

Securities Code: 6482
June 2, 2017

Dear Shareholders,

**Notice of Convocation for
the 44th Ordinary General Meeting of Shareholders**

We would like to express our deepest condolences.

Notice is hereby given that the 44th Ordinary General Meeting of Shareholders of Yushin Precision Equipment Co., Ltd. will be held as set out below:

If you do not expect to attend the meeting in person, you may exercise your voting rights in writing or via electromagnetic means (the Internet and others). Please refer to the enclosed Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5 p.m. on Wednesday, June 21, 2017 at the latest.

Details

1. **Date and Time:** Thursday, June 22, 2017 at 10 a.m.
2. **Place:** Conference Room on the 6th Floor,
Head Office of Yushin Precision Equipment Co., Ltd.
555 Kuzetonoshiro-cho, Minami-ku, Kyoto
(*The venue for the meeting is changed from the previous year.)
3. **Objectives of the Meeting:**
Matters to be reported:
 - a) Business Report and Consolidated Financial Statements for the 44th Fiscal Year (from April 1, 2016 to March 31, 2017) as well as the audit reports from the Accounting Auditor and the Board of Corporate Auditors on the Consolidated Financial Statements
 - b) Report on the Non-Consolidated Financial Statements for the 44th Fiscal Year (from April 1, 2016 to March 31, 2017)

Agenda for resolution:

- Proposal 1:** Election of Seven (7) Directors
Proposal 2: Election of Two (2) Corporate Auditors

Sincerely Yours,

Mayumi Kotani
President and Representative Director
YUSHIN PRECISION EQUIPMENT CO., LTD.
555 Kuzetonoshiro-cho, Minami-ku,
Kyoto, Japan

Notes:

- * You are kindly requested to present the enclosed "Form for Exercising Voting Rights" to the receptionist upon your arrival at the Meeting.
- * If any changes have been made to the matters appearing in the Reference Documents for the General Meeting of Shareholders, Business Report, Non-Consolidated Financial Statements or Consolidated Financial Statements, such changes will be posted on our website: (<http://www.yushin.com>)

<Information on Exercise of Voting Rights via the Internet>

Shareholders exercising voting rights via the Internet are asked to kindly note the following matters. Exercising the voting rights by post or via the Internet is unnecessary if you attend the meeting in person.

1. About the voting rights exercise site

(1) Shareholders can exercise their voting rights only by accessing on the voting rights exercise site designated by the Company (<http://www.evotep.jp/>) via PC, smartphone or mobile phone (i-mode, EZweb or Yahoo! Mobile)*. (However, please note that you cannot exercise your voting rights via the Internet on the designated website between the hours of 2:00 a.m. and 5:00 a.m.)

*"i-mode", "EZweb" and "Yahoo!" are trademarks or registered trademarks of NTT DOCOMO INC., KDDI Corporation and Yahoo Inc. in the U.S., respectively.

(2) Please note that you may not be able to exercise your voting rights via PC or smartphone depending on the Internet settings configured on your PC or smartphone, such as firewalls, etc. that are in place to regulate your Internet connections, anti-virus software that has been installed on your PC or smartphone, the use of a proxy server or not designating TLS.

(3) When exercising voting rights via mobile phone, you must use one of the following services: i-mode, EZweb or Yahoo! Mobile. For security reasons, you cannot vote using mobile handsets that cannot send TLS encrypted information or that cannot send information of the mobile phone used.

(4) A voting deadline is 5:00 p.m. on June 21, 2017. Shareholders are cordially requested to exercise their voting rights as early as possible. Please call Help Desk as mentioned below with any inquiries.

2. Method of exercising of voting rights via the Internet

(1) On the voting rights exercise site designated by the Company (<http://www.evotep.jp/>), please enter the "login ID" and "temporary password" indicated on the enclosed Voting Rights Exercise Form and enter your approval or disapproval of each of the proposals in accordance with instructions on the screen.

(2) Please note that, in order to prevent unauthorized access to the designated website by individuals other than shareholders (persons impersonating shareholders) and to prevent the alteration of votes, we request that you change your "temporary password" to a permanent password on the designated website for the exercise of voting rights, when you exercise your voting rights via the Internet.

(3) New "login ID" and "temporary password" will be advised for each notice of convocation for Ordinary General Meeting of Shareholders.

3. Treatment when you exercise your voting rights more than one time

(1) If you exercise your voting rights both by post and via the Internet, the voting via the Internet shall be deemed valid.

(2) If you exercise your voting rights more than once via Internet, the last exercise of voting rights shall be deemed valid. If you exercise your voting rights redundantly via PC, smartphone and mobile phone, the last exercise of voting rights shall be deemed valid.

4. Costs associated with accessing the website for the exercise of voting rights

All costs associated with accessing the website for the exercise of voting rights (cost of Internet connections etc.) are to be borne by the shareholder. Also, when voting via mobile phone etc. all packet communication fees and other costs incurred in the use of a smartphone or a mobile phone are also to be borne by the shareholder.

Inquiries about the system

Mitsubishi UFJ Trust and Banking Corporation

Transfer Agent Department (Help Desk)

Phone: 0120-173-027 (9:00 a.m. to 9:00 p.m. (Japan Time); toll free only within Japan)

<For Institutional Investors>

Institutional investors may use "The Platform for Electronic Exercise of Votes for Institutional Investors" of ICJ Ltd. as another way of exercising voting rights.

Business Report

(from April 1, 2016 to March 31, 2017)

1. Current Business Conditions

(1) Progress and achievements

In the fiscal year ended March 31, 2017, there was an uncertainty about economic and trade policies by the new US government as well as politics in Europe. However, the economy of the US remained steady against a background of improvements of the employment environment and expansion of the individual consumption. In Europe, the economy was on recovery trend since “Brexit” impact was temporary. In Asia, there were slowdown in Chinese economy and stagnation of the economic growth in emerging countries, but there was pickup in the second half of the year. On the whole, world economy made a mild recovery.

In these circumstances, Yushin Group has strived to expand operation in a new business area, to develop new products and to obtain new world-class customers. However, consolidated net sales decreased by 8.5% year on year to 19,346 million yen because sales in new business area fell below expectation and there was strong yen. As regards profit, in addition to decrease in net sales, there were cost occurred relating to the new ERP system launched last November and the relocation of the HQ implemented last December. As a result, operating income decreased by 31.5% year on year to 2,112 million yen and ordinary income decreased by 29.6% year on year to 2,058 million yen, and net income attributable to shareholders of the parent company decreased by 27.7% year on year to 1,380 million yen.

Consolidated net sales by product category

(Thousands of yen)

Years ended March 31,	2016		2017		Change
Product	Amount	%	Amount	%	%
Take-out robots	13,923,022	65.8	13,410,587	69.3	(3.7)
Custom-ordered equipment	3,997,845	18.9	2,832,537	14.7	(29.1)
Parts and maintenance service	3,227,723	15.3	3,103,275	16.0	(3.9)
Total	21,148,591	100.0	19,346,399	100.0	(8.5)

(2) Capital investment

The total amount of capital investment for Yushin Group effectuated over the course of the period under review was 546 million yen mainly for the capital investment related to extension of Technical Center valued at 159 million yen and construction of a new ERP system for headquarters valued at 149 million yen.

(3) Financing activities

No material items to report.

(4) Assets and operating results 2014 - 2017

Years ended March 31,	2014	2015	2016	2017
Net sales (thousands of yen)	17,909,292	17,799,020	21,148,591	19,346,399
Ordinary income (thousands of yen)	3,095,258	2,542,871	2,921,754	2,058,192
Net income attributable to shareholders of the parent company (thousands of yen)	1,893,027	1,683,479	1,908,626	1,380,273
Net income per share (yen)	108.24	96.26	109.14	78.93
Total assets (thousands of yen)	26,252,009	29,463,773	29,409,602	30,761,736
Net assets (thousands of yen)	21,875,926	23,970,142	24,715,668	25,451,718
Net assets per share (yen)	1,243.88	1,357.36	1,401.54	1,444.38

Notes: The net income per share is calculated based on the average number of issued shares during the fiscal year and the net assets per share are calculated based on the number of issued shares at the end of the fiscal year.

(5) Issues to be addressed

As for the business environment surrounding Yushin Group, the world economy is expected to show a recovery trend as a whole. However, there remains uncertainty such as effect from the economic and trading policy of new US government, the political trend in Europe and escalation of international tensions.

As for issues to be addressed, Yushin Group must differentiate and strengthen the products including price competitiveness and strengthen our sales capabilities worldwide as well as develop world-class human resources who can sustain expansion of our presence around the world.

In the new business area, Yushin Group must develop and bring new products to the market in the business area where Yushin Group can manifest technological and/or sales synergies in order to establish multiple core businesses.

Under these circumstances, Yushin Group aims to develop itself further as a number-one company across the board in the “take-out robot” industry with Yushin Group philosophy “Through the ongoing creation of innovative technology, we make a far-reaching contribution to society on a global scale”

As for strategy, Yushin Group will extend the quality and scale of our business by strengthening our sales capabilities worldwide and developing and distributing products to meet customers’ demands. Particularly a new model of take-out robots with new functions is scheduled to be launched this year. We also expand sales of custom-ordered equipment in a medical and a new business area. For the purpose of enhancing these all efforts, Yushin Group aims to improve productivities and to promote operational efficiencies utilizing the new HQ, as well as to continue cost reducing activities.

