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Securities Code: 6482  
June 3, 2019

Dear Shareholders,

**Notice of Convocation for  
the 46<sup>th</sup> Ordinary General Meeting of Shareholders**

We would like to express our deepest condolences.

Notice is hereby given that the 46<sup>th</sup> 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 Thursday, June 20, 2019 at the latest.

Please confirm the “Information on Exercise of Voting Rights via the Internet” on page 2 and 3 when voting via electromagnetic means.

**Details**

1. **Date and Time:** Friday, June 21, 2019 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
3. **Objectives of the Meeting:**  
**Matters to be reported:**
  - a) Business Report and Consolidated Financial Statements for the 46<sup>th</sup> Fiscal Year (from April 1, 2018 to March 31, 2019) 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 46<sup>th</sup> Fiscal Year (from April 1, 2018 to March 31, 2019)

**Agenda for resolution:**

**Proposal :** Election of Seven (7) Directors

Sincerely Yours,

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

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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: (<https://www.ype.co.jp>)

## <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 (<https://www.evotet.tr.mufg.jp/>) via PC, smartphone or mobile phone. (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.)

(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, 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 20, 2019. Shareholders are cordially requested to exercise their voting rights as early as possible. Please call Help Desk as mentioned below with any inquiries.

### 2. Methods of exercising of voting rights via the Internet

#### (1) PC, mobile phone method

- On the voting rights exercise site designated by the Company (<https://www.evotet.tr.mufg.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.

- 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.

- New “login ID” and “temporary password” will be advised for each notice of convocation for Ordinary General Meeting of Shareholders.

#### (2) Smartphone method

- Please scan the QR code® located on the Voting Rights Exercise Form. You can simply login to the website for exercising voting rights without entering your voting code and password.

- Note that your voting rights can be exercised only once by using the QR code® method for security reason. Please enter “login ID” and “temporary password” when you use QR code® for second and subsequent times.

- Depending on the model of your smartphone, you may not be able to log in with the QR code®. If you cannot do login with the QR code®, please exercise your voting rights by 2. (1) PC, mobile phone method.

\*“QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

### 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, 2018 to March 31, 2019)

### **1. Current Business Conditions**

#### **(1) Progress and achievements**

Regarding the global economy during this fiscal year under review, the moderate economic expansion continued despite concerns on trade friction between United States and China is rising. In the United States, employ environment continues to improve and personal consumption remained steady. In Europe as well, the economy remained generally firm due to improvement of employment and income conditions. In Asian region, although the economy as a whole remained steady, the slowdown in China became evident.

Under these circumstances, Yushin Group has continued to develop new customer base on global scale. Regarding the outcome for this fiscal year under review, sales of Take-out robots were good in Japan, North America, etc. despite slowdown in China, and resulted at the same level as previous fiscal year. Net sales increased by 4.6% year on year to 21,833 million yen as a result of strong sales of custom-ordered equipment both in Japan and overseas. Operating income increased by 17.0% year on year to 2,760 million yen, owing to reductions in depreciation expenses and normalization of development costs that was concentrated to new product development etc. although there was purchase price increase due to difficulties in procuring parts in the first half. Ordinary income increased by 14.7% year on year to 2,791 million yen, and net income attributable to shareholders of the parent increased by 17.0% year on year to 1,903 million yen.

In this fiscal year, our high-end Take-out robot "FRA" was highly valued for its active vibration control function, and was awarded "The Japan Society of Mechanical Engineers Medal for New Technology". In addition, FRA was awarded "red dot design award" which is internationally authoritative award and "Machine Design Award" sponsored by Nikkan Industrial Newspaper for its valued product design. Furthermore, it was also awarded "the JMF's Energy-Efficient Machinery award" for its energy saving performance being highly evaluated.

#### **Consolidated net sales by product category**

(Thousands of yen)

Years ended March 31,	2018		2019		Change
Product	Amount	%	Amount	%	%
Take-out robots	15,449,729	74.0	15,512,592	71.0	0.4
Custom-ordered equipment	2,204,986	10.6	2,880,736	13.2	30.6
Parts and maintenance service	3,223,934	15.4	3,440,070	15.8	6.7
Total	20,878,651	100.0	21,833,399	100.0	4.6

#### **(2) Capital investment**

The total amount of capital investment for Yushin Group effectuated over the course of the period under review was 256 million yen mainly for the development of the head office north parking lot at 80 million yen.

#### **(3) Financing activities**

No material items to report.

#### (4) Assets and operating results 2016 - 2019

Years ended March 31,	2016	2017	2018	2019
Net sales (thousands of yen)	21,148,591	19,346,399	20,878,651	21,833,399
Ordinary income (thousands of yen)	2,921,754	2,058,192	2,432,690	2,791,364
Net income attributable to shareholders of the parent (thousands of yen)	1,908,626	1,380,273	1,626,768	1,903,435
Net income per share (yen)	109.14	78.93	46.51 (Note 2)	54.54
Total assets (thousands of yen)	29,409,602	30,761,736	32,572,888	33,197,260
Net assets (thousands of yen)	24,715,668	25,451,718	26,472,034	27,117,484
Net assets per share (yen)	1,401.54	1,444.38	750.37 (Note 2)	783.03

Notes:

- 1 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.
- 2 The Company carried out a stock split on April 1, 2018, at a ratio of two shares per one common share. Accordingly, Net income per share and Net assets per share has been calculated presuming that this stock split was carried out at the start of the consolidated fiscal year ended on March 31, 2018.

