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Securities Code: 6482
June 2, 2016

Dear Shareholders,

Notice of Convocation for the 43rd Ordinary General Meeting of Shareholders

We would like to express our deepest condolences and sympathies to all those who have suffered and are suffering as a result of 2016 Kumamoto earthquake.

Notice is hereby given that the 43rd 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. Please refer to the enclosed Reference Documents for the General Meeting of Shareholders, use the Form for Exercising Voting Rights to indicate your vote on agenda proposals and return it by 5 p.m. on Friday, June 17, 2016 at the latest.

Details

- 1. Date and Time:** Monday, June 20, 2016 at 10 a.m.
- 2. Place:** 4th Floor Conference Room, No. 2 Factory
Head Office of Yushin Precision Equipment Co., Ltd.
11-260 Kogahonmachi, Fushimi-ku, Kyoto
- 3. Objectives of the Meeting:**
Matters to be reported:
 - a) Business Report and Consolidated Financial Statements for the 43rd Fiscal Year (from April 1, 2015 to March 31, 2016) 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 43rd Fiscal Year (from April 1, 2015 to March 31, 2016)

Agenda for resolution:

- Proposal 1:** Election of Six (6) Directors
Proposal 2: Election of One (1) Corporate Auditor
Proposal 3: Revision of the Remuneration for Directors and Corporate Auditors

Sincerely Yours,

Mayumi Kotani
President and Representative Director
Yushin Precision Equipment Co., Ltd.
11-260 Kogahonmachi, Fushimi-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>)

Business Report

(from April 1, 2015 to March 31, 2016)

1. Current Business Conditions of the Yushin Group**(1) Progress and achievements**

In the fiscal year ended March 31, 2016, the economy of the United States remained steady along with a recovery of cooperate sector's performance as well as improvements of the employment environment and the individual consumption. However, geographical risks in Europe and Middle East were growing and the economic growth in China seemed as getting into a recession. The economy in some of South East Asian countries also slowed down. And then there were decline of crude oil prices and volatility of financial market. In those complex factors, the world economy was unstable during the period.

Regarding the industries relating to the Yushin Group, demands on the industry of automotive and IT devices were strong but in the last half of the period, some of IT device manufacturers took adjustments in the production and there was also a strong yen trend. Then these occasions influenced to the market.

In these circumstances, the Yushin Group has strived to expand operation in a new business area, to develop new products and to obtain new world-class customers toward the medium-term management targets of net sales of 30,000 million yen and ordinary income of 5,000 million yen or more for the fiscal year ending March 31, 2019.

As the result, consolidated net sales increased by 18.8% year on year to 21,148 million yen which is a new record for the Yushin Group. Meanwhile, the Yushin Group decided to discontinue an unprofitable business, manufacturing and sales of semiconductor-related equipment, and devaluated inventories and disposed fixed assets relating to the business. Even after the disposition, Operating income increased by 33.9% year on year to 3,086 million yen and Ordinary income increased by 14.9% year on year to 2,921 million yen. And, Net income attributable to shareholders of the parent company increased by 13.4% year on year to 1,908 million yen.

Consolidated net sales by product category

(Thousands of yen)

| Years ended March 31, | 2015 | | 2016 | | Change |
|-------------------------------|------------|-------|------------|-------|--------|
| Product | Amount | % | Amount | % | % |
| Take-out robots | 13,092,125 | 73.5 | 13,923,022 | 65.8 | 6.3 |
| Custom-ordered equipment | 1,794,951 | 10.1 | 3,997,845 | 18.9 | 122.7 |
| Parts and maintenance service | 2,911,943 | 16.4 | 3,227,723 | 15.3 | 10.8 |
| Total | 17,799,020 | 100.0 | 21,148,591 | 100.0 | 18.8 |

(2) Capital investment

The total amount of capital investment for the Yushin Group effectuated over the course of the period under review was 5,110 million yen mainly for the capital investment related to construction of a new headquarters and factory valued at 4,583 million yen and building of a new ERP system for headquarters valued at 231 million yen.

(3) Financing activities

No material items to report.