(6) Status of major subsidiaries

Name	Location	Capital stock	Percentage of shareholding	Major operations
Yushin Korea Co., Ltd.	Siheung-Shi, Gyeonggi-Do, South Korea	KRW350 million	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment (Taiwan) Co., Ltd.	Taipei City, Taiwan (R.O.C.)	NT\$5 million	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment Trading (Shanghai) Co., Ltd.	Shanghai, China	US\$200,000	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment Trading (Shenzhen) Co., Ltd.	Shenzhen, Guangdong, China	US\$400,000	100%	Sales and maintenance & repair of our products
PT. Yushin Precision Equipment Indonesia	Bekasi, Indonesia	IDR2,841 million	99%	Sales and maintenance & repair of our products
Yushin Precision Equipment (Vietnam) Co., Ltd.	Hanoi, Vietnam	US\$300,000	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment Sdn. Bhd.	Selangor, Malaysia	MYR1 million	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment (Thailand) Co., Ltd.	Bangkok, Thailand	THB8 million	49%	Sales and maintenance & repair of our products
Yushin Precision Equipment (India) Pvt. Ltd.	Chennai, India	INR7.4 million	95%	Sales and maintenance & repair of our products
Yushin Automation Ltd.	Worcestershire, U.K.	GBP150,000	95.6%	Sales and maintenance & repair of our products
Yushin America, Inc.	Rhode Island, U.S.A.	US\$8,000	100%	Sales and maintenance & repair of our products. Manufacturing, sales and maintenance & repair of custom-ordered equipment
Guangzhou Yushin Precision Equipment Co., Ltd.	Guangzhou, Guangdong, China	RMB13.7 million	100%	Manufacturing of our products

(7) Major operations (as of March 31, 2017)

Yushin Group is mainly engaged in the development, manufacture and sale of take-out robots for plastic injection molding products and stock systems as well as factory automation systems for molding plants.

(8) Main sales offices and factories (as of March 31, 2017)

Name	Location
Head Office	Minami-ku, Kyoto-city
Fushimi Factory	Fushimi-ku, Kyoto-city
Technical Center	Minami-ku, Kyoto-city
Higashi-Nihon General Sales Office	Kita-ku, Saitama-city
Chubu General Sales Office	Toyokawa-city, Aichi
Nishi-Nihon General Sales Office	Minami-ku, Kyoto-city
Tohoku Sales Office	Fukushima-city, Fukushima
Tsukuba Sales Office	Tsukuba-city, Ibaraki
Nishi-Kanto Sales Office	Atsugi-city, Kanagawa
Nagano Sales Office	Shiojiri-city, Nagano
Shizuoka Sales Office	Suruga-ku, Shizuoka-city
Nagoya-Nishi Sales Office	Kuwana-city, Mie
Toyama Sales Office	Toyama-city, Toyama
Hiroshima Sales Office	Nishi-ku, Hiroshima-city
Fukuoka Sales Office	Hakata-ku, Fukuoka-city
Philippines Representative Office	Makati City, Philippines

Note: The Head Office was moved to Minami-ku, Kyoto-city on December 12, 2016.

(9) Employees (as of March 31, 2017)

Number of employees	Increase from the end of previous FY
663(59)	27

Note: The number of employees represents full-timers only (including seconded employees to the Company). Part-timers and other irregular employees are represented separately as their average annual number indicated in parentheses ().

(10) Major creditors (as of March 31, 2017)

No items to report.

(11) Other important matters pertaining to the status

The Head Office was moved to Minami-ku, Kyoto-city on December 12, 2016.

2. Matters Pertaining to the Shares of the Company (as of March 31, 2017)

- (1) Number of shares authorized: 40,000,000
- (2) Total number of issued shares: 17,819,033
- (3) Number of shareholders: 3,483
- (4) Major shareholders:

Name	Investment in the Company	
	Number of shares held (thousand)	Percentage of shares held (%)
Yushin Industry Co., Ltd.	5,996	34.3
The Nomura Trust and Banking Co., Ltd. (Trust Account 3071019)	774	4.4
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 620021158)	774	4.4
The Kyoto Chuo Shinkin Bank, Ltd.	544	3.1
Mayumi Kotani	531	3.0
The Master Trust Bank of Japan, Ltd. (Trust Account)	455	2.6
Japan Trustee Service Bank, Ltd. (Trust Account 9)	455	2.6
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	424	2.4
BNP Paribas Sec Services Luxembourg, Jasdec, Aberdeen Global Client Assets	418	2.4
RBC IST 15 PCT Non Lending Account - Client Account	383	2.2

Note: Percentage of shares held is calculated after deducting the number of treasury stock (331,715 shares).

3. Matters Pertaining to Officers of the Company
(1) Directors and Corporate Auditors (as of March 31, 2017)

Position	Name	Responsibilities and representation of other organization
President and Representative Director	Mayumi Kotani	
Executive Managing Director	Satoshi Kimura	
Managing Director	Yasuharu Odachi	Head of Research & Development H.Q.
Managing Director	Yasushi Kitagawa	Head of Manufacturing H.Q. and Head of Quality Assurance Dept.
Director	Yasuo Nishiguchi	Chairman & CEO at Socionext Inc. Outside Director at Zensho Holdings Co., Ltd. Outside Director at YAMADA Consulting Group Co., Ltd.
Director	Hiroshi Matsuhisa	Professor emeritus at Kyoto University Outside Corporate Auditor at Technology Seed Incubation Co., Ltd.
Full-time Corporate Auditor	Shujiro Sawada	
Corporate Auditor	Yasuhiro Orita	Lawyer
Corporate Auditor	Takao Yoshikawa	Professor emeritus at Osaka University
Corporate Auditor	Hiroho Kamakura	Certified Public Accountant Outside Corporate Auditor at Trusco Nakayama Corporation Outside Corporate Auditor at FUJIO FOOD SYSTEM CO., LTD.

Notes:

- Directors, Yasuo Nishiguchi and Hiroshi Matsuhisa are Outside Directors stipulated in Item 15, Article 2 of the Companies Act.
- The following describes the activities of the Outside Directors during the period under review.
 - (1)Director, Yasuo Nishiguchi
In the period under review, Yasuo Nishiguchi attended 10 of 13 Meetings of Board of Directors. Based on his wide knowledge and experience across the running a company which he had cultivated through holding prominent corporate positions such as President and Representative Director, and Chairman of the Board and Representative Director at Kyocera Corporation, he asked questions to clarify ambiguities that arose with respect to matters reported or resolved, and provided opinions.
Yasuo Nishiguchi is the Chairman and CEO at Socionext Inc. He is also the Outside Director at Zensho Holdings Co., Ltd and YAMADA Consulting Group Co., LTD. There is no special relationship between the Company and Socionext Inc., Zensho Holdings or YAMADA Consulting Group Co., LTD.
 - (2)Director, Hiroshi Matsuhisa
In the period under review, Hiroshi Matsuhisa attended 12 of 13 Meetings of Board of Directors. Based on the specialized knowledge by the person with academic standing in engineering of Kyoto University, he asked questions to clarify ambiguities that arose with respect to matters reported or resolved, and provided opinions.
Hiroshi Matsuhisa is a professor emeritus at Kyoto University. He is also the Outside Corporate Auditor at Technology Seed Incubation Co., Ltd. There is no special relationship between the Company and Kyoto University or Technology Seed Incubation Co., Ltd.
 - (3)In addition to the frequency of convening meetings of the Board of Directors described above, there were 4 times of written resolutions adopted, deeming that there have been resolutions of the Board of Directors Meetings pursuant to Article 370 of the Companies Act and Article 24 of the Articles of Association.
- Corporate Auditors, Yasuhiro Orita, Takao Yoshikawa and Hiroho Kamakura are Outside Corporate Auditors stipulated in Item 16, Article 2 of the Companies Act.
- The following describes the activities of the Outside Corporate Auditors during the period under review.
 - (1)Corporate Auditor, Yasuhiro Orita
In the period under review, Yasuhiro Orita attended 11 of 13 Meetings of Board of Directors and 4 of 5 Meetings of the Board of Corporate Auditors. Based on the specialized legal knowledge, he asked questions to clarify ambiguities that arose with respect to matters reported or resolved, and provided opinions. Additionally, he perused the reports of the internal auditing results, exchanged opinions concerning auditing, and participated in joint discussions on important matters. In addition to receiving the Accounting Auditor's detailed report on regular basis, he also regularly exchanged opinions with top management.

(2)Corporate Auditor, Takao Yoshikawa

In the period under review, Takao Yoshikawa attended all of 13 Meetings of Board of Directors and all of 5 Meetings of the Board of Corporate Auditors. Based on the specialized knowledge by the person with academic standing in engineering of Osaka University, he asked questions to clarify ambiguities that arose with respect to matters reported or resolved, and provided opinions. Additionally, he perused the reports of the internal auditing results, exchanged opinions concerning auditing, and participated in joint discussions on important matters. In addition to receiving the Accounting Auditor's detailed report on regular basis, he also regularly exchanged opinions with top management.

