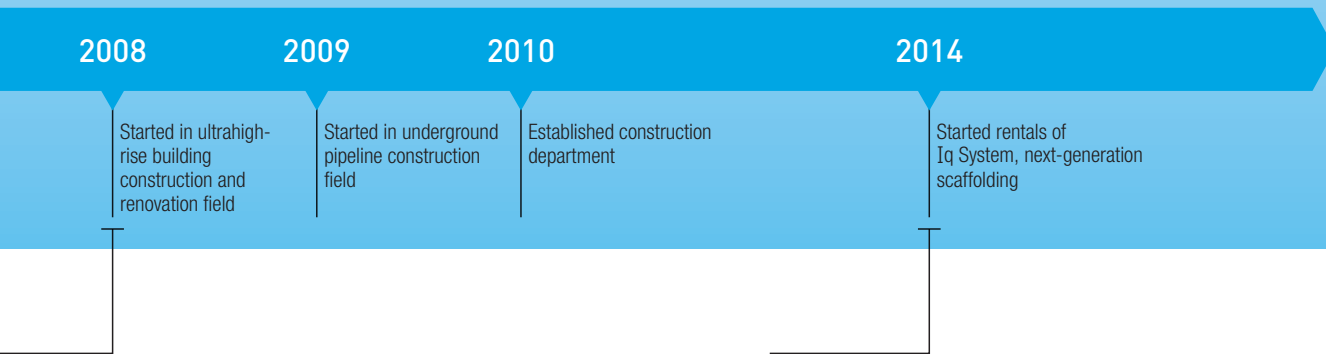
The Lift Climber, mobile elevating scaffolding, can handle up to 210 m heights. The work platform moves up on two separate pillars, allowing more light for the building, while at the same time increasing security by preventing crime when setting up scaffolding. Additionally, automatic leveling and other design features ensure better worker safety, and these are easy for anyone to operate on-site. The Lift Climber is also easy to assemble, dismantle and relocate, and the reduced setup period lowers costs.



Renovation work on large-scale condominiums



2014
Assigned to the First Section of the Tokyo Stock Exchange



Iq System, Next-Generation Scaffolding

Temporary equipment and materials are very durable and tend to not be updated for long periods of time. However, the average height of Japanese people has increased over the years, meaning that conventional scaffolding has become too confined for Japanese workers. Stricter safety regulations have also made usage of conventional products more inefficient. Accordingly, we set out to develop next-generation scaffolding suited to modern construction worksites. We are now working to popularize our Iq System through both rental and sales so that it becomes the de facto standard in the scaffolding industry.

Three innovations

① Outstanding safety

Increasing the lift height by 20 cm, to 190 cm, lets workers work more comfortably without bending. Reducing underfoot gaps also improves safety.

② High utilization rate

Compared to the conventional gate type, a strut type without a fixed width has increased versatility. This has led to a dramatic improvement in rental utilization rates.

③ Reduced operating costs

The system can be stored compactly, with a 50% reduction in storage space over conventional equipment. Another major benefit is the 30% reduction in the number of transport vehicles required.





Kazumasa Takamiya

President and
Representative Director

Review of the Fiscal Year Ended March 31, 2016

The fiscal year ended March 31 2016 was the second year of the medium-term management plan; performance in this period included net sales of ¥34,350 million (up 0.3% year on year), operating income of ¥2,983 million (down 3.7%), ordinary income of ¥2,731 million (down 17.9%), and net income attributable to owners of parent of ¥2,153 million (up 4.0%). Sales were up year on year but fell short of planned figures.

In the rental business, demand for private construction in the Tokyo metropolitan area continued to be favorable, and both the Iq System and Lift Climber for use in renovation of ultrahigh-rise buildings

recorded high utilization rates. Bridge construction and other civil engineering rentals had been stagnant, but gradually started to show a moderate improvement. However, in the sales business, as a result of factors such as lower electricity buy-back prices and the suspension of feed-in tariffs from electricity companies, there was a larger-than-expected drop in demand for solar panel installation framing. Furthermore, future uncertainty with regard to medium-term construction demand has resulted in a major slowdown in purchases of scaffolding equipment. In the sales business as a whole, we saw a large year-on-year drop in earnings and profits.

Revision of Final Medium-term Management Plan Goals

SRG TAKAMIYA is acting on the three-year medium-term management plan that began in the fiscal year ended March 31, 2015, but given that the environment in the sales business has changed drastically from original assumptions, we have revised the numerical targets for the final year, ending March 31, 2017.

When the plan was announced in May 2014, stimulus measures under Abenomics had led to significantly heightened expectations for an increase in demand for construction, with a corresponding rise in demand for equipment purchases. Winning the bid to hold the 2020 Olympics and Paralympics in Tokyo has encouraged us to anticipate growing demand over the medium term, so we set our sales plan at higher levels. However, mainly due to a shortage of workers in the construction industry, construction volumes did not expand as much as expected. Although purchase demand for equipment declined due to a backlash from strong customer purchases in the preceding

fiscal year, rental demand continued to be strong. With volumes of construction work remaining at high levels, we expect our business environment to trend favorably, but we have determined that scaffolding sales will diverge significantly from our initial plans.

In equipment for use in solar power installations, the market contracted at a faster rate than expected. Together with heightened competition from other companies, we expect sales to drop further.

Based upon these factors, we revised our performance targets for the fiscal year ending March 31, 2017 to net sales of ¥38,800 million (up 13.0% year on year), operating income of ¥3,380 million (up 13.3%), ordinary income of ¥3,100 million (up 13.5%), and net income attributable to owners of parent of ¥1,950 million (down 9.4%), because of the absence of a gain on sales of securities booked in the previous period.

