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(Securities Code 6274)  
June 7, 2019

**To Shareholders with Voting Rights:**

Takashi Nagano  
President and CEO,  
Representative Director  
SHINKAWA LTD.  
2-51-1, Inadaira,  
Musashimurayama-shi, Tokyo

**NOTICE OF  
THE 61ST ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 61st Ordinary General Meeting of Shareholders of SHINKAWA LTD. (the “Company”) to be held as described below.

**If you are unable to attend the meeting, you can exercise your voting rights through either of the methods stated below. Please review the appended “Reference Documents for the Extraordinary General Meeting of Shareholders” and exercise your voting rights by 5:25 p.m. on Thursday, April 25, 2019, Japan time.**

Exercise of voting rights by mail:

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by the above deadline.

Exercise of voting rights via the Internet:

Please refer to the appended “Exercise of Voting Rights” and exercise your voting rights by the above deadline.

If you exercise your voting rights both in writing using the Voting Rights Exercise Form and via the Internet, only your exercise of voting rights via the Internet will be valid.

If you exercise your voting rights multiple times via the Internet, only the last exercise of voting rights will be valid.

- 1. Date and Time:** Thursday, June 27, 2019, at 10 a.m. Japan time
- 2. Place:** Conference Room (Bldg. No. 8, 6F) at the West-Tokyo Office of SHINKAWA LTD.  
2-51-1, Inadaira, Musashimurayama-shi, Tokyo
- 3. Meeting Agenda:**  
**Matters to be reported:** The Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements for the Company’s 61st fiscal year (from April 1, 2018, to March 31, 2019) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements

**Proposal to be resolved:**

<b>Proposal 1:</b>	Election of Three (3) Audit & Supervisory Board Members
<b>Proposal 2:</b>	Election of One (1) Substitute Audit & Supervisory Board Member
<b>Proposal 3:</b>	Election of Accounting Auditor
<b>Proposal 4:</b>	Approval of Incorporation-type Company Split Plan (Revised Edition)

End

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1. When attending the meeting, please submit the enclosed attendance card at the reception desk.
  2. The Cool Biz (light clothing) dress code will be followed at the meeting. Shareholders who attend the meeting are encouraged to wear light clothing.
  3. Any updates to the Business Report, the Consolidated Financial Statements and/or the Non-Consolidated Financial Statements will be posted on the Company's Web site at <https://www.shinkawa.com/ir/meeting/>
  4. An English translation of this notice of the general meeting of shareholders is available on the Company's Web site. The translation is provided for reference purposes only. Should any translation errors be found, they will be corrected immediately, but the Company assumes no responsibility for any problems arising from the translation.

## Exercise of Voting Rights

### When attending the meeting

Date of the General Meeting of Shareholders: Friday, June 27, 2019 at 10:00 a.m. Japan time  
Please submit the enclosed Voting Rights Exercise Form without separating it at the reception desk.

### When not attending the meeting

When exercising voting rights by mail

Exercise deadline: Received by Thursday, June 26, 2019 at 5:25 p.m. Japan time

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it to the shareholder registration administrator of the Company by the above exercise deadline. Please use the sticker on the card to cover and protect your information.

When exercising voting rights by electronic means (the Internet, etc.)

Exercise deadline: Thursday, June 26, 2019 at 5:25 p.m. Japan time

### Method for scanning the QR code (for smartphones)

Exercising voting rights using a smartphone does not require you to enter the “login ID” and “temporary password.”

You can log in by scanning the “login QR code” provided in the enclosed Voting Rights Exercise Form Sub Slip (right side).

\* You can use the method below only once.

1. Scanning the QR code.

Scan the “login QR code” provided in the enclosed Voting Rights Exercise Form Sub Slip (right side) by using your smartphone.

2. Select a method of exercising voting rights

On the screen for selecting a displayed voting method, select your method of exercising voting rights.

3. Select a vote for or against each proposal

Select your vote for or against each proposal by following the on-screen instructions.

Complete your vote in accordance with instructions on the screen.

Second and subsequent login  
Please log in in accordance with instructions below.

Method for entering the “login ID” and “temporary password”

STEP 1

Access the voting rights exercise website.

Click “Next”

STEP 2

Enter the “login ID” and “temporary password” that are provided in your Voting Rights Exercise Form Sub Slip (right side).

Enter

Click “Login.”

STEP 3

Enter both “New password” and “New password (for confirmation).”

Enter

Click “Submit.”

Please vote for or against the proposals by following the on-screen instructions.

Remarks

1. About the voting rights exercise website

- (1) The voting rights exercise website may not be available depending on the Internet environment, services or the model of PC or smartphone that a shareholder is using.
- (2) Exercise of voting rights via the Internet will be accepted until 5:25 p.m. on Wednesday, June 26, 2019, Japan time, but your prompt exercise of voting rights will be appreciated.

2. Handling of voting rights exercised in duplicate

- (1) If you exercise your voting rights both by mailing the Voting Rights Exercise Form and via the Internet, only your vote via the Internet will be valid.
- (2) If you exercise your voting rights multiple times via the Internet, only the last exercise of voting rights will be valid. The same applies when you exercise your voting rights using your PC, smartphone and mobile phone.

3. Costs incurred when accessing the voting rights exercise website

Shareholders are kindly asked to bear Internet connection fees, telecommunication charges or any other costs incurred when accessing the voting rights exercise website.

Voting rights exercise website

<https://evote.tr.mufg.jp/>

\* The website is unavailable from 2:00 a.m. to 5:00 a.m. every day.

Inquiries about the system, etc.

Stock Transfer Agency Department of Mitsubishi UFJ Trust and Banking Corporation (Help Desk)

Telephone: 0120-173-027

(Operating hours: 9:00 a.m. to 9:00 p.m. toll-free)

## Reference Documents for the Ordinary General Meeting of Shareholders

### Proposal 1 Election of Three (3) Audit & Supervisory Board Members

The terms of office of all three (3) Audit & Supervisory Board Members will expire at the conclusion of this General Meeting of Shareholders. Accordingly, it is proposed to newly elect three (3) Audit & Supervisory Board Members.