Takao Yoshikawa is a professor emeritus at Osaka University. There is no special relationship between the Company and Osaka University.

(3)Corporate Auditor, Hiroho Kamakura

In the period under review, Hiroho Kamakura attended 11 of 13 Meetings of Board of Directors and all of 5 Meetings of the Board of Corporate Auditors. He is a Certified Public Accountant and has specialist knowledge in finance and accounting. Based on the specialized knowledge as a CPA, he asked questions to clarify ambiguities that arose with respect to matters reported or resolved, and provided opinions. Additionally, he perused the reports of the internal auditing results, exchanged opinions concerning auditing, and participated in joint discussions on important matters. In addition to receiving the Accounting Auditor's detailed report on regular basis, he also regularly exchanged opinions with top management.

Hiroho Kamakura is also the Outside Corporate Auditor at Trusco Nakayama Corporation and at FUJIO FOOD SYSTEM CO., LTD. There is no special relationship between the Company and Trusco Nakayama Corporation and FUJIO FOOD SYSTEM CO., LTD.

(4)In addition to the frequency of convening meetings of the Board of Directors described above, there were 4 times of written resolutions adopted, deeming that there have been resolutions of the Board of Directors Meetings pursuant to Article 370 of the Companies Act and Article 24 of the Articles of Association.

5. Change of Directors and Corporate Auditors during the period under review
Not applicable.
6. The Company has designated Director, Yasuo Nishiguchi, Director, Hiroshi Matsuhisa, Corporate Auditor, Yasuhiro Orita, Corporate Auditor, Takao Yoshikawa and Corporate Auditor, Hiroho Kamakura as Independent Officers as prescribed by the Tokyo Stock Exchange and submitted notices to this effect to the exchange.

(2) Total remuneration and other payments made to Directors and Corporate Auditors

Classification	Number of Directors/ Corporate Auditors	Total amount (Thousands of yen)
Directors	6	158,940
Corporate Auditors	4	21,300
Total	10	180,240

Notes:

1. The 43rd Ordinary General Meeting of Shareholders held on June 20, 2016 resolved total remuneration for all Directors within 500,000 thousand yen per year (including remuneration for Outside Directors within 100,000 thousand yen) and total remuneration for all Corporate Auditors within 100,000 thousand yen per year.
There are currently no Directors who have concurrent employment positions.
2. Total remuneration amounts provided above include the following amount in addition to fixed monthly compensation amounts.
- Provision for directors' bonuses: 22,710 thousand yen
3. With respect to the liability for retirement benefits to Directors and Corporate Auditors, the plan for retirement benefits for Directors and Corporate Auditors was terminated at the 33rd Ordinary General Meeting of Shareholders held on June 29, 2006, and no additional provision has been recorded since then. Therefore, the balance as of March 31, 2017 (66,780 thousand yen) is provided in proportion to the term that present Directors and Corporate Auditors had been in their respective positions before June 2006.
4. The total amount of remuneration for the two (2) Outside Directors is 10,800 thousand yen.
5. The total amount of remuneration for the three (3) Outside Corporate Auditors is 9,300 thousand yen.

4. Matters Pertaining to Accounting Auditor

(1) Name of Accounting Auditor: Deloitte Touche Tohmatsu LLC

(2) Amount of compensation and other payments for the Accounting Auditor

The amount of compensation and other payments payable to the Accounting Auditor for the reporting year	33,200 thousand yen
Total amount of monetary and other property benefits payable by the Company and its subsidiaries	35,337 thousand yen

Note 1: In the audit contract between the Company and the Accounting Auditor, audit fees pursuant to the Companies Act and those pursuant to the Financial Instruments and Exchange Act are not clearly separated and this separation is practically impossible. Therefore, the amount of compensation and other payments to the Accounting Auditor is represented as the total payment.

2. Upon receipt of the necessary materials and reports from the Directors, in-house related departments and Accounting Auditor, the Board of Corporate Auditors acknowledged the details of the audit and status of the course of accounting duties by the Accounting Auditor, the grounds for calculation of the estimated remuneration for auditing, and reviews of the audit calculation. As a result, the Board of Corporate Auditors believes that the audit remuneration presented by the Accounting Auditor was appropriate and gave consent under Paragraph 1, Article 399 of the Companies Act.

(3) Non-audit services

Advice and guidance on international operations.

(4) Policy for making decisions regarding the dismissal or non-reappointment of Accounting Auditor

The Board of Corporate Auditors will determine the content of the proposals relating to the dismissal or non-reappointment of the Accounting Auditor, to be submitted to the General Meeting of Shareholders, should the execution of the Accounting Auditor's duties be impeded, is deemed necessary by the Board of Corporate Auditors,

The Board of Corporate Auditors will dismiss the Accounting Auditor should it determine that same corresponds to the provisions in each item of Paragraph 1, Article 340 of the Companies Act, with the agreement of all the members of the Board of Corporate Auditors. In such a case, a Corporate Auditor appointed by the Board of Corporate Auditors will report the fact of and the reason for the dismissal of the Accounting Auditor to the first General Meeting of Shareholders called after the dismissal.

(5) Overview of limited liability contract

The Company has entered into a contract with Deloitte Touche Tohmatsu LLC, the Accounting Auditor, based on Paragraph 1, Article 427 of the Companies Act limiting the liability of same as specified in Paragraph 1, Article 423 of the Act. The upper limit provided in the limited liability contract is the minimum limited amount stipulated by laws and regulations.

5. Matters Pertaining to the Development of Systems to Ensure a Properness of Operations

The Company has established the basic policy of Internal Control System for the development of a system to ensure that the execution of duties by Directors conforms to laws and regulations, and the Articles of Association as well as other systems that ensure the properness of operations of the Company, as follows.

- (1) System to ensure that business execution of Directors and employees complies with laws and regulations and the Articles of Association.

The Company raises the awareness for and holds training on legal compliance to increase awareness of compliance as well as establishes "Whistle-Blowing Regulations" providing the procedure for reporting violations.

- (2) System for keeping and managing the information on business execution of the Company's Directors.

Information is kept and managed according to laws and regulations, and internal regulations (including "Document Regulations," "Internal Information Management Regulations" and "Information System Management Regulations").

- (3) Regulations on and other systems for risk management of losses of the Company and our subsidiaries.

Risk of currently estimated losses is managed by setting a committee and making discussion according to degree of its significance. Events delivering losses to the Company would be reported to Directors and Corporate Auditors by the Executive in charge and discussed and managed by all executives.

- (4) System to ensure effective business execution by Directors of the Company and our subsidiaries.

Effective business execution by Directors is ensured by followings.

- [1] The Board of Directors determines significant matters and oversees business execution by Directors.
- [2] Information is shared among Directors, Executives, and Corporate Auditors at executive meetings.
- [3] Notice of significant matters on management, understanding of status and business instructions are conducted at management meetings and YSM management conference.
- [4] At the subsidiaries conference, the information is shared on the Company and our subsidiaries and significant matters are discussed and determined.

- (5) The systems to ensure appropriate works of the corporate group consisting of the Company and its subsidiaries, and to make reports to the Company on matters concerning business execution by Directors of subsidiaries.

Internal Audit Office develops the Internal Control System. "Subsidiaries Management Regulations" obligate subsidiaries to make periodic reports relating to business results, fiscal

conditions and other significant information of subsidiaries.

Significant matters are discussed to solve issues at the Board of Directors.

(6) System to ensure effective Corporate Auditors' audit.

Corporate Auditors attend the Board of Directors meetings and required significant meetings including management conference as well as read major approval documents and other significant documents concerning business execution and receives explanation from Directors and employees of the Company and Directors of subsidiaries as necessary.

(7) System on employees assisting works of the Company's Corporate Auditors when Corporate Auditors require allocation of the assisting employees.

Employees assisting the work of the Company's Corporate Auditors can be allocated as staff as necessary. Corporate Auditor has the authority to give instructions and orders to his or her Corporate Auditor staff.

(8) System to ensure that those reporting to the Board of Corporate Auditors and Corporate Auditors, etc. are not unfavorably treated for the reason of the report.

The Company ensures that executives and employees reporting to Board of Corporate Auditors and Corporate Auditors are not treated unfavorably because of the report and thoroughly inform the whole company of this.

In the "Whistle-Blowing Regulations," it is prescribed to prohibit dismissal and give other unfavorable treatment for the reason of the report.

(9) Matters on the policy for dealing with expenses or debts resulting from business execution of the Company's Corporate Auditors.

The Company, when Corporate Auditors require the Company to make advance payment in respect of business execution according to Article 388 of the Companies Act, immediately deals with the relevant expenses and debts unless it is considered unnecessary to make advance payments.

(10) Systems on Eliminating Anti-Social Forces

The Company assumes a resolute attitude to anti-social forces threatening order and security of civil society as well as closely exchanges information and cooperates with the relevant specialized agencies including police against anti-social forces and thoroughly informs employees of the above policy.