Consolidated Financial Highlights

(millions of yen)

	2015/3 (Actual)	2016/3 (Actual)	2017/3 (Forecast)
Net sales	34,261	34,350	38,800
Operating income ①	3,098	2,983	3,380
Ordinary income	3,325	2,731	3,100
Profit attributable to owner of parent	2,070	2,153	1,950
Depreciation ②	3,649	4,137	4,370
EBITDA (①+②)	6,747	7,120	7,750
Earnings per share (yen)	46.17	48.12	44.60
Dividends per share (yen)	12.5	10.0	10.0

Notes:

- Recorded figures are rounded down to the nearest million yen (except per-share information).
- We conducted two-for-one stock splits on April 1, 2013 and January 1, 2015. Per-share information incorporates the impact of these stock splits. The dividend for the fiscal year ended March 31, 2015 included a commemorative dividend of ¥2.5 to commemorate the designation of our stock to the First Section of the Tokyo Stock Exchange.

Taking Strategic Move toward Future Growth, and Solid Results

Although we have revised our performance targets, the basic strategies of the medium-term management plan are unchanged. Although growth has slowed in comparison to the initial plan, we are confident that we will be able to construct a foundation for achieving growth over the medium to long term.

Starting with a full-fledged launch of our Iq System of next-generation scaffolding in the fiscal year ended March 31, 2015, this scaffolding has been rented for use at over 1,500 worksites in the following two years. The system has garnered high praise from customers for its safety and efficiency, and we expect cumulative

rentals to reach 3,500 worksites in the fiscal year ending March 31, 2017.

The Construction Department, which provides setup services for scaffolding, has pushed forward the introduction of the Iq System. The department has been moving forward with aggressive sales activities. These efforts include introducing the Iq System at all worksites, ensuring that everyone working there can experience its advantages. The network of companies that set up scaffolding in cooperation with our Construction Department has been expanding, and as of March 31, 2016, this network comprises 44 member companies nationwide. Japan's aging society and falling birthrate have resulted in a shortage of workers, meaning that being able to secure personnel is a major factor in accepting orders. We aim to dynamically expand this network and provide value-added services in construction, with outstanding personnel and high levels of safety.

Agriculture is a new area of business for SRG TAKAMIYA. We are using cooperation with growers to develop greenhouses capable of more efficient production, and will commence full-scale sales activities in the future. Manufacturing and construction of agricultural greenhouses and racks can utilize the expertise that we have long accumulated in our scaffolding business, as well as our skills in metal

processing, strength calculations and construction. Furthermore, deregulation in the industry resulting in part from the TPP has led to the field of agriculture seeing an increase in highly motivated companies. However, this is another field suffering from a severe shortage of human resources. Therefore, we determined that this was one area where the SRG TAKAMIYA Group could make a contribution. We anticipate that our foray into the agriculture business will aid the Company's growth.

In our overseas business, DIMENSION-ALL INC. in the Philippines became a subsidiary, and we are using this as a springboard into Southeast Asian markets. Requirements for products in Southeast Asia differ from those in Japan, and we are working to develop products to meet local market demands. Also, we are planning business activities using Japanese leased assets in the Philippine market. In addition, Hory Korea Co., Ltd., which has previously manufactured products for the Japanese market, is now working to expand its sales in the South Korean market. Safer scaffolding is in demand in South Korea, given the high number of accidents in this industry, and this business has the potential for further growth. Through these activities, we have set a target for overseas sales to comprise 10% or more of total sales in the fiscal year ending March 31, 2017.

Stronger Management for Sustainable Growth

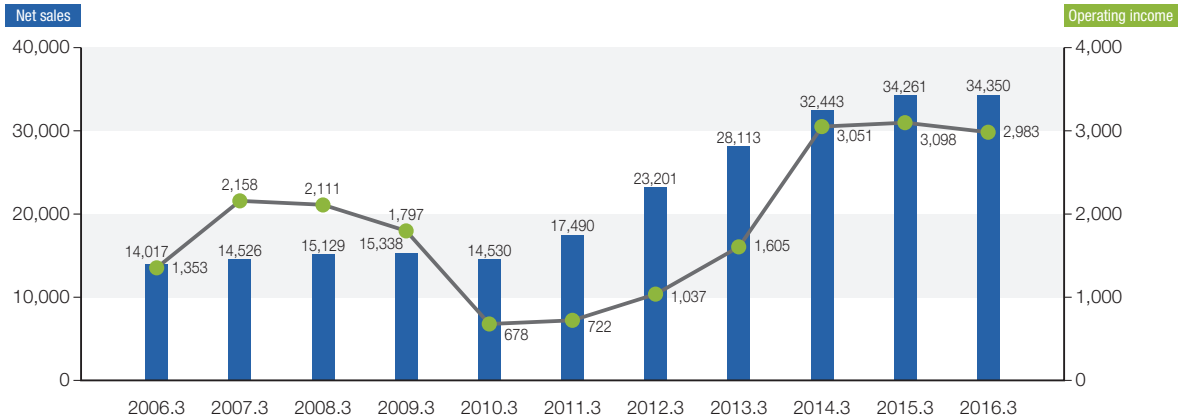
A major risk factor in the medium to long term will be the demand for construction following the 2020 Olympic and Paralympic Games in Tokyo. Some say that demand will not drop substantially, but we must anticipate a slowdown from the special demand created by the Olympics. We weathered the collapse of the bubble as well as the 2008 global financial crisis, and still found opportunities for growth. However, it is no simple task to respond to the various issues plaguing Japan—labor shortages, concentration of the population in the Tokyo metropolitan area and regional disparities. Current earnings in our business are a result of our former investments. We need to invest more right now if we are to respond to Japan's myriad problems, and continue to grow in the future. A focus of this investment is the Iq System and our expansion efforts

into overseas markets, particularly in Southeast Asia.

We could take advantage of the current strong demand in Japan's construction market, and pursuing increased sales may reward us with short-term growth. However, this could damage the future safety of our scaffolding. Providing high-value-added products with high safety levels and efficiency is in itself essential for medium- to long-term growth. Accordingly, we have been rapidly switching over to the leased Iq System and aggressively investing in factories in Japan and overseas. These processes will be completed in the year ending March 31, 2017. We will then enter a period of recovering those investments, in anticipation of lower construction demand.