#### (5) Issues to be addressed

As for the business environment surrounding Yushin Group, there are many uncertain factors including problems of trade policies in the US and China, and the outlook for the economy will continue to be uncertain.

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 issues to be addressed, In the take-out robot, we will expand sales of Take-out robots which is differentiated by strengthening product power and strengthen our sales capabilities worldwide. 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. In addition to these efforts, we will strengthen organizational development and human resource development, and strive for sustainable growth.

Specific effort for the 47<sup>th</sup> (FY2020), Yushin Group will strive to expand sales of differentiated Take-out robots and improve brand value. In addition, by establishing a European subsidiary, we will expand sales channels and expand our service in Europe. In Custom-ordered equipment business, we will continue to expand sales and develop new businesses to meet the growing automation needs in and outside Japan. Furthermore, we will strengthen collaboration among divisions to improve productivity, work styles, and accelerate cost reduction activities.

**(6) Status of major subsidiaries**

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

**(7) Major operations (as of March 31, 2019)**

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, 2019)**

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
Nishi-Kanto Sales Office	Atsugi-city, Kanagawa
Nagano Sales Office	Shiojiri-city, Nagano
Tohoku Sales Office	Fukushima-city, Fukushima
Tsukuba Sales Office	Tsukuba-city, Ibaraki
Chubu General Sales Office	Toyokawa-city, Aichi
Shizuoka Sales Office	Suruga-ku, Shizuoka-city
Nagoya-Nishi Sales Office	Kuwana-city, Mie
Nishi-Nihon General Sales Office	Minami-ku, Kyoto-city
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

**(9) Employees (as of March 31, 2019)**

Number of employees	Increase from the end of previous FY
683 (62)	No change

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, 2019)**

No items to report.

**(11) Other important matters pertaining to the status**

No items to report.

**2. Matters Pertaining to the Shares of the Company (as of March 31, 2019)**

- (1) **Number of shares authorized:** 80,000,000  
(2) **Total number of issued shares:** 35,638,066  
(3) **Number of shareholders:** 4,307  
(4) **Major shareholders:**

Name	Number of shares held (thousand)	Percentage of shares held (%)
Yushin Industry Co., Ltd.	11,992	35.0
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,499	7.3
The Nomura Trust and Banking Co., Ltd. (Trust Account 3071019)	1,549	4.5
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 620021158)	1,549	4.5
The Kyoto Chuo Shinkin Bank, Ltd.	1,088	3.2
Mayumi Kotani	1,054	3.1
Japan Trustee Service Bank, Ltd. (Trust Account)	933	2.7
The Bank of Mitsubishi UFJ, Ltd.	849	2.5
The Bank of Kyoto, Ltd.	704	2.1
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement benefit Trust Account)	684	2.0

Note:

1. The company holds 1,333,548 shares of treasury stock but is excluded from this number.
2. Shareholding ratio is calculated by deducting treasury stockholding.



**3. Matters Pertaining to Officers of the Company**  
**(1) Directors and Corporate Auditors (as of March 31, 2019)**

Position	Name	Responsibilities and representation of other organization
President and Representative Director	Mayumi Kotani	
Executive Managing Director	Satoshi Kimura	General Manager of Purchase H.Q.
Executive Managing Director	Yasushi Kitagawa	General Manager of Manufacturing H.Q. and Quality Assurance Dept.
Managing Director	Yasuharu Odachi	General Manager of Research & Development H.Q.
Director	Tomohiro Inano	General Manager of Sales H.Q.
Director	Yasuo Nishiguchi	Outside Director at YAMADA Consulting Group Co., Ltd.
Director	Hiroshi Matsuhisa	Professor emeritus at Kyoto University
Director	Reiko Nakayama	Director of LUCKLAND CO.,LTD (Audits Committee)
Full-time Corporate Auditor	Yoshihisa Nakanishi	
Corporate Auditor	Yasuhiro Orita	Lawyer
Corporate Auditor	Hiroho Kamakura	Certified Public Accountant Outside Corporate Auditor at Trusco Nakayama Corporation Outside Corporate Auditor at FUJIO FOOD SYSTEM CO., LTD.
Corporate Auditor	Michitoshi Morimoto	

Notes:

- Directors, Yasuo Nishiguchi, Hiroshi Matsuhisa and Reiko Nakayama are Outside Directors stipulated in Item 15, Article 2 of the Companies Act.
- Corporate Auditors, Yasuhiro Orita, Hiroho Kamakura and Michitoshi Morimoto are Outside Corporate Auditors stipulated in Item 16, Article 2 of the Companies Act.
- Corporate Auditor, Hiroho Kamakura is a Certified Public Accountant and has specialist knowledge in finance and accounting.
- The Company has designated Director, Hiroshi Matsuhisa, Director, Reiko Nakayama, Corporate Auditor, Yasuhiro Orita, Corporate Auditor, Hiroho Kamakura and Corporate Auditor, Michitoshi Morimoto as Independent Officers as prescribed by the Tokyo Stock Exchange and submitted notices to this effect to the exchange.
- Change of Directors during the period under review

Name	Before change	After change	Date of change
Hiroshi Matsuhisa	Outside Corporate Auditor at Technology Seed Incubation Co., Ltd.	Retired	June 22, 2018
Reiko Nakayama	-	Outside Director	June 22, 2018

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

Classification	Number of Directors/ Corporate Auditors	Total amount (Thousands of yen)
Directors	8	203,060
Corporate Auditors	4	24,000
Total	12	227,060

## Notes:

1. The 43<sup>rd</sup> 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 bonuses for directors: 37,520 thousand yen (37,520 thousand yen for five directors).
3. With respect to the provision for retirement benefits for Directors and Corporate Auditors, the plan for retirement benefits for Directors and Corporate Auditors was terminated at the 33<sup>rd</sup> 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, 2019 (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 three (3) Outside Directors is 15,300 thousand yen.
5. The total amount of remuneration for the three (3) Outside Corporate Auditors is 12,000 thousand yen.

### (3) Outside Directors and Corporate Auditors

#### a. Important position at other organizations and the relationship between the company and other organizations.

• Yasuo Nishiguchi is the Outside Director at YAMADA Consulting Group Co., Ltd. There is no special relationship between the Company and YAMADA Consulting Group Co., Ltd.

• Hiroshi Matsuhisa is a professor emeritus at Kyoto University. There is no special relationship between the Company and Kyoto University.

• Reiko Nakayama is the Director of LUCKLAND CO., LTD (Audits Committee). There is no special relationship between the Company and LUCKLAND CO., LTD.

• Kamakura is 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.

#### b. The following describes the activities during the period under review.

Status and Name	Attendance and Remark
Director, Yasuo Nishiguchi	In the period under review, Yasuo Nishiguchi attended all 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.
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.
Director, Reiko Nakayama	Since assuming the post of Director on June 22, 2018, Reiko Nakayama attended all of 10 Meetings of Board of Directors. Based on her experience of securities company underwriter, and management executive officer and outside officers of operating companies, she asked questions to clarify ambiguities that arose with respect to matters reported or resolved, and provided opinions.
Corporate Auditor, Yasuhiro Orita	In the period under review, Yasuhiro Orita attended 12 of 13 Meetings of Board of Directors and all of 7 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, Hiroho Kamakura	In the period under review, Hiroho Kamakura attended all of 13 Meetings of Board of Directors and all of 7 Meetings of the Board of Corporate Auditors. Based on the specialized knowledge as a Certified Public Accountant, 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, Michitoshi Morimoto	In the period under review, Michitoshi Morimoto attended all of 13 Meetings of Board of Directors and all of 7 Meetings of the Board of Corporate Auditors. Based on the specialized knowledge of corporate information technology/system strategy, 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.

#### Note:

In addition to the frequency of convening meetings of the Board of Directors described above, there were 5 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.

#### 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	36,670 thousand yen

Notes1: 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. (Board of Directors Resolution on June 12, 2015) The main points of the basic policy are 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.**

The Internal Control System is developed as we as “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.

In order to improve the effectiveness and efficiency of operations, to ensure reliability of financial reports, and to expansively develop the operations of the internal control system aimed at securing assets and compliance to laws and regulations pertaining to business activities according to

the Basic Policy for Internal Control System, The Internal Control Regulations and the Committee of Internal Control Operations Regulations have been enacted.

The scope of responsibility of the Board of Directors and Corporate Auditors as well as the system for implementation and details of activities for executives and employees, and the procedures for evaluation and reporting were clarified in the internal control Regulations. Furthermore, basic policy on the maintenance and operation of Internal Control is formulated. The structure of the committee aimed at facilitating internal control as well as how to promote its mission and activities were clarified in the Committee of Internal Control Operations Regulations, and the activities are promoted.

## **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. “Yushin Organizational Knowledge Book “(Y-Book) is used as an organization’s knowledge collection to improve business quality, maintaining disciplines, and instill awareness of compliance. In addition, the Company has enacted the Whistle-Blowing Regulations that prescribes the procedures to report on violations and has set up an external contact point for internal reporting.

Moreover, efforts have been made to provide information concerning recent trends in relevant laws and regulations, as well as to develop and make thoroughly available internal regulations (Office Regulations, Internal Information Management Regulations, Information System Management Regulations, etc.) This fiscal year, we have enacted regulations for company seal management and personal information protection, and provided education and training for employees.