6. Overview of the Business Operations of Systems to Ensure a Properness of Operations

Major operational status of the Internal Control System executed by the Yushin Group in the current consolidated fiscal year is as follows.

(1) Status of addressing compliance

The Company is endeavoring to spread awareness of compliance across the Yushin Group through education and workshops. In addition, the Company has enacted "Whistle-Blowing Regulations," in which reporting procedures for any infringement are prescribed. And, compliance requirements are thoroughly disseminated throughout the Yushin Group with regard to laws and regulations and internal regulations (including "Office Regulations," "Internal Information Management Regulations" and "Information System Management Regulations").

(2) Status of addressing the risk management of losses

For the risk management overall, the Committee of Internal Control offers consultations for implementation of companywide measures. If any events causing damage to the Company arise, the Director in charge immediately makes a report to the Board of Directors and the Board of Corporate Auditors, and all Directors offer consultations to take actions.

(3) Status of addressing to conducting proper and efficient execution of assigned duties

Assigned duties of the Directors are executed efficiently as described below.

- [1] Significant matters are determined by the Board of Directors, and the Directors supervise the status of business execution.
- [2] Significant matters are discussed among Directors, Executives and Corporate Auditors at the executive meetings thereby sharing such significant information.

[3] Significant matters relating to the corporate management are communicated at management meetings. The operating status of the Company is monitored and necessary guidance is provided.

(4) Status of addressing the proper operations of the business group consisting of the Company and its subsidiaries

Establishing the Internal Control System is being promoted by the Committee of Internal Control. The Company's subsidiaries hold meetings three times a year so as to share information relating to the Company and its subsidiaries. The Company also strives to strengthen subsidiary management through monitoring status of business operations and confirming establishment of rules and regulations of subsidiaries.

(5) Ensuring of effectiveness of Corporate Auditors' audit

Corporate Auditors conduct audits pursuant to the audit policies and the audit schedule as prescribed by the Board of Corporate Auditors by attending the Board of Directors and executives, management and other meetings. Corporate Auditors conduct interviews on the status of execution of duties by the Directors and the Internal Audit Office and then inspect significant decisions as noted in the documentation, such as the approval documents, contracts and agreements. Corporate Auditors also investigate the statuses of business operations, corporate properties and fraudulent acts relating to the performance of Directors' duties, infringement of rights and violations of laws and regulations, and the Articles of Association. Meanwhile, Corporate Auditors coordinates with the legal counsel such as the lawyers and the Certified Public Accountant, who are Outside Corporate Auditors, and keeps internal coordination with the Internal Control Department. Other than that, Corporate Auditors develops the standards and guidelines for the course of action by Corporate Auditors conducting audits of the Company's Internal Control System, including the "Audit Practice Standards relating to the Internal Control System," and Corporate Auditors conduct its audits pursuant to such practice standards.

7. Policy Concerning Decisions on the Dividends of Surplus

The Yushin Group manages its businesses considering the return of profits to shareholders as one of its important managerial issues.

To that effect, it is the basic policy of the Yushin Group to proactively return profits to shareholders by maintaining a stable operational base, improving its ROE and effectuating dividends based on the performance results of each respective fiscal year. Specifically, the Yushin Group has a target at the realization of 30% and more of dividend payout ratio to consolidated net income attributable to shareholders of the parent company.

For this fiscal year, a full-year dividend is 36 yen per share, consisting of an interim dividend of 15 yen per share and a year-end dividend of 21 yen per share.

Consolidated Balance Sheets

(as of March 31, 2017)

(Thousands of yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	17,348,701	Current liabilities	5,100,213
Cash and deposits	5,734,493	Notes and accounts payable - trade	1,686,219
Notes and accounts receivable - trade	6,479,748	Electronically recorded obligations - operating	1,306,059
Merchandise and finished goods	769,815	Accounts payable - other	750,992
Work in process	884,830	Accrued expenses	175,619
Raw materials and supplies	2,179,141	Income taxes payable	100,112
Consumption taxes receivable	515,608	Advances received	604,929
Prepaid expenses	255,560	Provision for bonuses	252,861
Deferred tax assets	431,885	Provision for directors' bonuses	22,710
Other	118,915	Provision for product warranties	122,870
Allowance for doubtful accounts	(21,298)	Deferred tax liabilities	7,721
Non-current assets	13,413,034	Other	70,116
Property, plant and equipment	12,255,813	Non-current liabilities	209,805
Buildings	5,786,448	Provision for directors' retirement benefits	66,780
Structures	254,764	Net defined benefit liability	53,853
Machinery equipment and Vehicles	193,037	Deferred benefit liabilities	29,739
Tools, furniture and fixtures	222,842	Other	59,431
Land	5,784,160	Total liabilities	5,310,018
Leased assets	8,811	NET ASSETS	
Construction in progress	5,749	Shareholders' equity	24,928,866
Intangible assets	473,285	Capital stock	1,985,666
Telephone subscription right	11,430	Capital surplus	2,023,903
Software	392,364	Retained earnings	21,273,290
Others	69,490	Treasury stock	(353,994)
Investments and other assets	683,936	Total accumulated other comprehensive income	329,536
Investment securities	220,783	Valuation difference on available-for-sale securities	58,545
Net defined benefit asset	292,959	Foreign currency translation adjustment	203,291
Deferred tax assets	20,444	Remeasurements of defined benefit plans	67,699
Other	149,999	Non-controlling interests	193,315
Allowance for doubtful accounts	(251)	Total net assets	25,451,718
Total assets	30,761,736	Total liabilities and net assets	30,761,736

Consolidated Statements of Income

(from April 1, 2016 to March 31, 2017)

(Thousands of yen)

Account	Amount
Net sales	19,346,399
Cost of sales	11,680,029
Gross profit	7,666,369
Selling, general and administrative expenses	5,553,726
Operating income	2,112,643
Non-operating income	81,905
Interest and dividends income	10,756
Purchase discounts	12,556
Subsidy income	22,942
Other	35,651
Non-operating expenses	136,356
Sales discounts	1,209
Foreign exchange losses	129,316
Other	5,830
Ordinary income	2,058,192
Extraordinary income	2,329
Gain on sales of non-current assets	1,755
Gain on sales of investment securities	574
Extraordinary loss	50,881
Loss on sales and retirement of non-current assets	50,881
Income before income taxes	2,009,640
Income taxes - current	503,362
Income taxes - deferred	94,643
Net income	1,411,635
Net income attributable to non-controlling interests	31,361
Net income attributable to shareholders of the parent company	1,380,273

Consolidated Statements of Changes in Net Assets

(from April 1, 2016 to March 31, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2016	1,985,666	2,023,903	20,502,208	(352,731)	24,159,047
Cumulative effects of changes in accounting policies			20,367		20,367
Restated balance	1,985,666	2,023,903	20,522,575	(352,731)	24,179,414
Changes in the current period					
Dividends of surplus			(629,558)		(629,558)
Net income attributable to shareholders of the parent company			1,380,273		1,380,273
Acquisition of treasury stock				(1,262)	(1,262)
Changes in items other than shareholders' equity, net					
Total changes in the current period	-	-	750,715	(1,262)	749,452
Balance as of March 31, 2017	1,985,666	2,023,903	21,273,290	(353,994)	24,928,866

	Total accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2016	33,920	266,643	50,245	350,808	205,812	24,715,668
Cumulative effects of changes in accounting policies						20,367
Restated balance	33,920	266,643	50,245	350,808	205,812	24,736,035
Changes in the current period						
Dividends of surplus						(629,558)
Net income attributable to shareholders of the parent company						1,380,273
Acquisition of treasury stock						(1,262)
Changes in items other than shareholders' equity, net	24,625	(63,351)	17,454	(21,271)	(12,497)	(33,769)
Total changes in the current period	24,625	(63,351)	17,454	(21,271)	(12,497)	715,682
Balance as of March 31, 2017	58,545	203,291	67,699	329,536	193,315	25,451,718

1. Basis of Preparing Consolidated Financial Statements

(1) Scope of consolidation

All 12 subsidiaries of the Company, provided below, fall within the scope of consolidation.

List of Subsidiaries
Yushin America, Inc.
Yushin Korea Co., Ltd.
Yushin Precision Equipment Sdn. Bhd.
Yushin Precision Equipment (Taiwan) Co., Ltd.
Yushin Precision Equipment (Thailand) Co., Ltd.
Yushin Automation, Ltd.
Yushin Precision Equipment Trading (Shenzhen) Co., Ltd.
Yushin Precision Equipment Trading (Shanghai) Co., Ltd.
Yushin Precision Equipment (India) Pvt. Ltd.
Guangzhou Yushin Precision Equipment Co., Ltd.
PT. Yushin Precision Equipment Indonesia
Yushin Precision Equipment (Vietnam) Co., Ltd.

(2) Application of the equity method

There is no non-consolidated subsidiary or affiliate company.