Development of human resources is another issue

Net Sales and Operating Income over 11 Years (millions of yen)



we face in achieving sustainable growth. First, fully understanding Company policies is very important, so we make a strong effort to ensure that our policies are shared among management and the transfer of authority proceeds smoothly. In the future, we expect that by having the Company’s policies fully understood

by everyone including executive trainees, they will be able to carry out their duties autonomously, and we hope to develop personnel who can create high value. At the same time, we will further develop workplace environments and systems, and work to appropriately motivate our employees.

Tireless Innovation to Increase Corporate Value

Through active business development, including mergers and acquisitions, the SRG TAKAMIYA Group has grown into a nationwide business group owning an extensive variety of scaffolding. This is a result of us remaining ahead of our competitors in providing new value. One example of this is in scaffolding, which had not changed in 50 years. Our efforts have focused on creating next-generation scaffolding incorporating

added-value features of safety and efficiency. At present, scaffolding and related businesses in Japan are central to our operations, but we do not want to be limited to this. Our objective is to take a flexible approach to growth and to ensure that we remain a company that provides ongoing innovation to society.

Our return of profits to shareholders is based upon providing stable dividends and increasing dividends in line with profit increases. I ask our stakeholders to take a medium- to long-term view toward growth over the next five to ten years.

I thank you for your continued support.



July 2016.

Kazumasa Takamiya
President and Representative Director

Rental Business

Results for the Fiscal Year Ended March 31, 2016

In the rental business, sales were ¥20,513 million (up 9.8% year on year) and operating income was ¥2,697 million (up 35.9%).

We are seeing healthy private-sector demand for redevelopment and renovation in the Tokyo metropolitan area in particular, and even in March, a month where our equipment usually returns, rental shipments remain high. For our strategic product, the next-generation Iq System, we have in place various measures in addition to normal rentals. These measures include using our well-developed nationwide

network of companies that set up scaffolding to provide proposals combining both rental and setup. Our efforts have resulted in our rental scaffolding being used at over 1,500 sites nationwide, illustrating high levels of usage rates not possible using conventional scaffolding.

Additionally, our mobile elevating scaffolding, Lift Climber, has been hired for the renovation of ultrahigh-rise condominiums in the Tokyo metropolitan area at high rates, another factor contributing to our improved results.

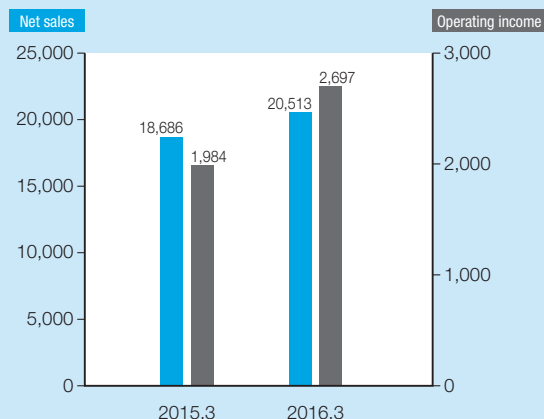
Future Business Strategy

Our Iq System has proven very popular on worksites, and even with ongoing increases in owned lease assets, we expect demand to increase, reaching cumulative rentals at 3,500 worksites during the year ending March 31, 2017. We are actively switching our lease assets from conventional scaffolding to next-generation scaffolding, and by improving the ratio of high-versatility products such as clamps, we are

working to increase operational efficiency.

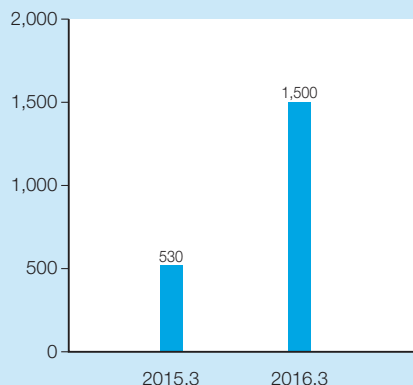
To increase profitability over the medium to long term, we will focus our efforts on responding to the redevelopment of bridges, tunnels and other infrastructure, as well as to demand stemming from the Olympics, while improving the efficiency of equipment management and logistics systems.

Sales and Operating Income of the Rental Business (millions of yen)



*Sales and operating income include internal sales and transfers.

Cumulative Rentals of Iq System (worksites)



Sales Business

Results for the Fiscal Year Ended March 31, 2016

In the sales business, sales were ¥18,859 million (down 7.2% year on year) and operating income was ¥1,728 million (down 34.9% year on year). A slowdown in our Iq System sales plan and a drastic drop in sales of solar panel installation framing were the main reasons for this decline in both sales and profits.

While there has been strong demand for construction primarily within the Tokyo metropolitan area, due to uncertainty about the future, companies have tended to put off purchases of scaffolding,

instead meeting requirements through rentals. This situation has led to sluggish growth in sales of both new and used equipment.

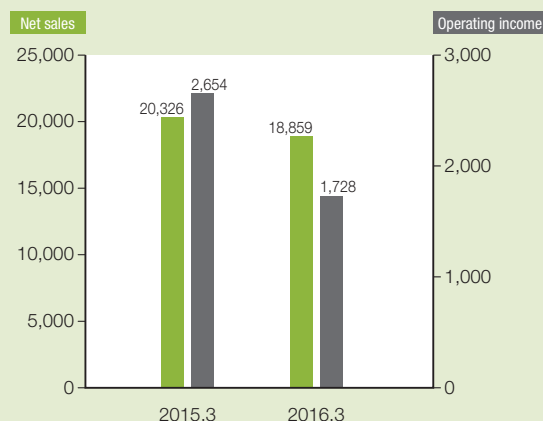
Furthermore, in the environment-related business, lower electricity buy-back prices and the suspension of feed-in tariffs from electricity companies led to a drop in domestic demand for solar-power generation systems, meaning that sales of solar panel installation framing dropped significantly from the previous year.