### **(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 event causing damage to the Company arises, the Director in charge immediately reports to the Board of Directors and the Board of Corporate Auditors, and all executives will offer consultations to take action, while efforts to avoid risks are also being enhanced by having the Corporate Auditors conduct inspections and hearings on any event that is seen to have the risk of causing damage.

### **(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**

In order to promote the development of the internal control system, the Internal Control Regulations and Committee of Internal Control Operations Regulations have enacted at the Board of Directors’ meeting held on February 7, 2018. Specifically, the scope of responsibilities of the Board of Directors and Corporate Auditors concerning internal control, as well as the system for implementation (supervision, actual system for implementation, etc.) and details of activities (policy, process to promote the development of operations, etc.) for executives and employees and the procedures for evaluation and reporting (scope of target, procedure, correction measures in case of deficiencies, etc.) were clarified by the Internal Control Regulations, while the structure of the committee aimed at facilitating internal control, as well as how to promote its mission and

activities (supervision, system for implementation, scope of target activities, education, etc.) were clarified in the Committee of Internal Control Operations Regulations. Based on Internal Control Regulations, along with the basic policy on the development and operation of Internal Control, we have enacted a basic plan for conducting evaluations and are promoting activities. Furthermore, the Company's subsidiaries hold meetings three times a year so as to share information relating to the Company and its subsidiaries and monitoring status of business operations.

**(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.

At conducting audit, Corporate Auditors coordinates with the legal counsel such as the Certified Public Accountant and the lawyers, 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.

For this fiscal year, a full-year dividend is 9 yen per share, consisting of an interim dividend of 8 yen per share and a year-end dividend of 17 yen per share.

## Consolidated Balance Sheets

(as of March 31, 2019)

(Thousands of yen)

Account	Amount	Account	Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets</b>	<b>19,964,853</b>	<b>Current liabilities</b>	<b>5,860,064</b>
Cash and deposits	6,362,933	Notes and accounts payable - trade	1,331,229
Notes and accounts receivable - trade	6,844,705	Electronically recorded obligations - operating	1,035,982
Merchandise and finished goods	717,394	Accounts payable - other	492,256
Work in process	1,696,139	Accrued expenses	194,758
Raw materials and supplies	3,619,833	Income taxes payable	523,827
Consumption taxes receivable	34,295	Advances received	1,755,449
Prepaid expenses	131,046	Provision for bonuses	273,647
Other	576,833	Provision for bonuses for directors	37,520
Allowance for doubtful accounts	(18,327)	Provision for product warranties	147,609
<b>Non-current assets</b>	<b>13,232,406</b>	Other	67,785
<b>Property, plant and equipment</b>	<b>11,408,464</b>	<b>Non-current liabilities</b>	<b>219,710</b>
Buildings	4,785,640	Provision for retirement benefits for directors	66,780
Structures	209,643	Retirement benefit liability	65,723
Machinery equipment and Vehicles	147,766	Deferred benefit liabilities	37,324
Tools, furniture and fixtures	118,651	Other	49,882
Land	6,130,716	<b>Total liabilities</b>	<b>6,079,775</b>
Leased assets	7,497	<b>NET ASSETS</b>	
Construction in progress	8,549	<b>Shareholders' equity</b>	<b>26,549,936</b>
<b>Intangible assets</b>	<b>429,392</b>	<b>Capital stock</b>	<b>1,985,666</b>
Telephone subscription right	11,430	<b>Capital surplus</b>	<b>2,023,903</b>
Software	351,090	<b>Retained earnings</b>	<b>23,579,393</b>
Others	66,872	<b>Treasury stock</b>	<b>(1,039,026)</b>
<b>Investments and other assets</b>	<b>1,394,549</b>	<b>Total accumulated other comprehensive income</b>	<b>311,482</b>
Investment securities	218,062	<b>Valuation difference on available-for-sale securities</b>	<b>56,815</b>
Retirement benefit asset	294,037	<b>Foreign currency translation adjustment</b>	<b>184,923</b>
Deferred tax assets	705,335	<b>Remeasurements of defined benefit plans</b>	<b>69,743</b>
Other	196,910	<b>Non-controlling interests</b>	<b>256,066</b>
Allowance for doubtful accounts	(19,795)	<b>Total net assets</b>	<b>27,117,484</b>
<b>Total assets</b>	<b>33,197,260</b>	<b>Total liabilities and net assets</b>	<b>33,197,260</b>



## **Consolidated Statements of Income**

(from April 1, 2018 to March 31, 2019)

(Thousands of yen)