(3) Accounting policies

a. Valuation of important assets

i) Securities

Available-for-sale securities classified as other securities

- Securities with available fair market values are reported at fair value on the consolidated account closing date
(Unrealized gains or losses, net of applicable taxes, reported in a separate component of equity.
The cost of securities sold is principally determined by the moving average method)

ii) Inventories

- Merchandise and finished goods, Work-in-process
Principally carried at cost determined by the identified cost method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins)
- Raw materials
Principally carried at cost determined by the periodic average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins)
- Supplies
Carried by the last purchase price method

b. Depreciation

i) Property, plant and equipment (excluding leased assets): Principally computed by the declining balance method

The range of useful lives for major assets is as follows:

Buildings:	13 - 40 years
Structures:	7 - 20 years
Machinery and equipment:	5 - 12 years
Tools, furniture and fixtures:	2 - 8 years

ii) Intangible assets (excluding leased assets)

- Software used internally: Straight-line method based on the expected useful lives
- Other intangible assets: Straight-line method

iii) Leased assets: For leased assets under non-ownership transfer finance lease transactions, the

Company applies a straight-line method with the lease period as useful life and the residual value as 0.

c. Estimation on important allowance and reserves

- i) Allowance for doubtful accounts:
To provide for possible bad debt losses, the amount deemed unrecoverable is accounted using the loan loss ratio based on past experience for general claims and by examining the possibility of recovery on an individual basis for specific claims with default possibility.
- ii) Provision for bonuses:
In order to allocate the payment of employees' bonuses, the Company provides the amount subject to the fiscal year under review among the total estimated amount to be paid as employees' bonuses.
- iii) Provision for directors' bonuses:
The Company provides the projected payment amount to be allocated for the payment of bonuses to Directors and Corporate Auditors.
- iv) Provision for product warranties:
To provide for expenses incurred for free repairs related to product sales, an amount is accounted based on historical experience.
- v) Provision for directors' retirement benefits:
The Company provides the estimated amount of retirement benefits to Directors and Corporate Auditors which would be required if all Directors and Corporate Auditors retired at the balance sheet date according to internal regulations. This plan was terminated on June 29, 2006 and no additional provision has been recorded since then. Therefore, the balance as of March 31, 2016 is provided in proportion to the term that present Directors had been in their respective positions before June 2006.

d. Other significant matter for the preparation of Consolidated Financial Statements

- i) Accounting for Assets and Liabilities for Employees' retirement benefits
To provide for employees' retirement benefits, based on the projected benefit obligations at year-end and the pension asset balance, the amount of pension assets surplus to projected benefit obligations is recorded.
The net actuarial loss or gain is subject to amortization from the next fiscal year of the recognition thereof onward in an amount pro-rated by the straight-line method based on the average remaining employee service period (10 to 16 years) at the time of the recognition of net actuarial loss or gain in each fiscal year.
Unrecognized actuarial differences is recorded in "Remeasurements of defined benefit plans" under "Total accumulated other comprehensive income" in Net assets after adjusting for tax effects.
- ii) Accounting for Consumption tax and local consumption tax
Consumption tax and local consumption tax are accounted for using the tax excluded method.

2. Changing in accounting policies

(Application of guidance on "Recoverability of Deferred Tax Assets")

The company has applied "Guidance on Recoverability of Deferred Tax Assets" (Accounting Standards Board of Japan [ASBJ] Guidance No.26, March 28, 2016; hereafter "Guidance on Recoverability") from the beginning of the current fiscal year and revised a part of the accounting procedure for recoverability of deferred tax assets.

The Company has applied "Guidance on Recoverability" in accordance with the provisions on transitional implementation indicated in Article 49(4) of "Guidance on Recoverability." The differences between the amount of Deferred tax assets and Deferred tax liabilities in applying Article 49(3)① through ③ of "Guidance on Recoverability" at the beginning of the current fiscal year, and the amount of Deferred tax assets and Deferred tax liabilities at the end of the previous fiscal year have been added to Retained earnings at the beginning of the current fiscal year.

As the result, at the beginning of the current fiscal year, Deferred tax assets ("Investments and other assets") increased by 20,367 thousand yen and Retained earnings increased by 20,367 thousand yen.

3. Changes in presentation

(Consolidated Balance Sheet)

"Consumption taxes receivable", which was included in "Other" in Current assets until the

previous fiscal year, is presented separately from the fiscal year under review, because its materiality increased. “Consumption taxes receivable” in the previous fiscal year was 102,232 thousand yen. (Consolidated Statements of Income)

“Subsidy income”, which was included in “Other” in Non-operating income until the previous fiscal year, is presented separately from the fiscal year under review, because its materiality increased. “Subsidy income” in the previous fiscal year was 12,208 thousand yen.

4. Notes to Consolidated Balance Sheet

Accumulated depreciation of property, plant and equipment: 4,376,087 thousand yen

5. Notes to Consolidated Statement of Changes in Net Assets

(1) Total number of issued shares

Class of shares	Number of shares at the beginning of current FY	Number of increased shares of current FY	Number of decreased shares of current FY	Number of shares at the end of current FY
Common stock	17,819,033	-	-	17,819,033

(2) Number of treasury stock

Class of shares	Number of shares at the beginning of current FY	Number of increased shares of current FY	Number of decreased shares of current FY	Number of shares at the end of current FY
Common stock	331,208	507	-	331,715

Note: The increase in the number of shares of treasury stock (507 shares) is due to the purchase of shares of less than one unit.

(3) Dividends of surplus

a. Payment of dividends

Resolution	Class of shares	Total dividend (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
The Board of Directors' Meeting on May 10, 2016	Common stock	367,244	21	March 31, 2016	June 3, 2016
The Board of Directors' Meeting on November 4, 2016	Common stock	262,314	15	September 30, 2016	December 1, 2016

b. Dividends whose record date falls within this consolidated fiscal year but comes into effect in the next consolidated fiscal year

Resolution	Class of shares	Total dividend (Thousands of yen)	Dividend funds	Dividend per share (Yen)	Record date	Effective date
The Board of Directors' Meeting on May 10, 2017	Common stock	367,233	Retained earnings	21	March 31, 2017	June 5, 2017

6. Notes to Financial Instruments

(1) Conditions of financial instruments

a. Management policy

Yushin Group has a policy of limiting investments of unused funds to short-term deposits, certificates of deposits and similar instruments and never using these funds for speculation. Internal resources are used to meet all working capital requirements. Derivative instruments may be used to hedge exposure to foreign exchange rate risk but will never be used for speculation.

b. Details of financial instruments and their risks

Operating receivables consisting of Notes and accounts receivable - trade are generally exposed to the credit risk of customers, while foreign currency denominated operating receivables at foreign operations are exposed also to the foreign exchange risk.

Investment securities are available-for-sale securities and are exposed to risk associated with market price volatility.

Operating debt consisting of Notes and accounts payable - trade and Electronically recorded

obligations - operating are largely due four months or less. Accounts payable - other and Income taxes payable are due one year or less.

c. Risk management system for financial instruments

Payment dates and balances of outstanding are supervised for each customer based on rules for the management of trade receivables and credit. In addition, there is a system for monitoring the financial soundness of customers.

For Investment securities, there are measures to periodically monitor the fair values of these securities and the financial soundness of issuers of these securities.

(2) Fair value of financial instruments

The carrying value on the consolidated balance sheets, fair value, and their differences as of March 31, 2017 are shown as follows.

		Carrying value (thousands of yen)	Fair value (thousands of yen)	Differences (thousands of yen)
(1)	Cash and deposits	5,734,493	5,734,493	-
(2)	Notes and accounts receivable – trade	6,479,748	6,479,748	-
(3)	Consumption taxes receivable	515,608	515,608	-
(4)	Investment securities			
	Other securities	220,783	220,783	-
	Assets total	12,950,633	12,950,633	-
(1)	Notes and accounts payable - trade	1,686,219	1,686,219	-
(2)	Electronically recorded obligations - operating	1,306,059	1,306,059	-
(3)	Accounts payable - other	750,992	750,992	-
(4)	Income taxes payable	100,112	100,112	-
	Liabilities total	3,843,383	3,843,383	-

(Note) Matters concerning determination of fair value of financial instruments and marketable securities.

(Assets)

(1) Cash and deposits, (2) Notes and accounts receivable – trade, and (3) Consumption taxes receivable.

Fair value of the above financial instruments is deemed to be equal to their carrying value because they are settled within a short period of time.

(4) Investment securities

Fair value of the above financial instruments such as stocks is determined by prices at stock exchanges.

(Liabilities)

(1) Notes and accounts payable - trade, (2) Electronically recorded obligations - operating, (3) Accounts payable - other and (4) Income taxes payable

Fair value of the above financial instruments is deemed to be equal to their carrying value because they are settled within a short period of time.