Future Business Strategy

Having rented the Iq System and experienced for themselves its safety and ease of setup on worksites, this system is increasingly trusted by customers, and more are considering purchases. By further establishing a track record of improving rental performance through our Construction Department and other means, we will illustrate the superiority of this system, thus creating sales opportunities.

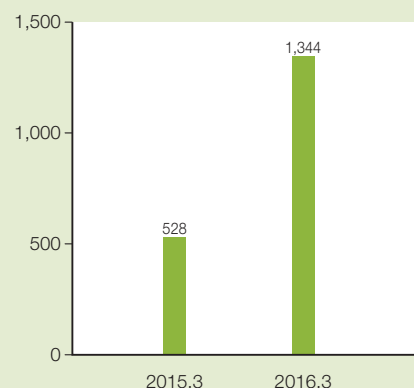
Also we will expand our agriculture business as a new business field, to take over from solar panel installation framing. We are planning to deepen relationships with various growers, develop original greenhouses and expand their installation. We are also aggressively developing our hydroponic cultivation racks and other products that use scaffolding, as we aim for the agriculture business to become a long-term growth engine.

Sales and Operating Income of the Sales Business (millions of yen)



*Sales and operating income include internal sales and transfers.

Sales of Iq System (worksites)



Overseas Operations

Until now, the SRG TAKAMIYA Group has utilized sales and production locations such as Hory Korea Co., Ltd., and HORY VIETNAM Co., Ltd., to increase productivity and to expand sales of products within ASEAN nations, as well as to ensure the stable supply of products to both Japan and ASEAN countries. In the domestic market, we anticipate a fall-off in demand for construction after the 2020 Tokyo Olympic and Paralympic Games, so maintaining growth will require that we accelerate our overseas strategies. Our main focus is expanding our business in Southeast Asia, and as a part of this effort we purchased DIMENSION-ALL INC., which develops sales and rentals of temporary equipment and materials in the Philippines.

In the future, we will strategically invest Group assets in the Philippines, and enhance our position in Southeast Asia. Equipment that has been written off

for depreciation in Japan can still meet the needs of the Philippine market. First, falsework for use in new bridge construction will be sent to the Philippines. Through expanding rentals and sales, we will increase market share within the Philippines.

We are already developing new products that can secure a competitive edge in the Southeast Asian market. We will position our subsidiary in Vietnam as a central production base for Southeast Asia, and it will supply South Korea and the Philippines. Meanwhile, Hory Korea, which has until now acted as a production base for Japan, will switch to strengthening sales and rentals within South Korea itself, thereby increasing the company's presence.

Also, from the year ending March 31, 2017, overseas business will be a new disclosure segment. Our objective is to have the overseas sales ratio reach 10%, and raise this to 50% in the medium to long term.



Column

Hory's Product Development Capacity and Brand Power—Key to Growth



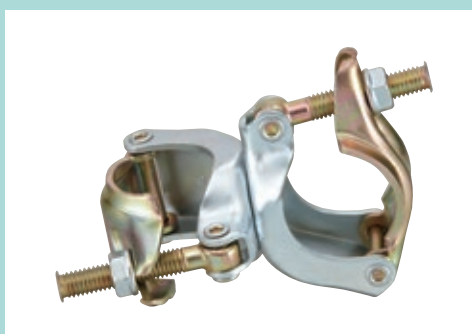
Hory Corporation was the first Japanese company to succeed in using press-processing to mass-produce clamps which are metal fittings for construction scaffolding. Throughout its business activities spanning 60 years, the company has leveraged its advanced metal processing technologies and development capabilities to build a trusted brand.

Hory has weathered different economic climates, including the high economic growth period characterized by a construction boom, and the economic slump after the collapse of the bubble economy, and the company has continuously developed innovative products that tied together customer needs and the company's own strengths. Through this effort, Hory has become widely known throughout the industry as an established brand for temporary equipment and materials. Hory holds a high market share, especially for clamps, within Japan, and since becoming a member of the SRG TAKAMIYA Group in 2010, those clamps have become mainstay products throughout the Group. At present, by coupling Hory's product development capabilities with SRG TAKAMIYA's aggressive expansion of the rental business, we have established a framework for the rapid introduction of new products into the market.

Hory also has production locations in South Korea and Vietnam, both of which are pivotal to the SRG TAKAMIYA Group's overseas strategy.

Main Hory Products

Year released	Product
1955	Clamps: bolted fastening-type metal fittings used for construction scaffolding; Hory was the first to use press-processing in their mass-production.
1964	Bases and joints: pipe joints and fixed bases certified by the Scaffolding and Construction Equipment Association of Japan
1975	Hory Beam: horizontal frame falsework designed with integrated clamps, with easy assembly and dismantling
1992	SGX Series: system falsework that uses a simple setup method to significantly improve workability
1999	V-MAX: suspended scaffolding to improve work safety and external appearance
2010	Hory Up Zero: fixed advance guardrails designed to eliminate fall accidents and provide high work efficiency
2012	WUTEC-SF: seismic damper for residential structures, reducing the degree of building shaking by up to 80%
2013	Iq System: next-generation scaffolding providing safety and efficiency, with a 190 cm lift height