(4) Assets and operating results 2013 - 2016

| Years ended March 31, | 2013 | 2014 | 2015 | 2016 |
|--|------------|------------|------------|------------|
| Net sales (thousands of yen) | 14,721,643 | 17,909,292 | 17,799,020 | 21,148,591 |
| Ordinary income (thousands of yen) | 1,746,573 | 3,095,258 | 2,542,871 | 2,921,754 |
| Net income attributable to shareholders of the parent company (thousands of yen) | 1,114,801 | 1,893,027 | 1,683,479 | 1,908,626 |
| Net income per share (yen) | 63.74 | 108.24 | 96.26 | 109.14 |
| Total assets (thousands of yen) | 23,744,465 | 26,252,009 | 29,463,773 | 29,409,602 |
| Net assets (thousands of yen) | 19,865,622 | 21,875,926 | 23,970,142 | 24,715,668 |
| Net assets per share (yen) | 1,131.63 | 1,243.88 | 1,357.36 | 1,401.54 |

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 the Yushin Group, it is assumed to be a severe environment in Japan under a strong yen trend in a foreign exchange market and a diminishment in effectiveness of economic policies operated by Japanese government and monetary policies taken by Bank of Japan. And as for the overseas, the economic growth in China is concerned to slow down, although the economy of the United States is expected to remain strong. Therefore, the world business environment will continue uncertain situation.

Under these circumstances, Yushin aims to develop itself further as a number-one company across the board in the “take-out robot” industry with Yushin philosophy “To contribute widely to society through the creation of innovative technology that enables customers to rationalize their production activities in plastic molding industry.”

As for company strategy, Yushin strengthens and conducts business even more aggressively in the global market, and works on developing superior cost-effective products with its quality and performance to meet our customer needs. And Yushin will also attract new customer for the take-out robots while promoting receiving orders for custom-ordered equipment in a new business area. In addition, Yushin aims to improve productivities and promote operational efficiencies by construction and utilizing of a new headquarters and factory.

As for market strategy, Yushin has developed a sales and service network for take-out robots in the U.S, Asia, and Europe. Yushin will continuously expand and strengthen the network in areas where business is expected to grow, including South East Asia and Latin America, to develop a global business that can adequately respond to worldwide customer purchases. Especially, Yushin aims to develop new customers in emerging countries where labor costs are highly rising and develop world-class human resources who can sustain for expanding our presence around the world. And Yushin maximally utilize the production and development capacity of Technical center to respond to the sales increase in medical-related business and a new business area.

As for product strategy, Yushin developed a new take-out robot utilizing optimum design technology in 2010. This technology has been applied hereafter to general purpose take-out robots. It is the technology which can largely contribute to power-saving by reducing weight and power consumption. Yushin will continuously offer this definitely-differentiated product by appealing the performance superiority such as high-speed motion, vibration suppression and power-saving. In order to establish multiple core businesses, Yushin must develop and bring new products to the market in the business area where Yushin can manifest technological and/or sales synergies.

(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 | IDR2,841million | 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 | THB6 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 | RMB13.7million | 100% | Manufacturing of our products |

(7) Major operations (as of March 31, 2016)

The 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, 2016)

| Name | Location |
|--|---------------------------|
| Kyoto Head Office & Factories No. 1, No. 2, No. 3, No. 5, No. 6 and Higashi Factory at the Head site | Fushimi-ku, Kyoto-city |
| Technical Center | Minami-ku, Kyoto-city |
| Tokyo General Sales Office | Chuo-ku, Tokyo |
| Kita-Kanto General Sales Office | Kita-ku, Saitama-city |
| Chubu General Sales Office | Toyokawa-city, Aichi |
| Nishi-Nihon General Sales Office | Fushimi-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: Tokyo General Sales Office and Kita-Kanto General Sales Office were merged and renamed as Higashi-Nihon General Sales Office on April 1, 2016.

(9) Employees (as of March 31, 2016)

| Number of employees | Increase from the end of previous FY |
|---------------------|--------------------------------------|
| 636(62) | 35 |

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, 2016)

No items to report.

(11) Other important matters pertaining to the status of the Yushin Group

No material items to report.

2. Matters Pertaining to the Shares of the Company (as of March 31, 2016)

- (1) Number of shares authorized: 40,000,000
(2) Total number of issued shares: 17,819,033
(3) Number of shareholders: 4,314
(4) Major shareholders:

| Name | Investment in the Company | |
|---|-------------------------------------|----------------------------------|
| | Number of shares held (thousand) | Percentage of shares held (%) |
| Yushin Industry Co., Ltd. | 4,376 | 25.0 |
| Mayumi Kotani | 2,156 | 12.3 |
| BNP Paribas Sec Services Luxembourg, Jasdec, Aberdeen Global Client Assets | 856 | 4.9 |
| 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 |
| Japan Trustee Service Bank, Ltd. (Trust Accounts) | 525 | 3.0 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 424 | 2.4 |
| RBC IST 15 PCT Non Lending Account - Client Account | 383 | 2.2 |
| The Bank of Kyoto, Ltd. | 352 | 2.0 |

Note: Percentage of shares held is calculated after deducting the number of treasury stock (331,208 shares).