(3) The amount of money claims scheduled to be redeemed subsequent to the consolidated balance sheet date

	Due within one year (thousands of yen)	Due after one year through five years (thousands of yen)	Due after five years through ten years (thousands of yen)	Due after ten years (thousands of yen)
Cash and deposits	5,734,493	-	-	-
Notes and accounts receivable – trade	6,479,748	-	-	-
Consumption taxes receivable	515,608	-	-	-
Total	12,729,850	-	-	-

6. Per Share Information

(1) Net assets per share: 1,444.38 yen
(2) Net income per share: 78.93 yen

Note: Amounts less than one thousand yen are truncated

Balance Sheets
(as of March 31, 2017)

(Thousands of yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	13,803,212	Current liabilities	4,073,787
Cash and deposits	4,113,442	Notes payable - trade	83,816
Notes receivable - trade	1,018,392	Electronically recorded obligations - operating	1,306,059
Accounts receivable - trade	5,062,322	Accounts payable - trade	1,458,758
Merchandise and finished goods	375,874	Accounts payable - other	589,841
Work in process	796,987	Accrued expenses	108,170
Raw materials and supplies	1,415,625	Income taxes payable	25,798
Prepaid expenses	81,658	Advances received	127,941
Consumption taxes receivable	515,608	Deposits received	19,470
Deferred tax assets	166,988	Provision for bonuses	250,000
Other	257,110	Provision for directors' bonuses	22,710
Allowance for doubtful accounts	(800)	Provision for product warranties	77,000
Non-current assets	13,527,950	Other	4,221
Property, plant and equipment	11,312,285	Non-current liabilities	72,541
Buildings	5,286,602	Provision for directors' retirement benefits	66,780
Structures	254,764	Other	5,761
Machinery and equipment	108,663		
Vehicles	78	Total liabilities	4,146,329
Tools, furniture and fixtures	156,661		
Land	5,490,953	NET ASSETS	
Leased assets	8,811	Shareholders' equity	23,126,287
Construction in progress	5,749	Capital stock	1,985,666
Intangible assets	394,162	Capital surplus	2,023,903
Telephone subscription right	11,430	Legal capital surplus	2,023,903
Software	382,732	Retained earnings	19,470,711
		Legal retained earnings	286,314
Investments and other assets	1,821,502	Other retained earnings	19,184,396
Investment securities	220,783	Reserve for dividend equalization	1,000,000
Stocks of subsidiaries and affiliates	808,896	General reserve	8,700,000
Investments in capital of subsidiaries and affiliates	297,873	Retained earnings brought forward	9,484,396
Deferred tax assets	166,405	Treasury stock	(353,994)
Other	327,794	Valuation and translation adjustments	58,545
Allowance for doubtful accounts	(251)	Valuation difference on available-for-sale securities	58,545
		Total net assets	23,184,832
Total assets	27,331,162	Total liabilities and net assets	27,331,162

Statements of Income
(from April 1, 2016 to March 31, 2017)

(Thousands of yen)

Account	Amount
Net sales	15,545,096
Cost of sales	10,119,689
Gross profit	5,425,406
Selling, general and administrative expenses	4,146,265
Operating income	1,279,141
Non-operating income	475,478
Interest income	2,764
Dividends income	406,823
Purchase discounts	12,556
Subsidy income	22,942
Other	30,392
Non-operating expenses	32,759
Sales discounts	1,209
Foreign exchange losses	25,721
Other	5,828
Ordinary income	1,721,859
Extraordinary income	574
Gain on sales of investment securities	574
Extraordinary loss	50,756
Loss on sales and retirement of non-current assets	50,756
Income before income taxes	1,671,677
Income taxes - current	292,168
Income taxes - deferred	110,405
Net income	1,269,103

Statements of Changes in Net Assets
(from April 1, 2016 to March 31, 2017)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Retained earnings				
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
					Reserve for dividend equalization	General reserve	Retained earnings brought forward	
Balance as of April 1, 2016	1,985,666	2,023,903	2,023,903	286,314	1,000,000	8,700,000	8,824,484	18,810,799
Cumulative effects of changes in accounting policies							20,367	20,367
Restated balance	1,985,666	2,023,903	2,023,903	286,314	1,000,000	8,700,000	8,844,851	18,831,166
Changes in the current period								
Dividends of surplus							(629,558)	(629,558)
Net income							1,269,103	1,269,103
Acquisition of treasury stock								
Changes in items other than shareholders' equity, net								
Total changes in the current period	-	-	-	-	-	-	639,544	639,544
Balance as of March 31, 2017	1,985,666	2,023,903	2,023,903	286,314	1,000,000	8,700,000	9,484,396	19,470,711

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2016	(352,731)	22,467,637	33,920	33,920	22,501,557
Cumulative effects of changes in accounting policies		20,367			20,367
Restated balance	(352,731)	22,488,004	33,920	33,920	22,521,924
Changes in the current period					
Dividends of surplus		(629,558)			(629,558)
Net income		1,269,103			1,269,103
Acquisition of treasury stock	(1,262)	(1,262)			(1,262)
Changes in items other than shareholders' equity, net			24,625	24,625	24,625
Total changes in the current period	(1,262)	638,282	24,625	24,625	662,907
Balance as of March 31, 2017	(353,994)	23,126,287	58,545	58,545	23,184,832

1. Summary of Significant Accounting Policies

(1) Valuation of important assets

- a. Stocks of subsidiaries and affiliates
Carried at cost determined by the moving average method
- b. Available-for-sale securities classified as other securities
 - Securities with available fair market values are reported at fair value on the closing date (Unrealized gains or losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is principally determined by the moving average method)
- c. Inventories
 - Merchandise and finished products, Work in process:
Carried at cost determined by the identified cost method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).
 - Raw materials:
Carried at cost determined by the periodic average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins)
 - Supplies:
Carried by the last purchase price method

(2) Depreciation

- a. Property, plant and equipment (excluding leased assets): Declining balance method
The range of useful lives for major assets is as follows:

Buildings:	13 - 38 years
Structures:	7 - 20 years
Machinery and equipment:	12 years
Tools, furniture and fixtures:	2 - 8 years
- b. Intangible assets (excluding leased assets)
 - Software used internally: Straight-line method based on the expected useful lives
 - Other intangible assets: Straight-line method
- c. Leased assets: For leased assets under non-ownership transfer finance lease transactions, the Company applies a straight-line method with the lease period as useful life and the residual value as 0.

(3) Estimation on allowance and reserves

- a. Allowance for doubtful accounts:
To provide for possible bad debt losses, the amount deemed unrecoverable is accounted using the loan loss ratio based on past experience for general claims and by examining the possibility of recovery on an individual basis for specific claims with default possibility.
- b. Provision for bonuses:
In order to allocate the payment of employees' bonuses, the Company provides the amount subject to the fiscal year under review among the total estimated amount to be paid as employees' bonuses.
- c. Provision for directors' bonuses:
The Company provides the projected payment amount to be allocated for the payment of bonuses to Directors and Corporate Auditors.
- d. Provision for product Warranties:
To provide for expenses incurred for free repairs related to product sales, an amount is accounted based on historical experience.
- e. Provision for directors' retirement benefits:
The Company provides the estimated amount of retirement benefits to Directors and Corporate Auditors which would be required if all Directors and Corporate Auditors retired at the balance sheet date according to internal regulations. This plan was terminated on June 29, 2006 and no additional provision has been recorded since then. Therefore, the balance as of March 31, 2016 is provided in proportion to the term that present Directors had been in their respective positions before June 2006.

(4) Employees' retirement benefits

To provide for employees' retirement benefits, based on the projected benefit obligations at year-end and the pension asset balance, the amount of pension assets surplus to projected benefit obligations is recorded in the "Other" field under "Investments and other assets." The net actuarial loss or gain is subject to amortization from the next fiscal year of the recognition thereof onward in an amount pro-rated by the straight-line method based on the average remaining employee service period (10 to 16 years) at the time of the recognition of net actuarial loss or gain in each fiscal year.

(5) Other basic significant matter for the preparation of Financial Statements

Consumption tax and local consumption tax are accounted for using the tax excluded method.

(6) Changes in accounting policies.

(Application of guidance on "Recoverability of Deferred Tax Assets")

The company has applied "Guidance on Recoverability of Deferred Tax Assets" (Accounting Standards Board of Japan [ASBJ] Guidance No.26, March 28, 2016; hereafter "Guidance on Recoverability") from the beginning of the current fiscal year and revised a part of the accounting procedure for recoverability of deferred tax assets.

The Company has applied "Guidance on Recoverability" in accordance with the provisions on transitional implementation indicated in Article 49(4) of "Guidance on Recoverability." The differences between the amount of Deferred tax assets and Deferred tax liabilities in applying Article 49(3)① through ③ of "Guidance on Recoverability" at the beginning of the current fiscal year, and the amount of Deferred tax assets and Deferred tax liabilities at the end of the previous fiscal year have been added to Retained earnings brought forward at the beginning of the current fiscal year.

As the result, at the beginning of the current fiscal year, Deferred tax assets ("Investments and other assets") increased by 20,367 thousand yen and Retained earnings brought forward increased by 20,367 thousand yen.

(7) Changes in presentation

(Balance Sheet)

"Guarantee deposits" which was separately presented until previous fiscal year, is reported in "Other" in Investments and other assets from this fiscal year under review, because its materiality decreased. "Guarantee deposits" at the end of this fiscal year is 10,786 thousand yen.