Clamps



WUTEC-SF

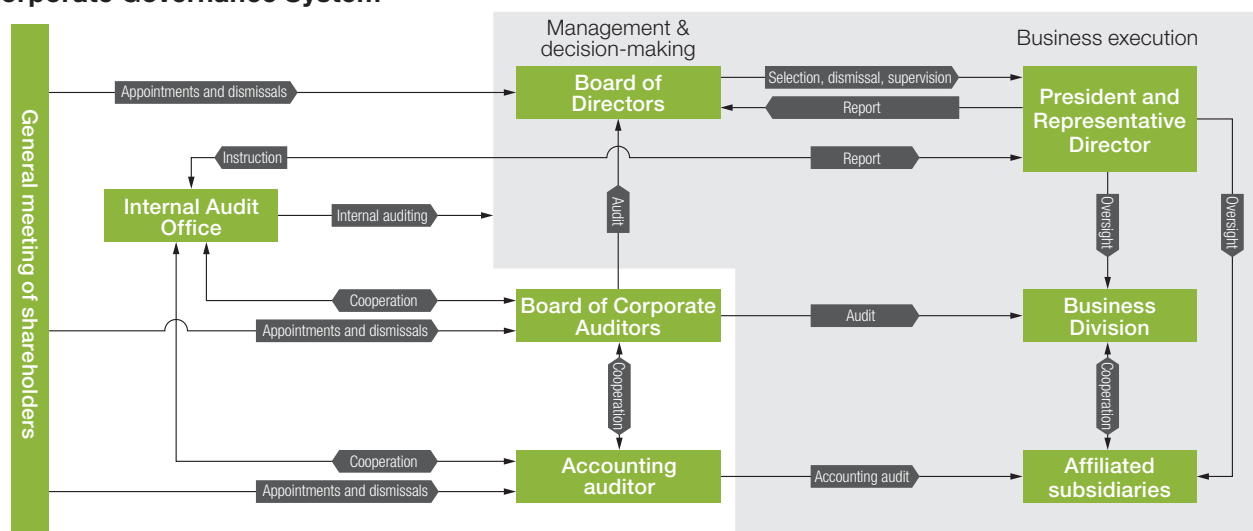
Basic Policy on Corporate Governance

The Group believes that ensuring full compliance, guaranteeing operational transparency and efficiency, and maximizing its corporate value for shareholders and other stakeholders are all central to corporate governance.

Overview of Corporate Governance System

Organization	Company with a Board of Corporate Auditors
Chairman of the Board	Kazumasa Takamiya
Number of Board	Nine, including one outside director
Number of Corporate Auditors	Three, including two outside corporate auditors
Board of Directors Meetings in the FY Mar. 2016	Held: Regularly 12 times, extraordinary seven times, written resolutions four times Director attendance rate: 96%, corporate auditor attendance rate: 89%
Board of Corporate Auditors Meetings in the FY Mar. 2016	Held: Regularly 12 times, extraordinary two times Corporate auditor attendance rate: 93%
Main Meetings Attended by Corporate Auditors	Board of Directors Meetings, Management Meetings
Appointment of Independent Directors	One outside director and two outside corporate auditors
Accounting auditor	Ernst & Young ShinNihon LLC

Corporate Governance System



Appointment of Outside Executives

We appoint outside directors and outside corporate auditors. Each outside executive carries out objective and neutral auditing and monitoring of directors' business execution from their respective positions, thus ensuring satisfactory corporate governance.

Although there are no specifically defined standards or policies regarding independence when appointing outside directors and external corporate auditors, during appointment, we first evaluate that they have a perspective sufficiently separated from our management personnel based upon their career and relationship with our company, and that they have the independence to carry out their duties as external executives.

Mutual cooperation involves periodically receiving reports from the corporate auditors and the manager of the Internal Audit Office, and making comments as needed, with the aim of strengthening this cooperation.

Reason for Appointing Outside Director

Kouji Shimokawa (Independent Director)

President and Representative Director of Shimokawa Accounting Office Ltd.
President & CEO of Global Human Communications Co., Ltd.

We have appointed Mr. Shimokawa as an outside director in the expectation that the Company can use his knowledge and experience cultivated in management accounting as a qualified tax accountant.

Reason for Appointing Outside Corporate Auditor

Tsuyoshi Kajikawa (Independent Corporate Auditor) Representative of Kajikawa Certified Public Accountants	We have appointed Mr. Kajikawa as an outside corporate auditor in the expectation that he will utilize his qualifications as a certified public accountant and tax accountant and a deep knowledge and understanding of corporate accounting to perform his duties appropriately as an external corporate auditor from an objective and neutral standpoint, based on his professional insight into finance and accounting.
Yoshihiro Sakatani (Independent Corporate Auditor) Japan Management Consulting Co., Ltd. President and Representative Director	We have appointed Mr. Sakatani as an outside corporate auditor in the expectation that he will utilize his qualifications as a certified public accountant and tax accountant and his deep knowledge and understanding of corporate accounting, to perform his duties appropriately as an external corporate auditor from an objective and neutral standpoint, based on his professional insight into finance and accounting.

Executive Remuneration

For the fiscal year ended March 31, 2016, executive remuneration for our directors and corporate auditors was as follows:

Classification	Total remuneration (thousands of yen)	Total remuneration by type (thousands of yen)				Number of executives covered
		Basic remuneration	Stock options	Annual bonuses	Retirement benefits	
Directors (excluding outside directors)	212,630	151,461	61,169	—	—	8
Corporate auditors (excluding outside corporate auditors)	9,600	9,600	—	—	—	1
External directors	7,560	7,560	—	—	—	3

Auditor Remuneration

For the fiscal year ended March 31, 2016, remuneration paid to certified public accountants and others was as follows:

Classification	Previous fiscal year		Current fiscal year	
	Compensation paid for audit certification work (thousands of yen)	Compensation paid for non-audit certification work (thousands of yen)	Compensation paid for audit certification work (thousands of yen)	Compensation paid for non-audit certification work (thousands of yen)
The Company	28,800	500	30,000	—
Consolidated subsidiaries	—	—	—	—
Total	28,800	500	30,000	—

*Our consolidated subsidiaries of Hory Korea Co., Ltd., HORY VIETNAM Co., Ltd., and DIMENSION-ALL INC., paid a total of ¥3,711 thousand as remuneration based upon audit certification work to Ernst & Young member firms, which are members of the same network as our certified public accountants.

