

Audit Report

Tuesday, June 21, 2010

TO: Mr. Shigeaki Tsunoyama
Chairperson of the Board of the Executives
The Public University Corporation, the University of Aizu

The Public University Corporation, the University of Aizu

Auditor Kozo Kuriki Seal

Auditor Yositaka Fukunishi Seal

As auditors, we audited the Corporation's financial records for business operation for the fiscal year from April 1, 2010 to March 31, 2011, the fifth year since the establishment of the corporation, in accordance with the provisions of Article 13, Paragraph 4 of the Local Independent Administrative Corporation Law. We hereby report the results of the audit as described below.

1. Outline of the Method for the Audit

We, as auditors, attended meetings of the Board of Executives and other important meetings based on the audit plan we established. In addition, we received reports from the Chairperson of the Board of Executives regarding business operation and business processing of the Corporation. The situation regarding the management of real estate has been confirmed by the relevant documents and visual inspection.

Also, we confirmed the situation of internal control of the Corporation by the report from the University of Aizu Audit Office. As for the conflict of interests between the Corporation and the Chairperson, Vice-Chairperson, or other Regents of the Board of Executives, we asked each of them to make a report on it, and investigated the current situation.

Furthermore, accounting auditor gave us an explanation and an outline of the method for the audit, and we examined the accuracy of the "Financial Statement", "Business Report" (only the sections related to accounting), and "Statement of Accounts".

2. Results of the Audit

- (1) The method and results of the audit conducted by accounting auditors were recognized as appropriate.
- (2) It is recognized that the FINANCIAL STATEMENTS, ETC properly describe financial and management conditions, and situations concerning cash flow and administrative service costs.
- (3) It is recognized that the draft of the document regarding appropriation of profits complies with relevant laws.
- (4) The "Notes Regarding the Financial Statement" accurately states matters that should be described, and there are no particular problems that should be pointed out.
- (5) It is recognized that the "Business Report" accurately states situations regarding business operation of the Corporation.
- (6) It is recognized that the "Statement of Accounts" accurately states situations regarding the

statement of accounts according to budget categories of the Corporation.

- (7) Regarding execution of duties by executives, there were no instances of misconduct or any serious violation of laws and/or corporation policies found. There was no conflict of interests confirmed between the Public University Corporation and the Chairperson, Vice-Chairperson, or other regents of the Board of the Executives.

This is an English translation of the original official financial statement issued in Japanese by the auditor of the University's financial operations, Ernst & Young, and not an official document authorized and issued by Ernst & Young.

Audit Report by a Third-party Auditor

June 20, 2011

TO: Chairperson Shigeaki Tsunoyama of the Board of Executives, the Public University Corporation, the University of Aizu

Ernst & Young ShinNihon

Kenichi Togashi,

Certified Public Accountant, Designated Employee,
and Business Executive Employee Seal

Kosei Mitsuyama,

Certified Public Accountant, Designated Employee,
and Business Executive Employee Seal

Ernst & Young ShinNihon, based on the provisions provided for in Article 35 of the Local Independent Administrative Corporation Law, conducted an audit of the financial statements of the Public University Corporation, the University of Aizu for its fifth fiscal year after its incorporation, covering the period from April 1, 2010 to March 31, 2011, including the balance sheet, the statement of income, the statement of cash flow, the statement of costs for carrying out relevant administrative services, the document regarding appropriation of income, the notes regarding the financial statements, the business report (restricted to sections related to accounting), and the statement of settlement of accounts. With regard to the business report, sections related to accounting, which are subject to this audit, are restricted to entries on the business report according to relevant accounting books. The Chairperson of the Board of Executives assumes the responsibility to create the said financial statements, the business report, and the statement of settlement of accounts (hereinafter collectively referred to as "FINANCIAL STATEMENTS, ETC."), while the said auditing corporation assumes the responsibility to express opinions regarding the FINANCIAL STATEMENTS, ETC. from an independent perspective.

The said auditing corporation conducted this audit based on the auditing standards for audits for local independent administrative corporations and standards generally recognized as fair and proper in Japan. Those standards require the said auditing corporation to provide rational evidence whether the FINANCIAL STATEMENTS, ETC. have no critical errors or false entries. This audit was planned, encompassing inspection of descriptions in the FINANCIAL STATEMENTS, ETC. as a whole,

including evaluation as to whether the FINANCIAL STATEMENTS, ETC. have been prepared diligently, giving due consideration to the point that inappropriate conduct, mistakes and illegal conduct involving personnel of the Public University Corporation may have resulted in critical false entry or recording based on an audit test. General accounting policies and their application policies accepted by the Chairperson of the Board of Executives, as well as estimations made by the Chairperson of the Board of Executives have also been evaluated in this audit. The said auditing corporation has judged that a reasonable basis for expression of opinions has been ensured as a result of this audit. This reasonable basis includes the fact that existence of any inappropriate conduct, mistakes and illegal conduct involving personnel of the Public University Corporation which may have resulted in critical false entry or recording has not been recognized. However, the audit conducted by the said auditing corporation does not intend to express opinions regarding existence or nonexistence of any inappropriate conduct, mistakes and illegal conduct involving personnel of the Public University Corporation which did not result in critical false entry or recording.

Opinions of the said auditing company as a result of the audit are as follows:

- (1) It has been recognized that the FINANCIAL STATEMENTS, ETC. (excluding a draft of documents regarding appropriation of income) from the University of Aizu appropriately stated all important points including financial conditions, operational situations, situations regarding statement of cash flow, and situations regarding costs for carrying out relevant administration services, based on the auditing standards for audits for local independent administrative corporations and standards generally recognized as fair and proper in Japan.
- (2) It has been recognized that the draft of the document regarding appropriation of profits complies with relevant laws.
- (3) It has been recognized that the “Business Report” (restricted to sections related to accounting) correctly stated situations concerning operation of the Public University Corporation.
- (4) It has been recognized that the statement of settlement of accounts correctly described situations regarding “Settlement of Accounts” according to budget categories determined by the Chairperson of the Board of Executives.

No conflicts of interest exist between the Public University Corporation and the said auditing company or its business executive employees, which should be noted herein in accordance with the provisions provided for in the Certified Public Accountant Law.