"Lease obligations" and "Long-term guarantee deposited" in Non-current liabilities which were separately presented until previous fiscal year, are reported in "Other" in Non-current liabilities from this fiscal year under review, because their materiality decreased. "Lease obligations" and "Long-term guarantee deposited" in Non-current liabilities at the end of this fiscal year are 5,081 thousand yen and 680 thousand yen respectively.

(Statements of Income)

"Subsidy income", which was included in "Other" in Non-operating income until the previous fiscal year, is presented separately from the fiscal year under review, because its materiality increased. "Subsidy income" in the previous fiscal year was 12,208 thousand yen.

2. Notes to Balance Sheet

(1) Accumulated depreciation of property, plant and equipment:	3,578,523 thousand yen
(2) Monetary credit and debts to affiliates	
a. Short-term monetary credit:	1,772,677 thousand yen
b. Short-term monetary debts:	42,991 thousand yen

3. Notes to Statements of Income

Transactions with subsidiaries and affiliates

a. Net sales:	4,385,911 thousand yen
b. Purchases:	10,789 thousand yen
c. Selling, general and administrative expenses:	261,106 thousand yen
d. Non-operating transactions:	402,139 thousand yen

4. Notes to Statement of Changes in Net Assets

Number of treasury stock

Class of shares	Number of shares at the beginning of current FY	Number of increased shares of current FY	Number of decreased shares of current FY	Number of shares at the end of current FY
Common stock	331,208	507	-	331,715

Note: The increase in the number of shares of treasury stock (507 shares) is due to the purchase of shares of less than one unit.

5. Notes on Tax-effect Accounting

(1) Breakdown by cause of deferred tax assets and liabilities

Deferred tax assets	(Thousands of yen)
Inventories	46,276
Depreciation of Buildings	94,066
Software	133,332
Provision for bonuses	77,000
Provision for product warranties	23,716
Provision for directors' retirement benefit	20,367
Other	22,283
Total deferred tax assets	417,043
Deferred tax liabilities	
Prepaid pension costs	59,642
Valuation difference on available-for-sale securities	24,006
Total deferred tax liabilities	83,649
Net deferred tax assets	333,394

Note: Net deferred tax assets are included in following balance sheet items.

	(Thousands of yen)
Current assets	166,988
Fixed assets	166,405

6. Transactions with Related Parties

Subsidiaries, etc.

Type	Name	% of voting rights held	Relationship		Type of transactions	Transaction amount (thousands of yen)	Account	Year-end balance (thousands of yen)
			Concurrent Directors, etc.	Business relationship				
Sub-sidiary	Yushin America, Inc.	100% Directly held by the Company	Concurrent Directors: 2	Sale of Company products and manufacture and sale of labor saving machines	Sale of products	1,487,509	Accounts receivable - trade	342,683
	Yushin Korea Co., Ltd.	100% Directly held by the Company	Concurrent Directors: 1	Sale of Company products and manufacture and sale of labor saving machines	Sale of products	1,242,657	Accounts receivable - trade	473,680
	Guangzhou Yushin Precision Equipment Co., Ltd.	100% Directly held by the Company	Concurrent Directors: 3	Manufacture of Company products	Sale of products	492,205	Accounts receivable - trade	452,055

Transaction terms or method of determining transaction terms

(Note) For sale of products, prices are determined by negotiations considering local market prices.

7. Per Share Information

(1) Net assets per share:	1,325.81 yen
(2) Net income per share:	72.57 yen

Note: Amounts less than one thousand yen are truncated.

INDEPENDENT AUDITOR'S REPORT

May 12, 2017

To the Board of Directors of
Yushin Precision Equipment Co., Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Yoshiki Yamada [SEAL]

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Mitsuhiro Takasaki [SEAL]

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of March 31, 2017 of Yushin Precision Equipment Co., Ltd. (the "Company") and its consolidated subsidiaries, and the related consolidated statements of income and changes in net assets for the fiscal year from April 1, 2016 to March 31, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yushin Precision Equipment Co., Ltd. and its consolidated subsidiaries as of March 31, 2017, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

INDEPENDENT AUDITOR'S REPORT

May 12, 2017

To the Board of Directors of
Yushin Precision Equipment Co., Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Yoshiki Yamada [SEAL]

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Mitsuhiro Takasaki [SEAL]

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2017 of Yushin Precision Equipment Co., Ltd. (the "Company"), and the related statements of income and changes in net assets for the 44th fiscal year from April 1, 2016 to March 31, 2017, and a summary of significant accounting policies and other explanatory information, and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of Yushin Precision Equipment Co., Ltd. as of March 31, 2017, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

Audit Report

Regarding the performance of duties by the Directors for the fiscal year from April 1, 2016 to March 31, 2017, the Board of Corporate Auditors hereby submits its audit report, which has been prepared through discussions based on the audit report prepared by each Corporate Auditor.

1. Auditing Methods adopted by the Corporate Auditors and Board of Corporate Auditors and Details of Such Methods
 - (1) The Board of Corporate Auditors established auditing policies, allocation of duties, and other relevant matters, and received reports from each Corporate Auditor regarding his or her audits and results thereof, as well as received reports from the Directors, other relevant personnel, and the Accounting Auditors regarding performance of their duties, and requested explanations as necessary.
 - (2) Each Corporate Auditor complied with the auditing standards of Corporate Auditors established by the Board of Corporate Auditors, followed the auditing policies, allocation of duties, and other relevant matters, communicated with the Directors, the Internal Audit Office, other employees, and any other relevant personnel, and made efforts to optimize the environment for information collection and audit, and conducted audits as follows.
 - [1] Participated in the Board of Directors' Meetings and other important meetings, received reports from the Directors, employees, and other relevant personnel regarding performance of their duties, requested explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal offices. In addition, with respect to subsidiaries, we communicated and exchanged information with Directors, Corporate Auditors, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary.
 - [2] We received periodic reports and requested explanations as necessary from the Directors, other relevant personnel and expressed our opinion about conditions of construction and application on the content of the resolution of the Board of Directors and system actually placed as "Internal Control System" in accordance to this resolution, which is stipulated in Paragraphs 1 and 3, Article 100 of the Enforcement Regulation of the Companies Act as a system required to ensure the compliance of laws and regulations, and the Articles of Association in the execution of businesses by the Directors and necessity to ensure a properness of operation in the business group consisting of the Company and its subsidiaries written in the business report.
 - [3] We monitored and verified whether the Accounting Auditors maintained their independence and implemented appropriate audits, and we received reports from the Accounting Auditors regarding the performance of their duties and requested explanations as necessary. In addition, we received notice from the Accounting Auditors that "the system for ensuring that duties are performed properly" (matters set forth in each Item of Article 131 of the Company Accounting Rules) is appropriately established in accordance with "Quality Control Standard on Audit" (Business Accounting Council, October 28, 2005) and requested explanations as necessary.

Based on the above methods, we examined the business report and its supporting schedules, the non-consolidated financial statements (Balance Sheets, Statements of Income, and Statements of Changes in Net Assets) and its supporting schedules, and the consolidated financial statements (Balance Sheets, Statements of Income, and Statements of Changes in Net Assets) related to the relevant business year.

2. Audit Results

(1) Results of Audit of Business Report and Other Relevant Documents

- [1] In our opinion, the business report and supporting schedules are in accordance with the related laws and regulations and Articles of Association, and fairly represent the Company's condition.
- [2] With regard to the performance of duties by the Directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Association.
- [3] In our opinion, resolutions of the Board of Directors for the Internal Control System are fair. And also the contents of the business report about the Internal Control System, and the Director's activities and implementation have no issues to be pointed out.

(2) Results of Audit of Financial Statements and Supporting Schedules

In our opinion, the methods and results employed and rendered by the Accounting Auditors, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by the Accounting Auditors, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

May 18, 2017

Board of Corporate Auditors,
Yushin Precision Equipment Co., Ltd.

Full-time Corporate Auditor	Shujiro Sawada [SEAL]
Outside Corporate Auditor	Yasuhiro Orita [SEAL]
Outside Corporate Auditor	Takao Yoshikawa [SEAL]
Outside Corporate Auditor	Hiroho Kamakura [SEAL]

End of submitted documents

Reference Documents for the General Meeting of Shareholders

Proposal 1: Election of Seven (7) Directors

The terms of office of all the currently serving six (6) Directors will expire at the conclusion of this Meeting. To enhance the management, we propose to increase the number of Director by one (1) and Shareholders are asked to vote for these seven (7) candidates for Directors.