Communications with Shareholders and Investors

We endeavor to provide shareholders and investors with timely information in a transparent, fair and consistent manner. As well as striving to disclose information in accordance with appropriate disclosure regulations, we work proactively to disclose information that is effective in fostering a better understanding of the Company.

We aim to expand our numbers of shareholders and investors, and through direct communications are attempting to increase their understanding of our business activities, strategies and performance. Specifically, we are conducting presentations and meetings on financial results for analysts and institutional investors, as well as presentations for individual investors. We also publish the SRG Report, a newsletter for individual shareholders. Our main investor relations activities for the fiscal year ended March 31, 2016 were as follows:

For Individual Investors	For Analysts and Institutional Investors	IR Site
<ul style="list-style-type: none"> •Presentations for individual investors: six/year (total participants: 800) <p>We hold regular presentations at the Security Analysts Association of Japan as well as at branches of securities companies, with our officials as speakers. Our IR site indicates the timing of this disclosure.</p>	<ul style="list-style-type: none"> •Financial results presentations: two/year (year-end, end of the second quarter) •One-on-one meetings: approximately 100 times <p>At our semi-annual results presentations, the president and other executives summarize our performance and provide earnings forecasts. Materials and videos are available on our investor relations site.</p>	<ul style="list-style-type: none"> •https://www.srg.jp/ja/ir/index.html <p>To ensure the timeliness and fairness of disclosure, we disclose materials on our IR site in a timely manner. This information includes analyst reports and historical data. We also provide in-depth content to assist in a further understanding of our business and strategy.</p>

Directors



Kazumasa Takamiya

President and Representative Director
Executive Manager,
Overseas Business Division



Akiyoshi Takamiya

Representative Director and Executive Vice President
Executive Manager,
Sales & Marketing Division
In charge of Environmental Business Marketing



Yutaka Morita

Director and Executive Vice President
Executive Manager,
Procurement, Development and Manufacturing Division
In charge of Marketing



Hideki Yasuda

Director and Senior Managing Executive Officer
General Manager,
Corporate Planning Department
In charge of General Affairs and Finance



Tsutomu Abe

Director and Executive Officer
Division General Manager,
Sales & Marketing Division and General Manager,
Rental Department



Takashi Matsui

Director and Executive Officer
Division General Manager,
Scaffolding Management Division and General Manager,
Scaffolding Control Department



Sadamitsu Shimizu

Director and Executive Officer
Division General Manager,
Procurement & R&D Division



Yuki Mukaiyama

Director and Executive Officer
Division General Manager,
Business Development Division



Kouji Shimokawa

Outside Director

Outside Independent

Corporate Auditors



Kazumasa Yamaguchi

Corporate Auditor



Tsuyoshi Kajikawa

Outside Corporate Auditor

Outside Independent



Yoshihiro Sakatani

Outside Corporate Auditor

Outside Independent

Note: Kouji Shimokawa is an Outside Director. Tsuyoshi Kajikawa and Yoshihiro Sakatani are Outside Corporate Auditors. The Company designated these three as Independent Director and Independent Corporate Auditors pursuant to the regulations of the Tokyo Stock Exchange and registered them as such at the stock exchange.

Executive Officers

Kazunori Kawakami

Senior Executive Officer
Deputy Division General Manager,
Sales & Marketing Division and
General Manager, Scaffolding
Construction Department

Shinri Ueda

Executive Officer
General Manager, Scaffolding
Quality Control Department
Scaffolding Management Division

Takahiro Shozaki

Executive Officer
General Manager,
Sales & Marketing Planning
Department Sales &
Marketing Division

Koichi Nishihashi

Executive Officer
General Manager,
General Affairs Department

Atsuhiko Sako

Executive Officer
Deputy Division General Manager,
Sales & Marketing Division

Michio Ashida

Executive Officer
General Manager
Marketing Department

Tomoya Tatsumi

Executive Officer
General Manager Finance &
Accounting Department
and Manager of Finance Section

(millions of yen)

	2011.3	2012.3	2013.3	2014.3	2015.3	2016.3
For the year						
Net sales	17,490	23,201	28,113	32,443	34,261	34,350
Cost of sales	11,509	15,998	19,917	22,610	23,404	23,059
Selling, general and administrative expenses	5,258	6,165	6,590	6,781	7,758	8,307
Operating income	722	1,037	1,605	3,051	3,098	2,983
Ordinary income	621	1,080	1,553	3,006	3,325	2,731
Profit attributable to owner of parent	302	755	807	1,768	2,070	2,153
Investments in assets for rent	1,663	3,687	2,850	2,381	5,577	7,227
Depreciation	2,745	3,088	3,280	3,369	3,649	4,137
EBITDA*3	3,468	4,126	4,886	6,421	6,747	7,120
At year-end						
Total assets	29,594	32,472	33,987	37,245	43,520	50,091
Equity	5,648	6,271	6,947	9,514	11,453	11,766
Interest-bearing debt	17,290	17,784	17,405	16,605	20,274	24,709
Number of employees	609	679	710	693	903	979
Cash Flow						
Cash flows from operating activities	2,483	669	1,575	2,839	(1,620)	(1,081)
Cash flows from investing activities	(692)	(539)	(812)	(1,239)	(1,563)	(1,736)
Cash flows from financing activities	(477)	(39)	(779)	(715)	2,927	2,844
Cash and cash equivalents at end of period	3,039	3,100	3,076	3,979	4,233	4,242
Free cash flows	1,790	129	763	1,600	(3,183)	(2,817)
Per share data (yen)						
Earnings	6.97	17.47	18.83	40.17	46.17	48.12
Net assets	130.38	146.27	162.04	213.24	253.95	269.09
Dividends	5.0	5.0	5.0	6.5	12.5	10.0
Ratios (%)						
ROE*4	5.4	12.7	12.2	21.5	19.8	18.5
ROA*5	2.3	3.5	4.7	8.4	8.2	5.8
Operating profit margin	4.1	4.5	5.7	9.4	9.0	8.7
Equity ratio	19.1	19.3	20.4	25.5	26.3	23.5
D/E ratio	306.1	283.6	250.5	174.5	177.0	210.0

Notes: 1. Figures are rounded down to the nearest million yen (except per share information).