The submission of this proposal is subject to the condition that Yamaha Motor Co., Ltd. does not make payment (hereinafter the “Payment”) for the issuance of offered shares through a third party allotment to the Company, which was approved at the Extraordinary General Meeting of Shareholders held on April 26, 2019, by the commencement of this General Meeting of Shareholders.

The submission of this proposal has received the consent of the Audit & Supervisory Board.

The candidates for Audit & Supervisory Board Members are as follows.



Candidate No. **1**

**Hiroshi Ito** (Date of birth: October 8, 1957)

New Candidate

Past experience, positions and significant concurrent positions

April 1980	Joined Yamaha Motor Co., Ltd.
September 2007	Yamaha Motor Corporation, U.S.A.
March 2008	Executive Vice President, Yamaha Motor Corporation, U.S.A.
January 2011	Director and President, Yamaha Motor Manufacturing Corporation of America
January 2015	Chief General Manager in charge of planning, Corporate Planning Division, Corporate Planning & Finance Center, Yamaha Motor Co., Ltd.
March 2015	Audit & Supervisory Board Member, Yamaha Motor Co., Ltd.
March 2019	Advisor, Yamaha Motor Co., Ltd. (to present)

Number of Shares of the Company Held  
- shares

Years of Service as an Audit & Supervisory Board Member  
- years (at the close of this meeting)

Attendance at Board of Directors Meetings (FY2018)  
- of - times (-%)

Attendance at Audit & Supervisory Board Meetings (FY2018)  
- of - times (-%)

**Reasons for selecting the candidate for Outside Audit & Supervisory Board Member**

Mr. Hiroshi Ito has the personality traits required of an Audit & Supervisory Board Member such as high ethics and fairness and possesses ample knowledge and extensive expertise related to business management and internal control in general. This is based on his experience and business track records as Executive Vice President of Yamaha Motor Corporation, U.S.A. (in charge of Corporate), Standing Audit & Supervisory Board Member of Yamaha Motor Co., Ltd. and others. With the aim of further strengthening our management foundation and enhancing the corporate value of the Company Group, the Company requests shareholders to elect him as an Outside Audit & Supervisory Board Member in the belief that he will utilize his accumulated experience and insights to supervise business execution within the Group and provide suggestions on corporate governance.



Candidate  
No.  
**2**

**Masaki Yoshino** (Date of birth: April 23, 1960)

Reelected

Past experience, positions and significant concurrent positions

April 1985	Joined Ministry of Foreign Affairs of Japan
April 1995	Registered with Dai-Ichi Tokyo Bar Association Joined Kajitani Law Offices
January 2002	Registered as Attorney in New York State, USA
October 2004	Joined Takekawa, Oka & Yoshino Law Offices Partner, Takekawa, Oka & Yoshino Law Offices
June 2007	Audit & Supervisory Board Member of the Company (to present)
July 2014	Representative Partner, Yoshino Law Offices (to present)
June 2019	Outside Director, Nippon Chemiphar Co., Ltd. (pending)

Number of Shares of the  
Company Held

10,130 shares

Years of Service as an  
Audit & Supervisory Board  
Member

12 years (at the close of  
this meeting)

Attendance at Board of  
Directors Meetings  
(FY2018)

18 of 19 times (94.7%)

Attendance at Audit &  
Supervisory Board  
Meetings (FY2018)

15 of 15 times (100%)

**Reasons for selecting the candidate for Outside Audit & Supervisory Board Member**

Mr. Masaki Yoshino possesses ample experience and deep insight and expertise through his career as a lawyer for many years. The Company requests shareholders to elect him as an Outside Audit & Supervisory Board Member in the belief that he will utilize his accumulated experience and insights to supervise all areas of management and provide appropriate advice to the Company's management.



Candidate  
No.  
**3**

**Mariko Mitsuya** (Date of birth: March 25, 1962)

Reelected

Past experience, positions and significant concurrent positions

April 1984	Joined Asahi & Co. (currently KPMG AZSA LLC)
March 1990	Registered as Certified Public Accountant
August 2007	Joined Prominent Consulting Co., Ltd.
November 2009	Representative Director, Prominent Consulting Co., Ltd.
June 2011	Audit & Supervisory Board Member of the Company (to present)
April 2016	Auditor, Tokyo Institute of Technology (to present)

Number of Shares of the  
Company Held  
- shares

Years of Service as an  
Audit & Supervisory Board  
Member

8 years (at the close of  
this meeting)

Attendance at Board of  
Directors Meetings  
(FY2018)

18 of 19 times (94.7%)

Attendance at Audit &  
Supervisory Board  
Meetings (FY2018)

15 of 15 times (100%)

**Reasons for selecting the candidate for Outside Audit & Supervisory Board Member**

Ms. Mariko Mitsuya has a significant degree of professional knowledge on financial and accounting matters as a certified public accountant. The Company requests shareholders to elect her as an Outside Audit & Supervisory Board Member in the belief that she will utilize her accumulated experience and insights to supervise all areas of management and provide appropriate advice to the Company's management.