3. Matters Pertaining to Officers of the Company
(1) Directors and Corporate Auditors (as of March 31, 2016)

| 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 Dept. H.Q. |
| Managing Director | Yasushi Kitagawa | Head of Manufacturing Dept. H.Q. and Head of Quality Assurance Dept. H.Q. |
| Director | Yasuo Nishiguchi | Chairman & CEO at Socionext Inc. Director at NAGASE & CO., LTD. Director at Zensho Holdings Co., Ltd. |
| Director | Hiroshi Matsuhisa | Professor emeritus at Kyoto University |
| 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 Corporate Auditor at Trusco Nakayama Corporation Corporate Auditor at FUJIO FOOD SYSTEM CO., LTD. |

Notes:

1. Directors, Yasuo Nishiguchi and Hiroshi Matsuhisa are Outside Directors stipulated in Item 15, Article 2 of the Companies Act.

2. The following describes the activities of the Outside Directors during the period under review.

Director, Yasuo Nishiguchi

In the period under review, Yasuo Nishiguchi attended 13 of 15 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 NAGASE & CO., LTD. and Zensho Holdings Co., Ltd. There is no special relationship between the Company and Socionext Inc., NAGASE & CO., LTD. and Zensho Holdings Co., Ltd.

Director, Hiroshi Matsuhisa

In the period under review, Hiroshi Matsuhisa attended all of 15 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. There is no special relationship between the Company and Kyoto University.

In addition to the frequency of convening meetings of the Board of Directors described above, there were 2 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.

3. Corporate Auditors, Yasuhiro Orita, Takao Yoshikawa and Hiroho Kamakura are Outside Corporate Auditors stipulated in Item 16, Article 2 of the Companies Act.

4. The following describes the activities of the Outside Corporate Auditors during the period under review.

Corporate Auditor, Yasuhiro Orita

In the period under review, Yasuhiro Orita attended all of 15 Meetings of Board of Directors and all 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.

Corporate Auditor, Takao Yoshikawa

In the period under review, Takao Yoshikawa attended all of 15 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.

Corporate Auditor, Hiroho Kamakura

In the period under review, Hiroho Kamakura attended 13 of 15 Meetings of Board of Directors and 4 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 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.

In addition to the frequency of convening meetings of the Board of Directors described above, there were 2 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
At the close of the 42nd Ordinary General Meeting of Shareholders held on June 23, 2015, Yuji Tsujimoto retired due to termination of the term.
6. The Company has designated Director, Yasuo Nishiguchi, Director, Hiroshi Matsuhisa and Corporate Auditor, Takao Yoshikawa as an Independent Corporate Officer 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

(Thousands of yen)

| Classification | Number of Directors/ Corporate Auditors | Total amount |
|--------------------|--|--------------|
| Directors | 7 | 172,550 |
| Corporate Auditors | 4 | 20,400 |
| Total | 11 | 192,950 |

Notes:

1. The 35th Ordinary General Meeting of Shareholders held on June 27, 2008 resolved total remuneration for all Directors within 300,000 thousand yen per year and total remuneration for all Corporate Auditors within 50,000 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: 29,960 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, 2016 (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 8,400 thousand yen.

4. Matters Pertaining to Accounting Auditors

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

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

(Thousands of yen)

| Item | Total payment |
|---|---------------|
| The amount of compensation and other payments payable to the Accounting Auditors for the reporting year | 33,200 |
| Total amount of monetary and other property benefits payable by the Company and its subsidiaries | 35,000 |

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 Auditors, the Board of Corporate Auditors acknowledged the details of the audit and status of the course of accounting duties by the Accounting Auditors, 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 Auditors 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, 2016)

(Thousands of yen)