2. We conducted two-for-one stock splits on April 1, 2013 and January 1, 2015. Per-share information incorporates the impact of these stock splits. The dividend for the fiscal year ended March 31, 2015 included a commemorative dividend of ¥2.5 to commemorate the designation of our stock on the First Section of the Tokyo Stock Exchange.

3. EBITDA = operating income + depreciation

4. Return on equity = profit attributable to owners of parent / average equity

5. Return on assets = ordinary income / average total assets

Corporate Outline

Name	SRG TAKAMIYA CO., LTD.
Date of establishment	June 21, 1969
Headquarters	Grand Front Osaka Tower-B Bldg. 27F, 3-1, Ofuka-cho, Kita-ku, Osaka 530-0011, Japan

Capital	714,770,000 yen
Representative	President and Representative Director Kazumasa Takamiya
Number of employees	Non-consolidated 339 Consolidated 979

Stock Information

Stock data

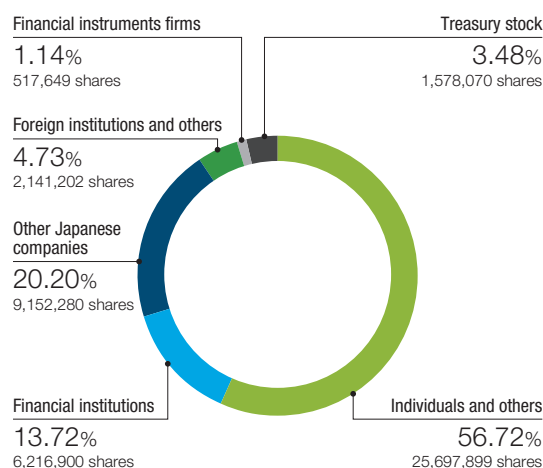
Total number of issuable shares	144,000,000
Total number of issued shares	45,304,000
Number of shareholders	4,421

Principal Shareholders

Shareholders	Number of shares held (shares)	Percentage of shares held (%)
Takamiya Ltd.	6,725,520	15.38
Tojitsu Takamiya	5,879,504	13.45
Sky Rainbow Employee Stock Ownership Community	2,276,240	5.21
Akiyoshi Takamiya	2,198,784	5.03
Kazumasa Takamiya	2,109,672	4.82
Japan Trustee Services Bank (Trust account)	1,773,000	4.05
Toyoji Takamiya	1,678,288	3.84
Chikako Takamiya	1,579,824	3.61
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	907,200	2.07
Kanamoto Co., Ltd.	888,400	2.03

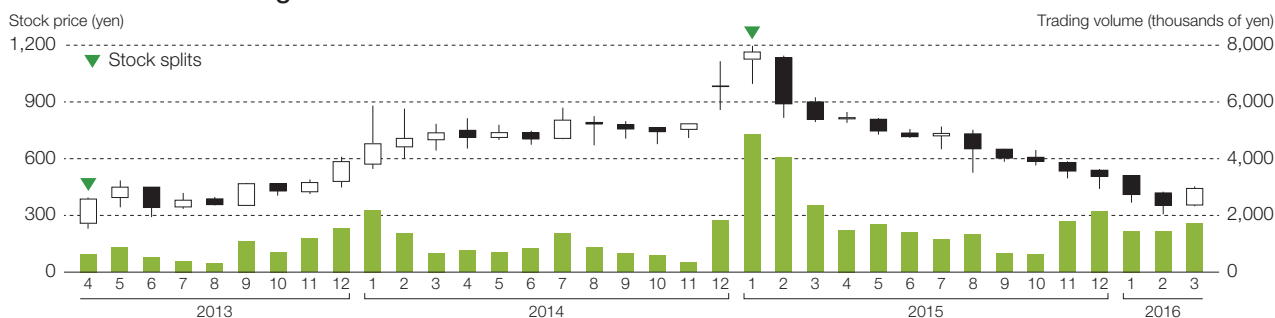
*Notes: 1. The Company holds 1,578,070 shares of treasury stock.
2. Treasury stock is excluded from the list of major shareholders and is not used in calculating percentages of shares held.

Breakdown of Shares by Type of Shareholders



*Rounded to the second decimal place.

Stock Prices and Trading Volume



*We conducted two-for-one stock splits on April 1, 2013 and January 1, 2015. Stock prices are retroactively revised to incorporate the impact of these stock splits.

Shareholders Information

Fiscal year	From April 1 to March 31 of the following year
Securities code	2445 (the First Section of the Tokyo Stock Exchange)
Ordinary general meeting of shareholders	June
Record date	Ordinary general meeting of shareholders: March 31 / Year-end dividend: March 31 / 2nd quarter-end dividend: September 30
Share trading unit	100 shares
Transfer Agent and Registrar for Common Stock	Mitsubishi UFJ Trust and Banking Corporation
Contact for Transfer Agent and Registrar	Osaka Securities Agent Department, Mitsubishi UFJ Trust and Banking Corporation 3-6-3, Fushimi-cho, Chuo-ku, Osaka-shi, Osaka 541-8502, Japan Tel: 0120-094-777 (toll-free)
Method of public notice	By electronic notification on SRG TAKAMIYA's website: http://www.srg.jp/ However, if electronic notification is not possible due to an accident or other unavoidable circumstances, notice will be published in the Nihon Keizai Shimbun newspaper.

Group Network

Rental Business

IWATA Co., Ltd.