- Notes:
1. Mr. Hiroshi Ito is a new candidate for Audit & Supervisory Board Member.
  2. Mr. Hiroshi Ito assumed office as an Advisor of Yamaha Motor Co., Ltd., which will become the parent company of the Company through a third party allotment capital increase. He has been a business executor of the said company and its subsidiaries in the past five years, and was in the position of auditing business execution as Standing Audit & Supervisory Board Member of the said company during the four years from March 2015 to March 2019. His positions and responsibilities in each of the said companies in the past five years are described in "Past experience, positions, responsibilities and significant concurrent positions."
  3. There is no special interest between either of Mr. Masaki Yoshino and Ms. Mariko Mitsuya and the Company.
  4. The number of shares held in the Company is the effective number of shares held as of March 31, 2019, including shares held through Shinkawa Officers' Shareholding Association.
  5. Mr. Hiroshi Ito, Mr. Masaki Yoshino, and Ms. Mariko Mitsuya are candidates for Outside Audit & Supervisory Board Members.
  6. Mr. Masaki Yoshino and Ms. Mariko Mitsuya are currently Outside Audit & Supervisory Board Members of the Company and will have served as Outside Audit & Supervisory Board Members for 12 years and 8 years, respectively, at the conclusion of this General Meeting of Shareholders.
  7. Although Mr. Masaki Yoshino has never been directly involved in corporate management in the past except as an Outside Officer, based on his professional knowledge and experience as a lawyer and his ample experience as legal counsel for corporations, the Company believes that he is able to perform appropriately the duties of Outside Director.
  8. The Company has registered Mr. Masaki Yoshino and Ms. Mariko Mitsuya as Independent Officers as set forth by the Tokyo Stock Exchange. If their election is approved, the Company will continue their designation as Independent Officers.
  9. The Company has concluded limitation of liability agreements with Mr. Masaki Yoshino, and Ms. Mariko Mitsuya in accordance with Article 34 of the Articles of Incorporation. If they assume the office of Outside Audit & Supervisory Board Member, the Company will enter into the limited liability agreements with each of them pursuant to Article 34 of the Articles of Incorporation.
- An overview of said agreement is as follows.



- In case an Outside Audit & Supervisory Board Member becomes liable for damages caused by negligence, he or she will bear the liability up to the maximum liability amount prescribed in Article 425, Paragraph 1 of the Companies Act.
- The above limitation of liability shall apply only if the Outside Audit & Supervisory Board Member acts in good faith and is not grossly negligent in performing his or her duties with respect to the cause of the liability.

(Reference) Criteria for the Independence of Outside Officers

The Company has stipulated the criteria for the independence of Outside Officers based on the Companies Act as described below. A person who falls under any of the following conditions is deemed to have a possible conflict of interest with general shareholders and shall be judged not to be independent.

1. A person who is or was a business operator of the Shinkawa Group  
(A “business operator” refers to a director with executive authority, an operating officer or an employee; the same applies hereafter)
2. The Shinkawa Group’s major business partner\* or its business operator  
\*A “major business partner” refers to a person/entity that falls under the following:
  - Sales to the Shinkawa Group accounts for 5% or more of the consolidated net sales for the most recent business year of the person/entity
  - Sales to the person/entity accounts for 5% or more of the consolidated net sales for the most recent business year of the Company
  - A financial institution that is indispensable to the Company’s fund procurement and for which the Company relies on to such a degree that there is no alternative
3. A consultant, an accounting professional or a legal professional who receives a large amount of money or other assets\* other than remuneration for officers from the Shinkawa Group (in case the recipient of such assets is an organization such as a corporation or an association, a person who belongs to such an organization)  
\*“a large amount of money or other assets” refers to 5% of the person/entity’s consolidated net sales for the most recent business year or 10 million yen, whichever is higher.
4. The Company’s major shareholder\* or a business operator of such a major shareholder  
\*A “major shareholder” refers to a holder of more than 10% of the total voting rights of the Company.
5. A business operator of a corporation, etc. in which the Company holds more than 10% of the total voting rights
6. A business operator of a corporation, etc. at which the Shinkawa Group’s outside officer concurrently serves as an outside officer
7. A business operator of a corporation or other organization that received donations amounting to more than 10 million yen a year from the Shinkawa Group
8. A person who fell under 2 – 7 above for the past five years including the current business year
9. In the case that a person falls under 1 – 8 above they are deemed an “important person\*”, and such person’s spouse or relatives within the second degree of kinship are also deemed not independent  
\*An “important person” refers to a director with executive authority, an operating officer or an employee in a management position of general manager or higher; in case of a person falling under 3 above, this refers to a certified public accountant or a lawyer.

## Proposal 2 Election of One (1) Substitute Audit & Supervisory Board Member

In the event that the number of Audit & Supervisory Board Members falls below the number stipulated under the laws and regulations, it is proposed to elect one (1) Substitute Audit & Supervisory Board Member. The election under this proposal may be canceled based on the resolution of the Board of Directors after obtaining the consent of the Audit & Supervisory Board, only prior to the assumption of the office.

The submission of this proposal is subject to the condition that the Payment is not made.

The submission of this proposal has received the consent of the Audit & Supervisory Board.

The candidate for Substitute Audit & Supervisory Board Member is as follows.



Number of Shares of the  
Company Held

- shares

### Makoto Sano (Date of birth: April 10, 1969)

#### Past experience, positions and significant concurrent positions

April 1995	Registered at Daini Tokyo Bar Association Joined Tamura Ohashi Yokoi Law Office (currently KOJIMACHI-KYOWA LAW OFFICE)
June 2001	Outside Auditor, ARTNATURE INC.
November 2011	Joined Fuji Sogo Law Office Partner, Fuji Sogo Law Office
April 2015	Joined Satoru Oi Law Office (currently Oi Sano Law Office) Partner, Oi Sano Law Office (to present)

#### Reasons for selecting the candidate for Outside Audit & Supervisory Board Member

Mr. Makoto Sano possesses ample experience and deep insight and expertise through his career as a lawyer for many years. The Company requests shareholders to elect him as a Substitute Audit & Supervisory Board Member in the belief that he will utilize his accumulated experience and insights to supervise all areas of management and provide appropriate advice to the Company's management.