| Account | Amount | Account | Amount |
|---------------------------------------|-------------------|--|-------------------|
| ASSETS | | LIABILITIES | |
| Current assets | 15,956,972 | Current liabilities | 4,392,694 |
| Cash and deposits | 5,341,166 | Notes and accounts payable - trade | 1,516,260 |
| Notes and accounts receivable - trade | 6,026,195 | Electronically recorded obligations - operating | 652,843 |
| Merchandise and finished goods | 762,329 | Accounts payable - other | 776,774 |
| Work in process | 625,413 | Accrued expenses | 139,512 |
| Raw materials and supplies | 2,286,051 | Income taxes payable | 548,986 |
| Prepaid expenses | 123,535 | Advances received | 278,867 |
| Deferred tax assets | 625,342 | Provision for bonuses | 236,000 |
| Other | 197,419 | Provision for directors' bonuses | 29,960 |
| Allowance for doubtful accounts | (30,483) | Provision for product warranties | 148,441 |
| Non-current assets | 13,452,630 | Deferred tax liabilities | 3,319 |
| Property, plant and equipment | 12,436,989 | Other | 61,728 |
| Buildings | 1,775,890 | Long-term liabilities | 301,239 |
| Structures | 79,795 | Provision for directors' retirement benefits | 66,780 |
| Machinery and equipment | 52,932 | Net defined benefit liability | 44,043 |
| Vehicles | 40,456 | Deferred benefit liabilities | 123,350 |
| Tools, furniture and fixtures | 107,654 | Other | 67,065 |
| Land | 5,779,928 | Total liabilities | 4,693,933 |
| Leased assets | 12,804 | NET ASSETS | |
| Construction in progress | 4,587,525 | Shareholders' equity | 24,159,047 |
| Intangible assets | 369,502 | Capital stock | 1,985,666 |
| Telephone subscription right | 11,430 | Capital surplus | 2,023,903 |
| Software | 64,319 | Retained earnings | 20,502,208 |
| Software in progress | 217,782 | Treasury stock | (352,731) |
| Others | 75,970 | Total accumulated other comprehensive income | 350,808 |
| Investments and other assets | 646,137 | Valuation difference on available-for-sale securities | 33,920 |
| Investment securities | 185,438 | Foreign currency translation adjustment | 266,643 |
| Net defined benefit asset | 266,874 | Remeasurements of defined benefit plans | 50,245 |
| Deferred tax assets | 9,012 | Non-controlling interests | 205,812 |
| Other | 184,827 | Total net assets | 24,715,668 |
| Allowance for doubtful accounts | (14) | Total liabilities and net assets | 29,409,602 |
| Total assets | 29,409,602 | | |

Consolidated Statements of Income

(from April 1, 2015 to March 31, 2016)

(Thousands of yen)

| Account | Amount |
|--|-------------------|
| Net sales | 21,148,591 |
| Cost of sales | 12,705,822 |
| Gross profit | 8,442,768 |
| Selling, general and administrative expenses | 5,356,705 |
| Operating income | 3,086,063 |
| Non-operating income | 62,320 |
| Interest and dividends income | 17,603 |
| Purchase discounts | 14,270 |
| Other | 30,446 |
| Non-operating expenses | 226,629 |
| Sales discounts | 941 |
| Foreign exchange losses | 224,180 |
| Other | 1,507 |
| Ordinary income | 2,921,754 |
| Extraordinary income | 1,224 |
| Gain on sales of non-current assets | 120 |
| Gain on sales of investment securities | 1,104 |
| Extraordinary loss | 64,060 |
| Loss on sales and retirement of non-current assets | 64,060 |
| Income before income taxes | 2,858,919 |
| Income taxes - current | 955,959 |
| Income taxes - deferred | (72,362) |
| Net income | 1,975,321 |
| Net income attributable to non-controlling interests | 66,695 |
| Net income attributable to shareholders of the parent company | 1,908,626 |

Consolidated Statements of Changes in Net Assets

(from April 1, 2015 to March 31, 2016)

(Thousands of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance as of April 1, 2015 | 1,985,666 | 2,023,903 | 19,205,664 | (352,005) | 22,863,228 |
| Changes in the current period | | | | | |
| Dividends of surplus | | | (612,081) | | (612,081) |
| Net income attributable to shareholders of the parent company | | | 1,908,626 | | 1,908,626 |
| Acquisition of treasury stock | | | | (725) | (725) |
| Changes in items other than shareholders' equity, net | | | | | |
| Total changes in the current period | - | - | 1,296,544 | (725) | 1,295,818 |
| Balance as of March 31, 2016 | 1,985,666 | 2,023,903 | 20,502,208 | (352,731) | 24,159,047 |

| | 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, 2015 | 107,003 | 658,809 | 108,707 | 874,520 | 232,393 | 23,970,142 |
| Changes in the current period | | | | | | |
| Dividends of surplus | | | | | | (612,081) |
| Net income attributable to shareholders of the parent company | | | | | | 1,908,626 |
| Acquisition of treasury stock | | | | | | (725) |
| Changes in items other than shareholders' equity, net | (73,083) | (392,165) | (58,462) | (523,711) | (26,580) | (550,292) |
| Total changes in the current period | (73,083) | (392,165) | (58,462) | (523,711) | (26,580) | 745,526 |
| Balance as of March 31, 2016 | 33,920 | 266,643 | 50,245 | 350,808 | 205,812 | 24,715,668 |

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

Machinery and equipment: 5 - 12 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) 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.
- 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

(Adoption of Accounting Standard for Business Combination and Other Standards)