Account	Amount
<b>Net sales</b>	<b>21,833,399</b>
<b>Cost of sales</b>	<b>13,092,179</b>
<b>Gross profit</b>	<b>8,741,219</b>
<b>Selling, general and administrative expenses</b>	<b>5,980,416</b>
<b>Operating income</b>	<b>2,760,802</b>
<b>Non-operating income</b>	<b>109,943</b>
Interest and dividends income	10,478
Purchase discounts	13,410
Subsidy income	49,499
Rent income	11,361
Other	25,193
<b>Non-operating expenses</b>	<b>79,381</b>
Sales discounts	1,105
Foreign exchange losses	77,406
Other	869
<b>Ordinary income</b>	<b>2,791,364</b>
<b>Extraordinary income</b>	<b>2,423</b>
Gain on sales of non-current assets	2,423
<b>Extraordinary loss</b>	<b>10,138</b>
Loss on sales and retirement of non-current assets	9,924
Other	214
<b>Income before income taxes</b>	<b>2,783,649</b>
Income taxes - current	930,324
Income taxes - deferred	(110,525)
<b>Net income</b>	<b>1,963,849</b>
Net income attributable to non-controlling interests	60,414
<b>Net income attributable to shareholders of the parent</b>	<b>1,903,435</b>

## Consolidated Statements of Changes in Net Assets

(from April 1, 2018 to March 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2018	1,985,666	2,023,903	22,270,517	(354,848)	25,925,238
Changes in the current period					
Dividends of surplus			(594,559)		(594,559)
Net income attributable to shareholders of the parent			1,903,435		1,903,435
Acquisition of treasury stock				(684,178)	(684,178)
Changes in items other than shareholders' equity, net					
Total changes in the current period	-	-	1,308,876	(684,178)	624,697
Balance as of March 31, 2019	1,985,666	2,023,903	23,579,393	(1,039,026)	26,549,936

	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, 2018	97,103	164,323	56,982	318,409	228,385	26,472,034
Changes in the current period						
Dividends of surplus						(594,559)
Net income attributable to shareholders of the parent						1,903,435
Acquisition of treasury stock						(684,178)
Changes in items other than shareholders' equity, net	(40,288)	20,600	12,760	(6,927)	27,680	20,752
Total changes in the current period	(40,288)	20,600	12,760	(6,927)	27,680	645,450
Balance as of March 31, 2019	56,815	184,923	69,743	311,482	256,066	27,117,484

## 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 - 10 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 bonuses for directors:  
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 retirement benefits for directors:  
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 Retirement benefit assets and liabilities  
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. Notes of Change in Presentation

(Application of "Partial amendments to "Accounting standards regarding to tax effect accounting"")

According to "Partial amendments to "Accounting standards regarding to tax effect accounting" (Business Accounting Standard No. 28, February 16, 2018), etc., which we applied from the beginning of this fiscal year, deferred tax assets are classified as investments and other assets, and deferred tax liabilities are classified as Fixed liabilities.

(Consolidated statements of income)

"Rent income", which was included in "Others" in non-operating income until the previous fiscal year, has been separately presented from this fiscal year due to the increase in monetary importance. "Rent income" in the previous fiscal year is 1,084 thousand yen.

## 3. Notes to Consolidated Balance Sheet

Accumulated depreciation of property, plant and equipment: 5,739,641 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	-	35,638,066

Note: The increase in the number of shares of treasury stock (17,819,033 shares) is due to carry out a stock split on April 1,

2018, at a ratio of two shares per one common share

## (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	331,982	1,001,566	-	1,333,548

Notes: Of the increase in the number of shares of treasury stock 331,982 shares is due to carried out a stock split on April 1, 2018, at a ratio of two shares per one common share, 669,400 shares is due to the purchase based on the board of directors resolution held on February 7, 2019, and 184 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, 2018	Common stock	314,766	18	March 31, 2018	June 5, 2018
The Board of Directors' Meeting on November 5, 2018	Common stock	279,792	8	September 30, 2018	December 3, 2018

Note: The Company carried out a stock split on April 1, 2018, at a ratio of two shares per one common share. The stock split has an effective date of April 1, 2018. With regard to dividends based on March 31, 2018, the dividend per share is based on the number of shares as before the stock split.

### 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, 2019	Common stock	308,740	Retained earnings	9	March 31, 2019	June 4, 2019

## 5. 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, 2019 are shown as follows.

		Carrying value (thousands of yen)	Fair value (thousands of yen)	Differences (thousands of yen)
(1)	Cash and deposits	6,362,933	6,362,933	-
(2)	Notes and accounts receivable – trade	6,844,705	6,844,705	-
(3)	Consumption taxes receivable	34,295	34,295	-
(4)	Investment securities			
	Other securities	218,062	218,062	-
	Assets total	13,459,996	13,459,996	-
(1)	Notes and accounts payable - trade	1,331,229	1,331,229	-
(2)	Electronically recorded obligations - operating	1,035,982	1,035,982	-
(3)	Accounts payable - other	492,256	492,256	-
(4)	Income taxes payable	523,827	523,827	-
	Liabilities total	3,383,295	3,383,295	-

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	6,362,933	-	-	-
Notes and accounts receivable – trade	6,844,705	-	-	-
Consumption taxes receivable	34,295	-	-	-
Total	13,241,934	-	-	-

## 6. Per Share Information

(1) Net assets per share: 783.03 yen  
(2) Net income per share: 54.54 yen

Note: Amounts less than one thousand yen are truncated.