- Notes:
1. There is no special interest between Mr. Makoto Sano and the Company.
  2. The number of shares held in the Company is as of March 31, 2019.
  3. Mr. Makoto Sano is a candidate for Substitute Outside Audit & Supervisory Board Member. He was nominated as a candidate for Substitute Outside Audit & Supervisory Board Member because he can perform audits from an objective position based on his advanced legal skills and knowledge as a lawyer. Although Mr. Makoto Sano has never been involved in corporate management in the past except as an Outside Audit & Supervisory Board Member, based on the above reason, the Company believes that he is able to perform appropriately the duties of Outside Audit & Supervisory Board Member.
  4. If Mr. Makoto Sano assumes the office of Audit & Supervisory Board Member, the Company will enter into a limitation of liability agreement with him in accordance with Article 34 of the Articles of Incorporation.  
An overview of said agreement is as follows.
    - In case an Outside Audit & Supervisory Board Member becomes liable for damages caused by negligence, he or she will bear the liability up to the maximum liability amount prescribed in Article 425, Paragraph 1 of the Companies Act.
    - The above limitation of liability shall apply only if the Outside Audit & Supervisory Board Member acts in good faith and is not grossly negligent in performing his or her duties with respect to the cause of the liability.
  5. Mr. Makoto Sano meets the requirements of an Independent Officer as set forth by the Tokyo Stock Exchange Inc., and the Company will register him as an Independent Officer with the Tokyo Stock Exchange, Inc. if he is elected as an Audit & Supervisory Board Member.

### Proposal 3 Election of Accounting Auditor

Based on the Audit & Supervisory Board's decision, it is proposed to newly elect Ernst & Young ShinNihon LLC as the Company's Accounting Auditor in place of ARK MEIJI AUDIT & Co., whose term will expire at the conclusion of this General Meeting of Shareholders.

#### 1. Reason for Nominating Ernst & Young ShinNihon LLC as a Candidate for the New Accounting Auditor

The Audit & Supervisory Board nominated Ernst & Young ShinNihon LLC as a candidate for the Accounting Auditor because, based on the Company's accounting auditor evaluation and selection criteria, it determined that: the firm has a quality control system, independence, and expertise as an accounting auditor, and a system to centrally audit the Company Group's global business activities; the firm is the Accounting Auditor of Yamaha Motor Co., Ltd., which will become the Company's parent company from July 1, 2019; and with the change of the Accounting Auditor, the credibility of the Company's financial information can be expected to improve further through audits using perspectives and methods different from before.

#### 2. Candidate for the Accounting Auditor

The name, principal office location, history, and other information of the Accounting Auditor candidate are as follows.

Name	Ernst & Young ShinNihon LLC	
Main office	1-1-2 Yurakucho, Chiyoda-ku, Tokyo Tokyo Midtown Hibiya, Hibiya Mitsui Tower	
History	January 1967	Tetsuzo Ota & Co. established
	December 1969	Showa Audit Corporation established
	October 1985	Tetsuzo Ota & Co. and Showa Audit Corporation merged to become Showa Ota & Co.
	January 1986	Century Audit Corporation established
	April 2000	Showa Ota & Co. and Century Audit Corporation merged to become Century Ota Showa & Co.
	July 2001	Trade name changed to Shin Nihon & Co.
	July 2008	Trade name changed to Ernst & Young ShinNihon LLC
	July 2018	Trade name changed to Ernst & Young ShinNihon LLC (Trade name in Japanese changed, but trade name in English remains unchanged)
Overview	Capital stock:	1,019 million yen (as of March 31, 2019)
	Number of staff:	5,470 (as of March 31, 2019)
	Partners (including 13 specified partners)	563
	Professional positions	3,568
	Clerical positions	1,339
	Total	4,907
	of which, CPAs	2,589
	of which, partly-qualified accountants (including junior accountants)	979
	Number of audit clients:	3,920 (as of March 31, 2019)

If “Full-Time Audit & Supervisory Board Members” in Proposal 3 is approved as proposed, Ernst & Young ShinNihon LLC will be elected as the accounting auditor of the Company at the conclusion of this General Meeting of Shareholders. In addition, based on the Incorporation-type Company Split Plan (hereinafter the “Split Plan”) in Proposal 2 "Approval of Incorporation-type Company Split Plan" approved at the Extraordinary General Meeting of Shareholders held on April 26, this year, the accounting auditor of the new “SHINKAWA LTD.” scheduled to be established through the incorporation-type company split from July 1 this year, will also be Ernst & Young ShinNihon LLC.

Under these circumstances, the name of the accounting auditor has been added to this Split Plan, and the Company requests shareholders’ approval of the Incorporation-type Company Split Plan (Revised Edition) with the name of the added accounting auditor at the time of incorporation of the new Shinkawa. In addition, approval of this proposal establishes that the entire Incorporation-type Company Split Plan (Revised Edition) including the underlined part is approved. (For details of changes in this Split Plan, please refer to the underlined part in the Incorporation-type Company Split Plan (Revised Edition) (Copy) described in "2. Outline of the Incorporation-type Company Split Plan" below.)

The reason for implementing the Company Split as well as details of the Split Plan, except for the above-mentioned changes, will be described in Proposal 2 “Approval of Incorporation-type Company Split Plan” as approved at the Extraordinary General Meeting of Shareholders held on April 26, this year. In addition, the resolution of this Proposal will become effective under the condition that the payment based on the third party allotment capital increase has been completed, and that the Company completes a tender offer for the shares of Apic Yamada.

#### 1. Reason for Implementing the Company Split

The Company, Yamaha Motor, and Apic Yamada made a resolution at the Board of Directors meeting of each company held on February 12, 2019 that Yamaha Motor will make the Company a subsidiary through a third-party allotment capital increase, that the Company will make Apic Yamada a wholly-owned subsidiary through a tender offer and subsequent procedures, and that the three companies implement the Business Integration where the Company and Apic Yamada will transition to a joint holding company structure through the Company Split of the Company, and concluded the Business Integration Agreement. The Company Split is implemented as a part of a series of transactions for the Business Integration. The purpose of the Business Integration is as described in “2. Purpose and Reason of the Third Party Allotment Capital Increase” of Proposal 1 “Issuance of Shares for Subscription through the Third Party Allotment.”

#### 2. Outline of the Incorporation-type Company Split Plan

The details of the incorporation-type company split plan relating to the Company Split are as follows.