With regard to the "Revised Accounting Standards for Business Combination" (Accounting Standards Board of Japan(ASBJ) Accounting Standard – ASBJ Statement No. 21 dated September 13, 2013), the "Revised Accounting Standard for Consolidated Financial Statements" (Accounting Standards Board of Japan (ASBJ) Accounting Standard – ASBJ Statement No. 22 dated September 13, 2013) and the "Revised Accounting Standards for Business Divestitures" (Accounting Standards Board of Japan (ASBJ) Accounting Standard –ASBJ Statement No. 7 dated September 13, 2013) have been adopted from the current consolidated fiscal year under review. Accordingly, the way in which net income is denoted has been changed, and the term minority interest has been changed to non-controlling interests.

3. Notes to Consolidated Balance Sheet

Accumulated depreciation of property, plant and equipment: 4,160,969 thousand yen

4. 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 | 330,904 | 304 | - | 331,208 |

Note: The increase in the number of shares of treasury stock (304 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 11, 2015 | Common stock | 349,762 | 20 | March 31, 2015 | June 9, 2015 |
| The Board of Directors' Meeting on November 5, 2015 | Common stock | 262,319 | 15 | September 30, 2015 | December 1, 2015 |

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, 2016 | Common stock | 367,244 | Retained earnings | 21 | March 31, 2016 | June 3, 2016 |

5. Notes to Financial Instruments

(1) Conditions of financial instruments

a. Management policy

The 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, 2016 are shown as follows.

| | | Carrying value (thousands of yen) | Fair value (thousands of yen) | Differences (thousands of yen) |
|-----|---|--------------------------------------|----------------------------------|-----------------------------------|
| (1) | Cash and deposits | 5,341,166 | 5,341,166 | - |
| (2) | Notes and accounts receivable - trade | 6,026,195 | 6,026,195 | - |
| (3) | Investment securities | | | |
| | Other securities | 185,438 | 185,438 | - |
| | Assets total | 11,552,800 | 11,552,800 | - |
| (1) | Notes and accounts payable - trade | 1,516,260 | 1,516,260 | - |
| (2) | Electronically recorded obligations - operating | 652,843 | 652,843 | - |
| (3) | Accounts payable - other | 776,774 | 776,774 | - |
| (4) | Income taxes payable | 548,986 | 548,986 | - |
| | Liabilities total | 3,494,864 | 3,494,864 | - |

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

(Assets)

(1) Cash and deposits, and (2) Notes and accounts receivable - trade.

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) 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 | 5,341,166 | - | - | - |
| Notes and accounts receivable - trade | 6,026,195 | - | - | - |
| Total | 11,367,362 | - | - | - |

6. Per Share Information

(1) Net assets per share: 1,401.54 yen

(2) Net income per share: 109.14 yen

Note: Amounts less than one thousand yen are truncated.

Balance Sheets
(as of March 31, 2016)

(Thousands of yen)

| Account | Amount | Account | Amount |
|---|-------------------|--|-------------------|
| ASSETS | | LIABILITIES | |
| Current assets | 12,605,465 | Current liabilities | 3,537,649 |
| Cash and deposits | 3,188,986 | Notes payable - trade | 47,272 |
| Notes receivable - trade | 1,081,421 | Electronically recorded obligations - operating | 652,843 |
| Accounts receivable - trade | 5,160,361 | Accounts payable - trade | 1,325,768 |
| Merchandise and finished goods | 341,968 | Accounts payable - other | 523,060 |
| Work in process | 515,241 | Accrued expenses | 100,737 |
| Raw materials and supplies | 1,346,537 | Income taxes payable | 435,890 |
| Prepaid expenses | 65,557 | Advances received | 60,734 |
| Consumption taxes receivable | 102,232 | Deposits received | 25,154 |
| Deferred tax assets | 361,596 | Provision for bonuses | 236,000 |
| Other | 442,261 | Provision for directors' bonuses | 29,960 |
| Allowance for doubtful accounts | (700) | Provision for product warranties | 96,000 |
| Non-current assets | 13,510,482 | Other | 4,227 |
| Property, plant and equipment | 11,500,607 | Non-current liabilities | 76,740 |
| Buildings | 1,246,341 | Lease obligations | 9,300 |
| Structures | 79,795 | Provision for directors' retirement benefits | 66,780 |
| Machinery and equipment | 21,000 | Long-term guarantee deposited | 660 |
| Vehicles | 391 | Total liabilities | 3,614,390 |
| Tools, furniture and fixtures | 61,794 | NET ASSETS | |
| Land | 5,490,953 | Shareholders' equity | 22,467,637 |
| Leased assets | 12,804 | Capital stock | 1,985,666 |
| Construction in progress | 4,587,525 | Capital surplus | 2,023,903 |
| Intangible assets | 282,797 | Legal capital surplus | 2,023,903 |
| Telephone subscription right | 11,430 | Retained earnings | 18,810,799 |
| Software | 53,585 | Legal retained earnings | 286,314 |
| Software in progress | 217,782 | Other retained earnings | 18,524,484 |
| Investments and other assets | 1,727,078 | Reserve for dividend equalization | 1,000,000 |
| Investment securities | 185,438 | General reserve | 8,700,000 |
| Stocks of subsidiaries and affiliates | 805,760 | Retained earnings brought forward | 8,824,484 |
| Investments in capital of subsidiaries and affiliates | 297,873 | Treasury stock | (352,731) |
| Guarantee deposits | 26,960 | Valuation and translation adjustments | 33,920 |
| Deferred tax assets | 72,643 | Valuation difference on available-for-sale securities | 33,920 |
| Other | 338,417 | Total net assets | 22,501,557 |
| Allowance for doubtful accounts | (14) | Total liabilities and net assets | 26,115,948 |
| Total assets | 26,115,948 | | |