The candidates for the position of Directors are as follows:

No.	Name (Date of birth)	Career summary, position, areas of responsibility, and representation of other organizations		Number of shares held
1	Mayumi Kotani (January 12, 1947)	October 1973	Joined the Company	531,101 shares
		October 1982	Director	
		February 1989	Executive Vice President and Director	
		March 1993	Executive Vice President and Director, Head of Sales H.Q.	
		December 2002	President and Representative Director	
		April 2006	President and Head of Sales and Customer Service H.Q.	
		March 2011	President and Representative Director	
			To the present	
Reasons for appointment: Mayumi Kotani has been engaged in management since the establishment of the Company and exercising strong leadership as a President and Representative Director for many years. She has extensive experience in business management. Because of the expectation that the functions of decision-making and oversight by the Board of Directors should be strengthened, she is a candidate for a Director of the Company.				
2	Satoshi Kimura (April 1, 1954)	April 2005	Joined the Company as Executive Officer and General Manager of Purchase Dept.	3,000 shares
		October 2005	Executive Officer and Head of Purchase Dept.	
		April 2006	Senior Executive Officer and Head of Purchase H.Q.	
		June 2006	Managing Director and Head of Purchase H.Q.	
		June 2008	Executive Managing Director and Head of Purchase H.Q.	
		March 2010	Executive Managing Director	
			To the present	
Reasons for appointment: Satoshi Kimura has been involved in management and operations of purchasing and administration, thus having broad experience in the business. Because of the expectation of continuously strengthening the function of decision-making and supervision of the Board of Directors, he is a candidate for a Director of the Company.				
3	Yasuharu Odachi (July 31, 1958)	December 2004	Joined the Company	2,200 shares
		February 2005	General Manager of Production Technology Dept.	
		March 2005	General Manager of Research & Development Dept.	
		October 2005	Head of Research & Development Dept. and Quality Assurance Dept.	
		April 2006	Executive Officer and Head of Research & Development H.Q. and Quality Assurance Dept.	
		April 2008	Executive Officer and Head of Research & Development H.Q.	
		June 2008	Director and Head of Research & Development H.Q.	
		June 2011	Managing Director and Head of Research & Development H.Q.	
			To the present	
Reasons for appointment: Yasuharu Odachi has been involved in management and operation of research and development, thus having broad experience in the business. Because of the expectation of continuously strengthening the function of decision-making and supervision of the Board of Directors, he is a candidate for a Director of the Company.				

No.	Name (Date of birth)	Career summary, position, areas of responsibility, and representation of other organizations		Number of shares held
4	Yasushi Kitagawa (August 12, 1958)	September 2007	Joined the Company	2,000 shares
		November 2007	Deputy Head of Manufacturing Dept.	
April 2008	Deputy Head of Manufacturing Dept. and Head of Quality Assurance Dept.			
April 2009	Executive Officer, Deputy Head of Manufacturing H.Q. and Head of Quality Assurance Dept.			
August 2009	Executive Officer, Head of Manufacturing H.Q. and Head of Quality Assurance Dept.			
June 2010	Director and Head of Manufacturing H.Q. and Head of Quality Assurance Dept.			
June 2013	Managing Director and Head of Manufacturing H.Q. and Head of Quality Assurance Dept.			
		To the present		
Reasons for appointment: Yasushi Kitagawa has been engaged in management and operation of production, thus having broad experience in the business. Because of the expectation of continuously strengthening the function of decision-making and supervision of the Board of Directors, he is a candidate for a Director of the Company.				
5	* Tomohiro Inano (December 13, 1962)	June 1989	Joined the Company	100 Shares
		August 2003	General Manager of Yushin Precision Equipment Trading (Shenzhen) Co., Ltd.	
April 2008	General Manager of Chinese Area and General Manager of Yushin Precision Equipment Trading (Shenzhen) Co., Ltd.			
July 2009	Assistant to General Manager of Sales H.Q.			
February 2010	Deputy General Manager of Sales H.Q.			
March 2011	General Manager of Sales H.Q.			
March 2014	Executive Officer and General Manager of Sales H.Q.			
		To the present		
Reasons for appointment: Tomohiro Inano has been involved in management and operation of sales, thus having broad experience in the business. Because of the expectation of strengthening the decision-making and supervising functions of the Board of Directors, he is a candidate for a Director of the Company.				
6	Yasuo Nishiguchi (October 9, 1943)	March 1975	Joined Kyoto Ceramic Co., Ltd.(currently Kyocera Corporation)	2,700 Shares
		June 1987	Director	
June 1992	Senior Managing Director and Representative Director			
June 1997	Executive Vice president and Representative Director			
June 1999	President and Representative Director			
June 2003	President and Representative Director and President and Executive Officer			
June 2005	Chairman of the Board and Representative Director, and Chief Executive Officer			
April 2006	Advisor and Director			
June 2009	Retired from the office of Director			
June 2013	Outside Director of Zensho Holdings Co., Ltd.			
	To the present			
June 2014	Outside Director of the Company			
	To the present			
March 2015	Chairman and CEO of Socionext Inc.			
	To the present			
June 2016	Outside Director of YAMADA Consulting Group Co., Ltd.			
	To the present			
Reasons for nomination as an Outside Director: Yasuo Nishiguchi has held such positions as the President and Representative Director, and the Chairman and Representative Director at Kyocera Corporation. Based on his knowledge and experience in general management cultivated through prominent corporate positions, we asked him to give the Company advice and supervision of operations as an Independent Director. Thus, because we can expect to strengthen the function of the Company's Board of Directors, he is a candidate for an Outside Director of the Company.				

No.	Name (Date of birth)	Career summary, position, areas of responsibility, and representation of other organizations	Number of shares held
7	Hiroshi Matsuhisa (August 5, 1947)	<p>June 1976 Research Assistant of school of precision engineering in Faculty of Engineering at Kyoto University</p> <p>October 1987 Assistant professor</p> <p>April 1994 Professor (transferred to graduate school of department of Mechanical Engineering and Science by a reorganization in 1995)</p> <p>April 2012 Professor emeritus at Kyoto University</p> <p>June 2014 Outside Director of the Company To the present</p> <p>June 2016 Outside Corporate Auditor of Technology Seed Incubation Co., Ltd.</p>	2,000 Shares
<p>Reasons for nomination as an Outside Director:</p> <p>Based on the specialized knowledge by the person with academic standing in engineering of Kyoto University, the Company will ask for advice and oversight from an independent position. Because this will strengthen the function of the Company's Board of Directors, Hiroshi Matsuhisa is a candidate for an Outside Director. Although the person has no experience in direct corporate management, our belief is that he will be able to properly fulfill assigned duties as an Outside Director of the Company for the reasons cited above.</p>			

- Note: 1 *The candidates for the new Director
- 2 The candidates for Directors have no special interests in the Company.
- 3 Yasuo Nishiguchi and Hiroshi Matsuhisa are candidates of Outside Directors.
- 4 Yasuo Nishiguchi and Hiroshi Matsuhisa are the present Outside Directors of the Company and their term of office as Director of the Company is respectively three (3) years at the closing of this General Meeting of Shareholders. The Company has registered Yasuo Nishiguchi and Hiroshi Matsuhisa as Independent Officers provided in the rules of the Tokyo Stock Exchange and submitted notices to this effect to the Exchange. Yasuo Nishiguchi and Hiroshi Matsuhisa will be continuously registered as Independent Officers if they are reappointed.

Proposal 2: Election of Two (2) Corporate Auditors

The terms of a Corporate Auditor, Shujiro Sawada and Takao Yoshikawa will expire at the conclusion of this meeting.

Accordingly, we propose to elect two (2) new Corporate Auditors.

The Board of Corporate Auditors has consented to this proposition.

The candidates for the position of a Corporate Auditors are as follows:

No.	Name (Date of birth)	Career summary, position, areas of responsibility, and representation of other organizations	Number of shares held
1	* Yoshihisa Nakanishi (June 5, 1959)	March 2008 Joined the Company April 2008 General Manager of Personnel Affairs Section June 2008 General Manager of Accounting Department July 2015 General Manager of Internal Audit Office To the present	1,000 Shares
	Reasons for appointment: Yoshihisa Nakanishi has been primarily engaged in management and operation of internal audit and accounting and has extensive experience and achievement. Because of the expectation of strengthening the Company's audit competence utilizing his experience and achievement, he is a candidate for a Corporate Auditor of the Company.		
2	* Michitoshi Morimoto (August 9, 1957)	April 1981 Joined FUJITEC Co., Ltd. February 1982 Joined Osaka Research Institute of Industrial Science and Technology February 1987 Joined Matsushita Electric Industrial Co., Ltd. (Panasonic Corporation) October 1990 Joined Nomura Research Institute, Ltd. January 2016 Joined Human Holdings Co., Ltd. Executive officer (CIO) November 2016 Retired from the Human Holdings Co., Ltd.	- Shares
	The reason for the nomination as an Outside Corporate Auditor The specialized knowledge of corporate information technology/system strategy is expected to be put to effective use for the Company. Our belief is that this must help strengthen the Company's audit competence. Thus, Michitoshi Morimoto is a candidate for an Outside Corporate Auditor. Michitoshi Morimoto has no experience for business administration directly, but the Company judges that he has the ability to execute business properly as an Outside Corporate Auditor of the Company as mentioned above.		

Note: 1 *The candidates for the new Corporate Auditors

2 Yoshihisa Nakanishi has no special interests in the Company. The consulting contract concerning ERP system was entered into between Michitoshi Morimoto and the Company in the past, but the volume of transactions was insignificant (less than 0.1% of the consolidated net sales).

3 Michitoshi Morimoto is a candidate of Outside Corporate Auditor.

4 Michitoshi Morimoto meets the criteria of Independent Officer provided in the rules of the Tokyo Stock Exchange and the Company plans to register him if he is appointed.

End of Reference Documents