**Balance Sheets**  
(as of March 31, 2019)

(Thousands of yen)

Account	Amount	Account	Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets</b>	<b>15,497,309</b>	<b>Current liabilities</b>	<b>3,790,289</b>
Cash and deposits	4,164,213	Notes payable - trade	92,685
Notes receivable - trade	1,636,788	Electronically recorded obligations - operating	1,035,982
Accounts receivable - trade	5,221,969	Accounts payable - trade	1,050,546
Merchandise and finished goods	312,441	Accounts payable - other	440,590
Work in process	867,422	Accrued expenses	136,047
Raw materials and supplies	2,503,369	Income taxes payable	453,935
Prepaid expenses	76,567	Advances received	165,194
Consumption taxes receivable	34,295	Provision for bonuses	268,000
Other	680,742	Provision for bonuses for directors	37,520
Allowance for doubtful accounts	(500)	Provision for product warranties	82,000
		Other	27,787
<b>Non-current assets</b>	<b>13,138,667</b>	<b>Non-current liabilities</b>	<b>71,283</b>
<b>Property, plant and equipment</b>	<b>10,543,413</b>	Provision for retirement benefits for directors	66,780
Buildings	4,331,269	Other	4,503
Structures	209,643		
Machinery and equipment	68,664	<b>Total liabilities</b>	<b>3,861,572</b>
Vehicles	2,316	<b>NET ASSETS</b>	
Tools, furniture and fixtures	71,560	<b>Shareholders' equity</b>	<b>24,717,588</b>
Land	5,843,911	<b>Capital stock</b>	<b>1,985,666</b>
Leased assets	7,497	<b>Capital surplus</b>	<b>2,023,903</b>
Construction in progress	8,549	Legal capital surplus	2,023,903
<b>Intangible assets</b>	<b>357,257</b>	<b>Retained earnings</b>	<b>21,747,045</b>
Telephone subscription right	11,430	Legal retained earnings	286,314
Software	345,827	Other retained earnings	21,460,730
		Reserve for dividend equalization	1,000,000
<b>Investments and other assets</b>	<b>2,237,995</b>	General reserve	8,700,000
Investment securities	218,062	Retained earnings brought forward	11,760,730
Stocks of subsidiaries and affiliates	808,896	<b>Treasury stock</b>	<b>(1,039,026)</b>
Investments in capital of subsidiaries and affiliates	297,873	<b>Valuation and translation adjustments</b>	<b>56,815</b>
Deferred tax assets	562,882	<b>Valuation difference on available-for-sale securities</b>	<b>56,815</b>
Other	350,297		
Allowance for doubtful accounts	(15)	<b>Total net assets</b>	<b>24,774,404</b>
		<b>Total liabilities and net assets</b>	<b>28,635,976</b>
<b>Total assets</b>	<b>28,635,976</b>		

**Statements of Income**  
(from April 1, 2018 to March 31, 2019)

(Thousands of yen)

Account	Amount
<b>Net sales</b>	<b>17,474,221</b>
<b>Cost of sales</b>	<b>11,099,050</b>
<b>Gross profit</b>	<b>6,375,171</b>
<b>Selling, general and administrative expenses</b>	<b>4,329,833</b>
<b>Operating income</b>	<b>2,045,337</b>
<b>Non-operating income</b>	<b>527,285</b>
Interest income	2,393
Dividends income	419,987
Purchase discounts	13,410
Foreign exchange gains	3,340
Subsidy income	49,499
Other	38,654
<b>Non-operating expenses</b>	<b>1,928</b>
Sales discounts	1,105
Other	822
<b>Ordinary income</b>	<b>2,570,695</b>
<b>Extraordinary loss</b>	<b>10,118</b>
Loss on sales and retirement of non-current assets	9,904
Other	214
<b>Income before income taxes</b>	<b>2,560,577</b>
Income taxes - current	720,207
Income taxes - deferred	(48,861)
<b>Net income</b>	<b>1,889,231</b>



## Statements of Changes in Net Assets

(from April 1, 2018 to March 31, 2019)

(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, 2018	1,985,666	2,023,903	2,023,903	286,314	1,000,000	8,700,000	10,466,058	20,452,373
Changes in the current period								
Dividends of surplus							(594,559)	(594,559)
Net income							1,889,231	1,889,231
Acquisition of treasury stock								
Changes in items other than shareholders' equity, net								
Total changes in the current period	-	-	-	-	-	-	1,294,671	1,294,671
Balance as of March 31, 2019	1,985,666	2,023,903	2,023,903	286,314	1,000,000	8,700,000	11,760,730	21,747,045

	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, 2018	(354,848)	24,107,095	97,103	97,103	24,204,198
Changes in the current period					
Dividends of surplus		(594,559)			(594,559)
Net income		1,889,231			1,889,231
Acquisition of treasury stock	(684,178)	(684,178)			(684,178)
Changes in items other than shareholders' equity, net			(40,288)	(40,288)	(40,288)
Total changes in the current period	(684,178)	610,493	(40,288)	(40,288)	570,205
Balance as of March 31, 2019	(1,039,026)	24,717,588	56,815	56,815	24,774,404

## 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 -10 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 bonuses for directors:  
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 retirement benefits for directors:  
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) 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 (Prepaid pension costs) 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.