Statements of Income
(from April 1, 2015 to March 31, 2016)

(Thousands of yen)

| Account | Amount |
|---|-------------------|
| Net sales | 15,520,101 |
| Cost of sales | 10,235,848 |
| Gross profit | 5,284,252 |
| Selling, general and administrative expenses | 3,778,892 |
| Operating income | 1,505,359 |
| Non-operating income | 773,135 |
| Interest and dividends income | 735,568 |
| Purchase discounts | 14,270 |
| Other | 23,296 |
| Non-operating expenses | 11,225 |
| Sales discounts | 941 |
| Foreign exchange losses | 8,928 |
| Other | 1,355 |
| Ordinary income | 2,267,269 |
| Extraordinary income | 1,104 |
| Gain on sales of investment securities | 1,104 |
| Extraordinary loss | 63,801 |
| Loss on sales and retirement of non-current assets | 63,801 |
| Income before income taxes | 2,204,572 |
| Income taxes - current | 656,218 |
| Income taxes - deferred | (128,401) |
| Net income | 1,676,755 |

Statements of Changes in Net Assets

(from April 1, 2015 to March 31, 2016)

(Thousands of yen)

| | Shareholders' equity | | | | | | | |
|---|----------------------|-----------------------|-----------------------|-------------------------|-----------------------------------|-----------------|-----------------------------------|-------------------------|
| | Capital stock | Capital surplus | | Legal retained earnings | Retained earnings | | | Total retained earnings |
| | | Legal capital surplus | Total capital surplus | | Other retained earnings | | | |
| | | | | | Reserve for dividend equalization | General reserve | Retained earnings brought forward | |
| Balance as of April 1, 2015 | 1,985,666 | 2,023,903 | 2,023,903 | 286,314 | 1,000,000 | 8,700,000 | 7,759,810 | 17,746,125 |
| Changes in the current period | | | | | | | | |
| Dividends of surplus | | | | | | | (612,081) | (612,081) |
| Net income | | | | | | | 1,676,755 | 1,676,755 |
| Acquisition of treasury stock | | | | | | | | |
| Changes in items other than shareholders' equity, net | | | | | | | | |
| Total changes in the current period | - | - | - | - | - | - | 1,064,673 | 1,064,673 |
| Balance as of March 31, 2016 | 1,985,666 | 2,023,903 | 2,023,903 | 286,314 | 1,000,000 | 8,700,000 | 8,824,484 | 18,810,799 |

| | 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, 2015 | (352,005) | 21,403,689 | 107,003 | 107,003 | 21,510,693 |
| Changes in the current period | | | | | |
| Dividends of surplus | | (612,081) | | | (612,081) |
| Net income | | 1,676,755 | | | 1,676,755 |
| Acquisition of treasury stock | (725) | (725) | | | (725) |
| Changes in items other than shareholders' equity, net | | | (73,083) | (73,083) | (73,083) |
| Total changes in the current period | (725) | 1,063,948 | (73,083) | (73,083) | 990,864 |
| Balance as of March 31, 2016 | (352,731) | 22,467,637 | 33,920 | 33,920 | 22,501,557 |

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 |
| Machinery and equipment: | 12 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 presentation

(Balance Sheet)

"Claims provable in bankruptcy, claims provable in rehabilitation and other," 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. "Claims provable in bankruptcy, claims provable in rehabilitation and other" in this fiscal year is 14 thousand yen.