## Incorporation-type Company Split Plan (Revised Edition) (Copy)

SHINKAWA LTD. (scheduled to change its trade name to “Yamaha Motor Robotics Holdings Co., Ltd.” as of July 1, 2019; hereinafter “Current Shinkawa”) will prepare the incorporation-type company split plan (hereinafter the “Split Plan”) as described below with respect to the incorporation-type company split (hereinafter the “Split”) through which new “SHINKAWA LTD.” (hereinafter “New Shinkawa”) will be established and Current Shinkawa will transfer its businesses relating to research, development, designing, manufacturing, sales, and maintenance services of semiconductor manufacturing equipment and electronic precision equipment, which applies semiconductor manufacturing technology (hereinafter the “Businesses”), as well as assets, obligations, employment agreements, and other rights and duties relating to these businesses.

### Article 1 (Matters to Be Included in the Articles of Incorporation of New Shinkawa)

The purpose, trade name, location of the head office, the total number of authorized shares, and other matters to be prescribed in the Articles of Incorporation of New Shinkawa shall be as described in the “Articles of Incorporation” set forth in Appendix 1. The specific location of the head office of New Shinkawa shall be 2-51-1, Inadaira, Musashimurayama-shi, Tokyo.

### Article 2 (Names of Directors at Incorporation and Audit & Supervisory Board Members at Incorporation and Accounting Auditor at Incorporation of New Shinkawa)

Directors at incorporation, Audit & Supervisory Board Members at incorporation and Accounting Auditor at Incorporation of New Shinkawa shall be as follows.

(Directors at incorporation) Takashi Nagano, Osamu Ishioka, Takumi Sakuma, Atsuhiko Nagashima

(Audit & Supervisory Board Members at incorporation) Hiroshi Ito

(Accounting Auditor at Incorporation) Ernst & Young ShinNihon LLC

### Article 3 (Assets, Obligations, Employment Agreements, and Other Rights and Duties to Be Transferred)

(1) On the split day prescribed in Article 6, New Shinkawa will succeed to assets, obligations, employment agreements, and other rights and duties listed in Appendix 2 “Particulars of Rights and Duties Transferred” (hereinafter collectively the “Transferred Assets, etc.”) from Current Shinkawa with the balance sheet and other accounts of Current Shinkawa as of March 31, 2019 as bases, confirmed by adding/deducting the amount of their increases/decreases for the period until the day prior the split day prescribed in Article 6.

(2) After the Split, Current Shinkawa will transfer all obligations transferred to New Shinkawa by the method of noncumulative taking of obligation and will not be responsible for these obligations after the Split.

### Article 4 (Acquisition of all Shares of Common Stock by New Shinkawa)

New Shinkawa will issue 10,000 shares of common stock upon incorporation of New Shinkawa, all of which will be allotted to Current Shinkawa as a consideration for all of the Transferred Assets, etc.

### Article 5 (Amount of Capital and Reserves of the Company Newly Established by Company Split)

The amount of capital, capital surplus, and retained earnings of New Shinkawa upon its incorporation shall be as follows.

(1) Capital 100,000,000 yen

(2) Capital surplus Amount of changes in shareholder equity, etc., prescribed in Article 49, Paragraph 1 of the Regulation on Corporate Accounting from which the amount of capital prescribed in (1) above is deducted

(3) Retained earnings 0 yen

### Article 6 (Date of Formation of New Shinkawa)

The date on which incorporation of New Shinkawa is registered (hereinafter the “Split Day” in the Split Plan) shall be July 1, 2019; provided, however, that if required by progress of procedures of the Split or other circumstances, this may be changed after approval by a resolution of the Board of Directors of Current Shinkawa is obtained.

### Article 7 (Non-existence of Non-compete Obligation)

Even after the Split Day of the Split, Current Shinkawa shall not bear any non-compete obligation

regarding the businesses transferred to New Shinkawa regardless of laws and regulations (including but not limited to Article 21 of the Companies Act).

Article 8 (Approval of the Plan)

Current Shinkawa shall hold its General Meeting of Shareholders to be held by June 27, 2019 and request approval regarding matters necessary for the Split; provided, however, that if required by progress of procedures of the Split or other circumstances, this may be changed after approval by a resolution of the Board of Directors of Current Shinkawa is obtained.

Article 9 (Change of Conditions)

Current Shinkawa may change the Split Plan or suspend the Split, if Current Shinkawa has a material change in its financial position or business conditions or there occurs an event that causes a significant problem for implementation of the Split between the date of the Split Plan preparation and the Split Day.

Article 10 (Others)

Current Shinkawa shall decide on matters necessary for the Split, in addition to those prescribed in the Split Plan, in accordance with the purpose of the Split.

May 27, 2019

(Current Shinkawa) 2-51-1, Inadaira, Musashimurayama-shi, Tokyo  
SHINKAWA LTD.  
Takashi Nagano (seal)  
President and CEO, Representative Director

Appendix 1

Articles of Incorporation of SHINKAWA LTD.

CHAPTER I GENERAL PROVISIONS

(Trade Name)

Article 1 The name of the company shall be “*Kabushiki Gaisha Shinkawa*” and “SHINKAWA LTD.” in English.

(Purpose)

Article 2 The purpose of the company shall be to engage in the following businesses:

- (1) Manufacturing and sales of industrial robots, production line systems, and their parts and attachments
- (2) Manufacturing and sales of electric machinery and instruments, telecommunication machinery and instruments, applied electronic machinery and instruments, and their parts and attachments
- (3) Manufacturing and sales of transportation machinery and instruments, precision and optical machinery and instruments, and their parts and attachments
- (4) Development and sales of software and its related systems
- (5) Repair and maintenance services relating to products listed in preceding items
- (6) Businesses relating to information communication, information processing, and information provision services
- (7) General leasing business and rental business
- (8) Consulting, engineering, development of technologies and knowhow, provision, and sales of businesses listed in preceding items
- (9) All businesses incidental or related to the preceding items

(Location of Head Office)

Article 3 The company shall locate its head office in Musashimurayama-shi, Tokyo.

(Organs)

Article 4 The Company shall have the following organs in addition to the General Meeting of Shareholders and Directors:

- (1) Board of Directors;
- (2) Audit & Supervisory Board Members; and
- (3) Accounting Auditor

(Method of Public Notice)

Article 5 Public notices of the company shall be electronic public notices

2. However, if the company is unable to issue an electronic public notice due to an accident or any other unavoidable reason, a public notice of the company shall be issued in the *Nihon Keizai Shimbun* newspaper.