**2. Notes of change in presentation**

(Application of "Partial amendments to "Accounting standards regarding to tax effect accounting"")

According to "Partial amendments to "Accounting standards regarding to tax effect accounting" (Business Accounting Standard No. 28, February 16, 2018), etc., which we applied from the beginning of this fiscal year, deferred tax assets are classified as investments and other assets, and deferred tax liabilities are classified as Fixed liabilities.

**3. Notes to Balance Sheet**

(1) Accumulated depreciation of property, plant and equipment:	4,843,717 thousand yen
(2) Monetary credit and debts to affiliates	
a. Short-term monetary credit:	1,774,533 thousand yen
b. Short-term monetary debts:	166,038 thousand yen

**4. Notes to Statements of Income**

Transactions with subsidiaries and affiliates

a. Net sales:	4,892,377 thousand yen
b. Purchases:	24,674 thousand yen
c. Selling, general and administrative expenses:	290,191 thousand yen
d. Non-operating transactions:	423,681 thousand yen

**5. 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	331,982	1,001,566	-	1,333,548

Notes: Of the increase in the number of shares of treasury stock 331,982 shares is due to carried out a stock split on April 1, 2018, at a ratio of two shares per one common share, 669,400 shares is due to the purchase based on the board of directors resolution held on February 7, 2019, and 184 shares is due to the purchase of shares of less than one unit.

## 6. Notes on Tax-effect Accounting

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

	(Thousands of yen)
Deferred tax assets	
Inventories	46,570
Excess depreciation of property, plant and equipment	255,764
Excess intangible assets depreciation	159,075
Provision for bonuses	81,740
Provision for product warranties	25,010
Provision for retirement benefits for directors	20,367
Other	58,361
Total deferred tax assets	<u>646,890</u>
Deferred tax liabilities	
Prepaid pension costs	59,074
Valuation difference on available-for-sale securities	24,933
Total deferred tax liabilities	<u>84,007</u>
Net deferred tax assets	<u>562,882</u>

## 7. 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				
Subsidiary	Yushin America, Inc.	100% Directly held by the Company	Concurrent Directors: 3	Sales and maintenance & repair of Company products. Manufacturing, sales and maintenance & repair of custom-ordered equipment	Sale of products	1,609,759	Accounts receivable - trade	327,157
	Yushin Korea Co., Ltd.	100% Directly held by the Company	Concurrent Directors: 1	Sales and maintenance & repair of Company products. Manufacturing, sales and maintenance & repair of custom-ordered equipment	Sale of products	922,933	Accounts receivable - trade	307,576
	Guangzhou Yushin Precision Equipment Co., Ltd.	100% Directly held by the Company	Concurrent Directors: 3	Manufacture of Company products	Sale of products	434,371	Accounts receivable - trade	492,260

Transaction terms or method of determining transaction terms

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

## 8. Per Share Information

(1) Net assets per share:	722.19 yen
(2) Net income per share:	54.13 yen

Note: Amounts less than one thousand yen are truncated.

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

## INDEPENDENT AUDITOR'S REPORT

May 15, 2019

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]

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:  
Hideki Yasuda [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, 2019 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, 2018 to March 31, 2019, 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, 2019, 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 15, 2019

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]

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:  
Hideki Yasuda [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, 2019 of Yushin Precision Equipment Co., Ltd. (the "Company"), and the related statements of income and changes in net assets for the 45th fiscal year from April 1, 2018 to March 31, 2019, 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, 2019, 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, 2018 to March 31, 2019, 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 16, 2019

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

Full-time Corporate Auditor	Yoshihisa Nakanishi [SEAL]
Outside Corporate Auditor	Yasuhiro Orita [SEAL]
Outside Corporate Auditor	Hiroho Kamakura [SEAL]
Outside Corporate Auditor	Michitoshi Morimoto [SEAL]

End of submitted documents

## Reference Documents for the General Meeting of Shareholders

### Proposal: Election of Seven (7) Directors

The terms of office of all the currently serving eight (8) Directors will expire at the conclusion of this Meeting. We propose to decrease 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 October 1982    Director February 1989   Executive Vice President and Director March 1993      Executive Vice President and Director, General Manager of Sales H.Q. December 2002   President and Representative Director April 2006      President and General Manager of Sales and Customer Service H.Q. March 2011      President and Representative Director To the present	1,054,102 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 General Manager of Purchase Dept. April 2006      Senior Executive Officer and General Manager of Purchase H.Q. June 2006      Managing Director and General Manager of Purchase H.Q. June 2008      Executive Managing Director and General Manager of Purchase H.Q. To the present	6,000 shares
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	Yasushi Kitagawa (August 12, 1958)	September 2007    Joined the Company November 2007    Deputy General Manager of Manufacturing Dept. April 2008        Deputy General Manager of Manufacturing Dept. and Quality Assurance Dept. April 2009        Executive Officer, Deputy General Manager of Manufacturing H.Q. and Quality Assurance Dept. August 2009      Executive Officer, General Manager of Manufacturing H.Q. and Quality Assurance Dept. June 2010        Director and General Manager of Manufacturing H.Q. and Quality Assurance Dept. June 2013        Managing Director and General Manager of Manufacturing H.Q. and Quality Assurance Dept. June 2017        Executive Managing Director and General Manager of Manufacturing H.Q. and Quality Assurance Dept. To the present	4,800 shares
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.			