"Lease obligations," which was separately presented until previous fiscal year, is reported in "Other" in Current liabilities from this fiscal year under review, because its materiality decreased. "Lease obligations" in this fiscal year is 4,218 thousand yen.

2. Notes to Balance Sheet

| | |
|--|------------------------|
| (1) Accumulated depreciation of property, plant and equipment: | 3,404,006 thousand yen |
| (2) Monetary credit and debts to affiliates | |
| a. Short-term monetary credit: | 2,192,287 thousand yen |
| b. Short-term monetary debts: | 44,098 thousand yen |

3. Notes to Statements of Income

Transactions with subsidiaries and affiliates

| | |
|--|------------------------|
| a. Net sales: | 4,723,700 thousand yen |
| b. Purchases: | 11,663 thousand yen |
| c. Selling, general and administrative expenses: | 312,715 thousand yen |
| d. Non-operating transactions: | 722,248 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 | 330,904 | 304 | - | 331,208 |

Note: The increase in the number of shares of treasury stock (304 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

| | (Thousands of yen) |
|---|--------------------|
| Deferred tax assets | |
| Inventories | 207,673 |
| Depreciation of Buildings | 81,536 |
| Software | 61,726 |
| Provision for bonuses | 72,452 |
| Accrued enterprise taxes | 29,292 |
| Provision for product warranties | 29,472 |
| Provision for directors' retirement benefit | 20,367 |
| Other | 24,625 |
| Subtotal deferred tax assets | <u>527,146</u> |
| Valuation reserve | <u>(20,367)</u> |
| Total deferred tax assets | <u>506,778</u> |
| Deferred tax liabilities | |
| Prepaid pension costs | 59,346 |
| Valuation difference on available-for-sale securities | 13,192 |
| Total deferred tax liabilities | <u>72,538</u> |
| Net deferred tax assets | <u>434,240</u> |

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

| | (Thousands of yen) |
|----------------|--------------------|
| Current assets | 361,596 |
| Fixed assets | 72,643 |

(2) Change in Deferred tax assets and liabilities due to the change in corporate tax rates.

The "Act for Partial Revision of the Income Tax Act etc." (Act No. 15 of 2016) and the "Act for Partial Revision of the Local Taxes Act etc." (Act No. 13 of 2016) were enacted in the Diet on March 29, 2016 and Corporation taxes are lowered from the fiscal year beginning on or after April 1, 2016.

With this change of tax rates, the amount of Deferred tax assets (net amount, deducted Deferred tax liabilities) decreased by 32,643 thousand yen and the amount of Income taxes - deferred increased by 33,864 thousand yen.

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 | 1,540,806 | Accounts receivable - trade | 463,029 |
| | Yushin Korea Co., Ltd. | 100% Directly held by the Company | Concurrent Directors: 2 | Sale of Company products and manufacture and sale of labor saving machines | Sale of products | 1,175,437 | Accounts receivable - trade | 418,223 |
| | Guangzhou Yushin Precision Equipment Co., Ltd. | 100% Directly held by the Company | Concurrent Directors: 3 | Manufacture of Company products | Sale of products | 504,565 | Accounts receivable - trade | 590,798 |

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: | 1,286.70 yen |
| (2) Net income per share: | 95.88 yen |

Note: Amounts less than one thousand yen are truncated.

[Certified copy of the Accounting Auditors' Report concerning consolidated statutory report]

Independent Auditors' Report

May 13, 2016

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

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Takeshi Nishimura [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, 2016 of Yushin Precision Equipment Co., Ltd. (the "Company") and its consolidated subsidiaries, and the related statements of income and changes in net assets for the fiscal year from April 1, 2015 to March 31, 2016, 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 conformity 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 the Company and its consolidated subsidiaries as of March 31, 2016, and the results of their operations for the year then ended in conformity 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.

[Certified copy of the Accounting Auditors' Report concerning non-consolidated statutory report]

Independent Auditors' Report

May 13, 2016

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

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Takeshi Nishimura [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, 2016 of Yushin Precision Equipment Co., Ltd. (the "Company"), and the related statements of income and changes in net assets for the 43rd fiscal year from April 1, 2015 to March 31, 2016, 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 conformity 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 the Company as of March 31, 2016, and the results of its operations for the year then ended in conformity 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.