CHAPTER II SHARES

(Total Number of Shares Authorized to Be Issued)

Article 6 The total number of shares authorized to be issued by the company shall be 10,000 shares.

(Transfer Restriction of Shares)

Article 7 Acquisition of shares issued by the company shall require approval from the Board of Directors.

(Request for Sale to Heirs)

Article 8 The company may demand that a person who acquired the company's shares with transfer restriction by general succession, including inheritance and merger, sell such shares to the company.

(Requests for Entry of Information Required to Be Entered in the Shareholder Register)

Article 9 When a person who acquired the Company's shares requests the company to enter or record information required to be entered in the shareholder register on the shareholder register, a person who is entered or recorded in the shareholder register as a shareholder of acquired shares or a stock acquirer together with general successors, including the person's heirs, shall sign or affix the names and seals on the request form designated by the company.

2. Notwithstanding the preceding paragraph, a stock acquirer may individually make a request based on the provision of the preceding paragraph, if applicable to the case prescribed in Article 22, Paragraph 1 of the Regulation for Enforcement of the Companies Act.

(Notification of Address, etc. of Shareholders)

Article 10 The company's shareholders and registered pledgees of shares or their legal agents or representatives shall submit their name, address, and seal impression to the company using the form designated by the company. The same shall apply when any change occurs in matters to be notified.

2. The registered seal based on the preceding paragraph shall be fixed on documents to be submitted to the company.

(Requests for Registration of Pledges and Indication of Trust Properties)

Article 11 In the event that a request for registration, change, or cancellation of pledges of shares issued by the company or indication or cancellation of trust properties is made, the person concerned shall submit the request form designated by the company after signing or affixing the name and seals thereon.

(Record Date)

Article 12 The Company shall determine that shareholders with voting rights who are entered or recorded in the final shareholder register as of December 31 of each year shall be able to exercise their rights at the Ordinary General Meeting of Shareholders of said fiscal year.

2. In addition to the preceding paragraph, if necessary, the record date may be extraordinarily set by a resolution of the Board of Directors with two-week prior notification.

### CHAPTER III GENERAL MEETING OF SHAREHOLDERS

(Convocation)

Article 13 An Ordinary General Meeting of Shareholders shall be convened within three months after the end of each fiscal year and an Extraordinary General Meeting of Shareholders shall be convened whenever necessary.

(Convener and Chairman)

Article 14 The President and Director shall convene and chair the General Meeting of Shareholders based on a resolution of the Board of Directors unless otherwise provided by laws and regulations.

2. In the event that the President and Director has an accident, the General Meeting of Shareholders shall be convened and chaired by another Director determined in accordance with an order of priority previously defined by a resolution of the Board of Directors.

(Method of Adopting Resolutions)

Article 15 All resolutions of a General Meeting of Shareholders shall be adopted by a majority of votes of the attending shareholders entitled to exercise voting rights, unless otherwise provided by laws and regulations or the Articles of Incorporation.

2. Resolutions to be adopted pursuant to Article 309, Paragraph 2 of the Companies Act shall be adopted by two-thirds or more of the votes of the attending shareholders who collectively hold one-third or more of the voting rights of shareholders entitled to exercise voting rights.

(Exercise of Voting Rights by Proxy)

Article 16 A shareholder may exercise his/her voting rights by authorizing one (1) other shareholder with voting rights to act as his/her proxy. In this case, his/her proxy shall submit to the company a document evidencing his/her authority of representation for each General Meeting of Shareholders.

(Minutes)

Article 17 The minutes of the General Meeting of Shareholders shall be prepared in accordance with provisions of laws and regulations.



## CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS

### (Number of Directors)

Article 18 The number of Directors of the company shall not exceed seven.

### (Election of Directors)

Article 19 Directors of the company shall be elected upon resolution made by a majority vote of the attending shareholders who collectively hold one-third or more of the voting rights of shareholders entitled to exercise voting rights at the General Meeting of Shareholders.

2. Election of Directors shall not be by cumulative voting.

### (Term of Office)

Article 20 The term of office of a Director shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last fiscal year ending within one year from his/her election to office.

2. The term of office of a Director elected as a substitute or for the purpose of an increase of the number of Directors shall expire at the time when the terms of office of the other Directors in office expire.

### (Directors with Operational Responsibilities and Representative Directors)

Article 21 One President and Director shall be appointed by a resolution of the Board of Directors.

2. If necessary for the business execution, one Chairman of the Board of Directors, one Deputy Chairman of the Board of Directors, several Executive Vice Presidents and Directors, Senior Managing Directors and Managing Directors may be appointed.
3. Representative Directors shall be elected by a resolution of the Board of Directors.

### (Compensation, etc.)

Article 22 The amount of compensation, etc., to be granted to Directors shall be determined by a resolution of the General Meeting of Shareholders.

### (Board of Directors Rules)

Article 23 Convocation, the chairperson, the method of resolution, and the minutes of the Board of Directors shall comply with the Board of Directors Rules prescribed by the Board of Directors.

2. Other matters regarding the Board of Directors shall comply with the Board of Directors Rules unless otherwise provided by laws and regulations or the Articles of Incorporation.

### (Omission of Resolution by the Board of Directors)

Article 24 If all of the Directors agree to matters for resolution of the Board of Directors in writing or by means of electronic records, the company shall deem that the Board of Directors has passed a resolution adopting such matters for resolution, unless an Audit & Supervisory Board Member raises any objection.

### (Limited Liability Agreements with Outside Directors, etc.)

Article 25 Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the company may enter into an agreement with each of the Directors (excluding Executive Directors, etc.) to the effect that any liability for damages of such Director arising from negligence in the performance of his/her duties shall be limited; provided, however, the limit of the liability shall be an amount set by laws and regulations.