No.	Name (Date of birth)	Career summary, position, areas of responsibility, and representation of other organizations	Number of shares held
4	Tomohiro Inano (December 13, 1962)	<p>June 1989      Joined the Company</p> <p>August 2003    General Manager of Yushin Precision Equipment Trading (Shenzhen) Co., Ltd.</p> <p>April 2008      General Manager of Chinese Area and Yushin Precision Equipment Trading (Shenzhen) Co., Ltd.</p> <p>July 2009       Assistant to General Manager of Sales H.Q.</p> <p>February 2010   Deputy General Manager of Sales H.Q.</p> <p>March 2011      General Manager of Sales H.Q.</p> <p>March 2014      Executive Officer and General Manager of Sales H.Q.</p> <p>June 2017       Director and General Manager of Sales H.Q.</p> <p>To the present</p>	3,400 Shares
		<p>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.</p>	
5	Yasuo Nishiguchi (October 9, 1943)	<p>March 1975      Joined Kyoto Ceramic Co., Ltd.(currently Kyocera Corporation)</p> <p>June 1987       Director</p> <p>June 1992       Senior Managing Director and Representative Director</p> <p>June 1997       Executive Vice president and Representative Director</p> <p>June 1999       President and Representative Director</p> <p>June 2003       President and Representative Director and President and Executive Officer</p> <p>June 2005       Chairman of the Board and Representative Director, and Chief Executive Officer</p> <p>April 2006       Advisor and Director</p> <p>June 2009       Retired from the office of Director</p> <p>June 2014       Outside Director of the Company</p> <p>To the present</p> <p>March 2015      Chairman and CEO of Socionext Inc.</p> <p>June 2016       Outside Director of YAMADA Consulting Group Co., Ltd.</p> <p>To the present</p> <p>March 2018      Retired from Chairman and CEO of Socionext Inc.</p>	19,100 Shares
		<p>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.</p>	

No.	Name (Date of birth)	Career summary, position, areas of responsibility, and representation of other organizations	Number of shares held
6	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> <p>June 2018      Retired from Outside Corporate Auditor of Technology Seed Incubation Co., Ltd.</p>	10,000 Shares
		<p>Reasons for nomination as an Outside Director: Based on the specialized knowledge by the person with academic standing in engineering of Kyoto University, 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. 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>	
7	Reiko Nakayama (April 2, 1959)	<p>April 1983      Joined Japan Associated Finance Co., Ltd. (currently JAFCO Co., Ltd)</p> <p>January 1997    Joined Marusan Securities Co., Ltd.</p> <p>March 2000      General Manager of Investment information</p> <p>October 2004    General Manager of Underwriting</p> <p>October 2008    Part-time Director of LivTech, Inc.</p> <p>February 2009   Director and Head of Administrative H.Q. of LivTech, Inc.</p> <p>March 2013      Retired from the office of Director of LivTech, Inc.</p> <p>March 2015      Outside Director of LUCKLAND CO.,LTD</p> <p>March 2016      Director of LUCKLAND CO.,LTD (Audits Committee) To the present</p> <p>June 2018      Outside Director of the Company To the present</p>	5,062 Shares
		<p>Reasons for nomination as an Outside Director: Based on her experience of securities company underwriter, and management executive officer and outside officers of operating companies, we asked her 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, she is a candidate for an Outside Director of the Company.</p>	

Note:

- 1 The candidates for Directors have no special interests in the Company.
- 2 Yasuo Nishiguchi, Hiroshi Matsuhisa and Reiko Nakayama are candidates of Outside Directors.
- 3 Yasuo Nishiguchi, Hiroshi Matsuhisa and Reiko Nakayama are the present Outside Directors of the Company. Yasuo Nishiguchi and Hiroshi Matsuhisa term of office as Director of the Company is respectively five (5) years at the closing of this General Meeting of Shareholders, Reiko Nakayama term of office as Director of the Company is one (1) year at the closing of this General Meeting of Shareholders
- 4 The Company has registered Hiroshi Matsuhisa and Reiko Nakayama as Independent Officers provided in the rules of the Tokyo Stock Exchange and submitted notices to this effect to the Exchange. Hiroshi Matsuhisa and Reiko Nakayama will be continuously registered as Independent Officers if they are reappointed.

End of Reference Documents