523-2 Shironodan, Chogetsu, Momoyama-cho, Kinokawa City, Wakayama Prefecture 649-0611, Japan
 TEL: +81-736-66-3450 FAX: +81-736-66-3451

SHINKEN NAGAKITA Co., Ltd.

2-7-43 Jindoji-minami, Chuo-ku, Niigata City, Niigata Prefecture 950-0986, Japan
 TEL: +81-25-248-5730 FAX: +81-25-248-5741

TATSUMI Co., Ltd.

2000-7 Shimohaji, Ibaraki-machi, Higashiibaraki-gun, Ibaraki Prefecture 311-3155, Japan
 TEL: +81-29-297-2406 FAX: +81-29-297-2407

HIRAMATSU Co., Ltd.

4342-9 Sumiyoshi, Yoshida-cho, Haibara-gun, Shizuoka Prefecture 421-0421, Japan
 TEL: +81-548-22-7588 FAX: +81-548-22-7122

AOMORI ATOM Co., Ltd.

35-135 Yakiyamakawame, Odanozawa, Higashidori Village, Shimokita-gun, Aomori Prefecture 039-4223, Japan
 TEL: +81-175-45-7750 FAX: +81-175-45-7751

SN Builtech Co., Ltd.

Onward Park Bldg. 11F, 3-10-5, Nihonbashi, Chuo-ku, Tokyo 103-0027, Japan
 TEL: +81-3-3276-3930 FAX: +81-3-3276-3931

TOTAL TOSHISEIBI Co., Ltd.

2601, Yorozu-cho, Nakagawa-ku, Nagoya City 454-0872, Japan
 TEL: +81-52-352-0347 FAX: +81-52-353-5841

Cadian Co., Ltd.

Grand Front Osaka Tower-B Bldg. 27F, 3-1, Ofuka-cho, Kita-ku, Osaka 530-0011, Japan
 TEL: +81-6-6375-8048 FAX: +81-6-6375-8128

NEXTECH Co., Ltd.

Grand Front Osaka Tower-B Bldg. 27F, 3-1, Ofuka-cho, Kita-ku, Osaka 530-0011, Japan
 TEL: +81-6-6375-9200 FAX: +81-6-6375-9227

Sales Business

Hory Corporation

Onward Park Bldg. 12F, 3-10-5, Nihonbashi, Chuo-ku, Tokyo 103-0027, Japan
 TEL: +81-3-3276-3920 FAX: +81-3-3276-3921

Hory Korea Co., Ltd.

277-5 Myeongdong-ri, Hallim-myeon, Gimhae-si, Gyeongsangnam-do, Korea
 TEL: +82-55-342-5651 FAX: +82-55-342-5654

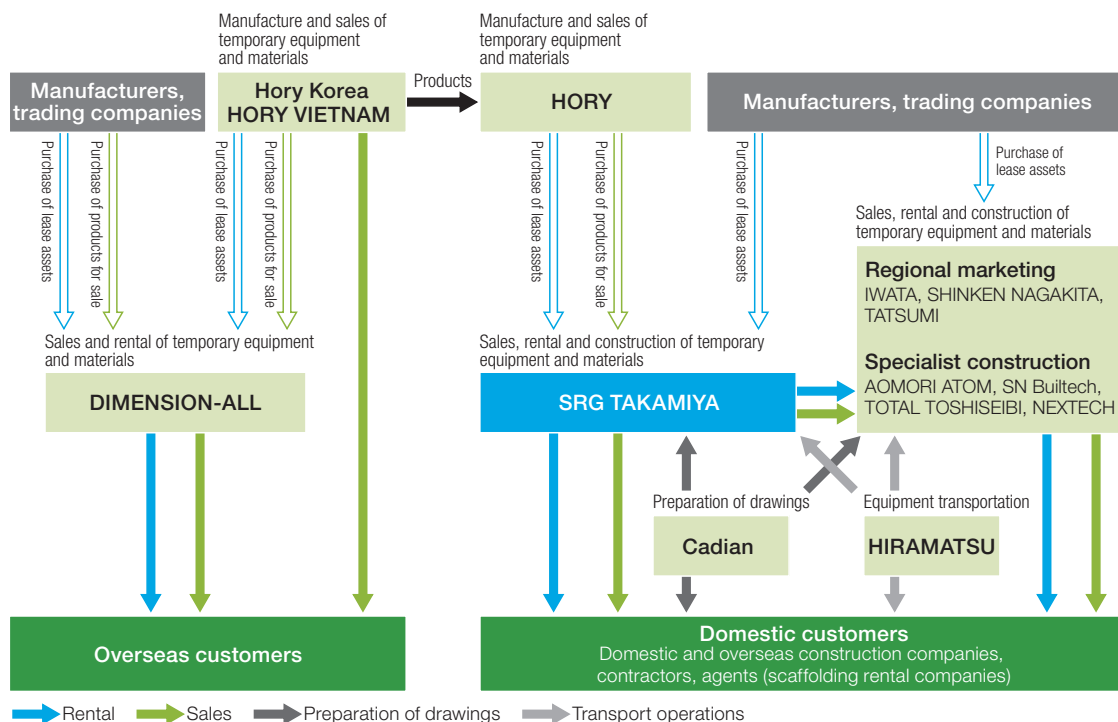
HORY VIETNAM Co., Ltd.

Long Duc Industrial Park, Long Duc Ward, Long Thanh District, Dong Nai Province, Vietnam
 TEL: +84-61-368-1211 FAX: +84-61-368-1199

DIMENSION-ALL INC.

Unit 906, One Corporate Centre, Meralco Avenue Corner Julia Vargas Avenue, San Antonio, Pasig City, 1605 Metro Manila, Philippines
 TEL: +63-2-997-4001

Group Tie-ups





SRG TAKAMIYA CO., LTD.

Grand Front Osaka Tower-B Bldg. 27F, 3-1,
Ofuka-cho, Kita-ku, Osaka 530-0011, Japan



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