## CHAPTER V AUDIT & SUPERVISORY BOARD MEMBERS

### (Number of Audit & Supervisory Board Members)

Article 26 The number of Audit & Supervisory Board Members of the Company shall not exceed four.

### (Election of Audit & Supervisory Board Members)

Article 27 Audit & Supervisory Board Members of the company shall be elected upon resolution made by a majority vote of the attending shareholders who collectively hold one-third or more of the voting rights of shareholders entitled to exercise voting rights at the General Meeting of Shareholders.

2. In preparation for a shortage of the number of Audit & Supervisory Board Members stipulated in laws and regulations or the Articles of Incorporation, Substitute Audit & Supervisory Board

Members may be elected at the General Meeting of Shareholders.

3. Provisions of Paragraph 1 shall be applied mutatis mutandis to the quorum in a resolution for electing Substitute Audit & Supervisory Board Members.

(Term of Office)

Article 28 The term of office of an Audit & Supervisory Board Member shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last fiscal year ending within four years from his/her election to office.

2. The term of office of an Audit & Supervisory Board Member elected as a substitute for one who retired prior to expiration of his/her term shall expire at the time when the term of office of the retired Audit & Supervisory Board Member expires.
3. If a Substitute Audit & Supervisory Board Member elected in accordance with Paragraph 2 of the preceding article takes office as an Audit & Supervisory Board Member, his/her terms of office shall be the remaining term of office of the predecessor.
4. The effective term of a resolution for electing a Substitute Audit & Supervisory Board Member in the preceding paragraph shall expire at the beginning of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within four years after such resolution was made, unless the term is shortened by such resolution.

(Compensation, etc.)

Article 29 The amount of compensation, etc., to be granted to Audit & Supervisory Board Members shall be determined by a resolution of the General Meeting of Shareholders.

(Limited Liability Agreements with Audit & Supervisory Board Members)

Article 30 Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with each of the Audit & Supervisory Board Members to the effect that any liability for damages of such Audit & Supervisory Board Member arising from negligence in the performance of his/her duties shall be limited; provided, however, the limit of the liability shall be an amount set by laws and regulations.

## CHAPTER VI ACCOUNTS

(Fiscal Year)

Article 31 The fiscal year of the company shall commence on January 1 and end on December 31 of each year.

(Year-end Dividends)

Article 32 The company may distribute retained earnings in the form of cash dividends (hereinafter "Year-end Dividends") to the shareholders, registered pledgees of shares, or trustees of trust properties entered or recorded in the final shareholder register as of December 31 of each year, by a resolution of the General Meeting of Shareholders.

(Interim Dividends)

Article 33 The Company may distribute retained earnings as prescribed in Article 454, Paragraph 5 of the Companies Act (hereinafter "Interim Dividends") to the shareholders, registered pledgees of shares, or trustees of trust properties entered or recorded in the final shareholder register as of June 30 of each year, by a resolution of the Board of Directors.

(Statute of Limitations for Dividends)

Article 34 If Year-end Dividends and Interim Dividends are not claimed within three years from the date of commencement of payment thereof, the company shall be relieved of the obligation to make such payment.

## CHAPTER VII SUPPLEMENTARY PROVISIONS

(First Fiscal Year)

Article 35 The first fiscal year of the company shall be from the date of its formation to December 31, 2019.

## Particulars of Rights and Duties Transferred

Details of the rights and duties to be transferred to New Shinkawa from Current Shinkawa through the Split are the following rights and duties belonging to the Businesses as of the date of formation of New Shinkawa; provided, however, rights and duties listed in “4. Assets and Other Rights and Duties Excluded from Rights and Duties to Be Transferred” in this Appendix shall be excluded.

Out of these rights and duties, assets and liabilities shall be fixed with the Balance Sheet and other accounts as of March 31, 2019 as bases, confirmed by adding/deducting the amount of their increases/decreases for the period until the day before the date of formation of New Shinkawa.

## 1. Assets to Be Transferred

## (1) Current assets

Cash, current deposits, notes receivable - trade, electronically recorded monetary claims, accounts receivable - trade, Merchandise and finished goods, semi-finished goods, supplies, work in process, raw materials, consumption taxes receivable, other current assets, and allowance for doubtful accounts (However, those relating to Current Shinkawa’s group company management business and asset management business are excluded.)

## (2) Non-current assets

Machinery and equipment, vehicles, tools, furniture and fixtures, computers, construction in progress, software, shares of the Shinkawa Technologies Ltd., long-term loans receivable to employees, and other non-current assets (However, those relating to Current Shinkawa’s group company management business and asset management business are excluded.)

## 2. Liabilities to Be Transferred

## (1) Current liabilities

Accounts payable - trade, accounts payable - other, accrued expenses, deposits received, provision for product warranties, provision for bonuses, advances received, unearned revenue, and other current liabilities (However, those relating to Current Shinkawa’s group company management business and asset management business are excluded.)

## (2) Non-current liabilities

Provision for retirement benefits and long-term accounts payable - other, and other non-current liabilities (However, those relating to Current Shinkawa’s group company management business and asset management business are excluded.)

## 3. Other Rights and Duties to Be Transferred

## (1) Contractual status under employment agreements with employees of Current Shinkawa who engage mainly in the Businesses and all the rights and duties generated based on these status

The Company shall transfer all the rights and duties based on employment agreements concluded between the company and its employees to the New Company on the Split Day, after which employees necessary for the Company shall be secured from the New Company. The length of service in the Company shall be aggregated with that in the New Company.

## (2) All contractual statuses under rental contracts, sales contracts, basic transaction contracts, outsourcing contracts, lease contracts, loan contracts, and all other contracts that Current Shinkawa has concluded relating to the Businesses as of the Split Day, as well as all the rights and duties generated based on these statuses (However, those relating to Current Shinkawa’s group company management business and asset management business - including but not limited to contractual status under insurance contracts purchased commonly among the group companies and contracts relating to the IT infrastructure commonly used by the group companies- are excluded.)