<Certified copy of the audit report concerning non-consolidated statutory report>

Audit Report

Regarding the performance of duties by the Directors for the fiscal year from April 1, 2015 to March 31, 2016, 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, 2016

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 Six (6) Directors

The terms of office of all the currently serving six (6) Directors will expire at the conclusion of this Meeting. Shareholders are asked to vote for these six (6) 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 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 | 2,156,601 shares |
| 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. 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 | 1,100 shares |
| Reasons for appointment: Having been engaged in management and operations of purchasing and administration, Satoshi Kimura has extensive experiences and performance. Because of the expectation of continuously strengthening the function of decision-making and operational oversight at 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 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 | 2,100 shares |
| Reasons for appointment: Yasuharu Odachi has been primarily involved in management and operation of research and development, thus having broad experience in the business. Because of the expectation to strengthen the function of decision-making and supervision by 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 November 2007 April 2008 April 2009 August 2009 June 2010 June 2013 To the present | 1,200 shares |
| | | <p>Reasons for appointment:</p> <p>Yasushi Kitagawa has been primarily engaged in management and operation of production and has extensive experience. Because of the expectation of continuously strengthening the decision-making and supervising functions of the Board of Directors, he is a candidate for a Director of the Company.</p> | |
| 5 | Yasuo Nishiguchi (October 9, 1943) | March 1975 June 1987 June 1992 June 1997 June 1999 June 2003 June 2005 April 2006 June 2009 June 2012 June 2013 June 2014 March 2015 To the present | 1,700 Shares |
| | | <p>Reasons for nomination as an Outside Director:</p> <p>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.</p> | |
| 6 | Hiroshi Matsuhisa (August 5, 1947) | June 1976 October 1987 April 1994 April 2012 June 2014 To the present | - 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 Directors have no special interests in the Company.
2 Yasuo Nishiguchi and Hiroshi Matsuhisa are candidates of an Outside Director.
3 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 two (2) years at the closing of this General Meeting of Shareholders. The Company has registered Yasuo Nishiguchi and Hiroshi Matsuhisa as an Independent Director provided in the rules of the Tokyo Stock Exchange and submitted notices to this effect to the Exchange.

Proposal 2: Election of One (1) Corporate Auditor

The terms of a Corporate Auditor, Hiroho Kamakura will expire at the conclusion of this meeting. Accordingly, we propose to elect one (1) Corporate Auditor.

The Board of Corporate Auditors has consented to this proposition.

The candidate for the position of a Corporate Auditor is as follows:

| Name (Date of birth) | Career summary, position, areas of responsibility, and representation of other organizations | Number of shares held |
|--|---|-----------------------|
| Hiroho Kamakura (January 27, 1947) | November 1971 Joined Tohmatsu Aoki & Co. (currently “Deloitte Touche Tohmatsu LLC”) May 1973 Registered as CPA July 2012 Outside Corporate Auditor of Trusco Nakayama Corporation To the present July 2012 Outside Corporate Auditor of the Company To the present March 2013 Outside Corporate Auditor of FUJIO FOOD SYSTEM CO., LTD. To the present | 800 Shares |
| The reason for the nomination as an Outside Corporate Auditor The specialized knowledge as a Certified Public Accountant in finance and accounting 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, Hiroho Kamakura is a candidate for an Outside Corporate Auditor. Hiroho Kamakura 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 Hiroho Kamakura was involved in accounting audits of the Company as a CPA of Deloitte Touche Tohmatsu LLC from April 1992 to March 2001 and from April 2003 to March 2005. Currently, he retired from the operation and has no special interests in the Company.
2. Hiroho Kamakura is a candidate of Outside Corporate Auditor.
3. Hiroho Kamakura is the present Outside Corporate Auditor of the Company, and his term of office as Corporate Auditor of the Company is four (4) years at the closing of this General Meeting of Shareholders.

Proposal 3: Revision of the Remuneration for Directors and Corporate Auditors

The remuneration for Directors and Corporate Auditors of the Company is as approved at the 35th Ordinary General Meeting of Shareholders held on June 27, 2008, which is up to present date within 300,000 thousand yen for Directors and within 50,000 thousand yen for Corporate Auditors, however, for the purpose of the payment of bonuses to Directors and Corporate Auditors responding to future business performances and financial positions. The Company asks that shareholders consider the changes and approve the proposal to revise remuneration conditions to make remuneration for Directors to be within 500,000 thousand yen (of which, within 100,000 thousand yen for Outside Directors) and remuneration for Corporate Auditors to be within 100,000 thousand yen. Note that the amount of remuneration for Directors does not include the amount of remuneration that a Director receives for services concurrently carried out as an employee, should such remuneration exist.

The number of Directors is currently six (6) (of which, two (2) Outside Directors) and the number of Corporate Auditors is four (4). Even assuming Proposal 1 “Election of Six (6) Directors” and Proposal 2 “Election of One (1) Corporate Auditor” are approved as proposed, there will be no change in the total number of Directors and Corporate Auditors.

End of Reference Documents