## (3) All intellectual property rights regarding patents, utility models, designs, trade names, and production of Current Shinkawa that belong to the Businesses as of the Split Day

## (4) Licenses, permissions, authorizations, approvals, notifications, registration, etc., belonging to the Businesses as of the Split Day that are allowed to be transferred in accordance with laws and regulations

## 4. Assets and Other Rights and Duties Excluded from Rights and Duties to Be Transferred

## (1) Assets and liabilities to be excluded

- (i) Current deposits generated by payment of the third party allotment capital increase with Yamaha Motor as an allottee
- (ii) Ordinary deposits, time deposits, foreign currency deposits, long-term time deposits, and insurance funds
- (iii) Land, buildings, and building facilities

- (iv) Shares of subsidiaries (excluding those of Shinkawa Technologies Ltd.), shares of associates, and investment securities
- (v) Lease deposits and other guarantee deposits
- (vi) Short- and long-term loans receivable and accrued interest
- (vii) Income taxes payable

(2) Rights and duties to be excluded

- (i) Rental contracts relating to the office building
- (ii) Loan contracts and overdraft agreements concluded with financial institutions
- (iii) Contracts relating to assets and liabilities not transferred as listed in (1) above

3. Outline of Content Prescribed in Article 205 of the Regulation for Enforcement of the Companies Act

(1) Matters relating to reasonableness of items listed in Article 763, Paragraph 1, Item vi of the Companies Act

(i) Matters relating to reasonableness of the shares of the New Company to be issued by the New Company upon the Company Split

The New Company will issue 10,000 shares of common stock upon the Company Split, all of which will be allotted to the Company.

Since the Company Split falls under an independent incorporation-type company split, the number of shares allotted does not cause any difference in actual relationship of rights between the Company and the New Company, and therefore the Company may set the number at its discretion. In light of the purpose of the Company's transition to a holding company structure, the Company has set the number of shares allotted as stated above because the Company has considered the number reasonable from the perspectives of the appropriate and efficient management of the New Company to be wholly owned by the Company and the capital amount of New Company, among other factors.

(ii) Matters relating to reasonableness of amounts of capital and reserves of the New Company

The Company determined that amounts of capital and reserves of the New Company will be as described in Article 5 of the Incorporation-type Company Split Plan in accordance with the Regulation on Corporate Accounting, from the viewpoint of realizing expeditious and flexible capital policies in consideration of assets, etc., to be transferred to the New Company and conditions of its future business activities.

The Company determines that these amounts of capital and reserves are reasonable.

(2) Matters relating to disposal of important property, etc., arising after the end of the last fiscal year of the Company

Not applicable.

End

(Appendix)

## **Business Report**

(April 1, 2018–March 31, 2019)

### **1. Overview of the Company Group**

#### **(1) The Status of Business for the Fiscal Year under Review**

##### 1) Business progress and results

During the fiscal year ended March 31, 2019, the world economy maintained moderate growth even though there were variations in economic trends depending on the country and region. These include the United States showing strong and steady economic growth, Japan with a gradual economic recovery, the European Union experiencing uncertainty over the economic outlook, and China whose economy has been clearly slowing down. Meanwhile, the outlook for the global economy is still uncertain because of increased concerns for a possible economic slowdown due to trade stagnation triggered by US-China trade friction, fluctuations in the financial and capital markets, and continued difficulties in Brexit negotiations.

In the semiconductor industry, demand for automotive devices and data centers is expected to increase in the medium to long term. However, market growth has slowed due to an overall sluggish smartphone market, as well as reductions in capital investment by Chinese enterprises resulting from the US-China dispute including national security issues. Full-scale growth is expected to be seen after 2020.

Uncertainty about future prospects created the delay and postponement of equipment investment, and the sales of memory and logic related devices dropped more than originally expected. On the other hand, despite some inventory adjustments in low-end consumer devices for the Chinese market, investment in the equipment for those products remained steady, contributing to sales of the YSB55w. In addition, flip-chip bonders for high-end devices also contributed to overall sales since qualification evaluation with some customers utilizing cutting-edge process technology was successfully completed.

Under these circumstances, the Group has listed "Enhancing existing businesses," "Creating new business values," and "Revitalizing the organization and fostering human resources" as three basic strategies of the medium-term management plan: "Challenge Shinkawa 2020." This is done as an effort to return to the top of the industry. In the previous term, the Group hired new Chinese agencies to promote market development to new customers in China, and strived to create synergies with newly-acquired PFA Corporation in several fields. The Group will promote technological innovation to meet demand for electronic component mounting while looking for a new market for wire bonders.

Furthermore, in February 2019 the Group announced its business integration with Yamaha Motor Co., Ltd. and APIC YAMADA CORPORATION. Since technological integration between semiconductor assembly and testing process and electronic component mounting fields has been intensifying, the capability of providing a total solution across both industries creates tremendous competitive advantages. This business integration includes Yamaha Motor Co., Ltd., which handles equipment for mounting electronic components, APIC YAMADA CORPORATION, which handles equipment for molding processes, and SHINKAWA LTD., which handles equipment for bonding processes. The goal is to provide a total solution that customers demand in the entire semiconductor manufacturing process, with a view of technological integration between electronic component mounters and semiconductor manufacturing equipment. The Group will establish a competitive advantage in the market and aim to be a growth enterprise that can compete with overseas companies which have become increasingly consolidated.

As for the consolidated performance of the Group for the fiscal year ended March 31, 2019, net sales decreased 26.3% from the corresponding period of the previous fiscal year to 11,220 million yen. An operating loss of 3,147 million yen was recorded compared with an operating loss of 620 million yen for the previous fiscal year and an ordinary loss of 3,059 million yen was posted compared with an ordinary loss of 488 million yen a year earlier. As a result, loss attributable to owners of parent of 3,182 million yen was recorded compared with a profit attributable to owners of parent of 563 million yen for the previous fiscal year.

Regarding dividends, we have unfortunately come to a decision to pass the payment of dividends for the fiscal year under review on a comprehensive examination of the Company's business results and financial standing for the fiscal year under review and efforts to be made for improving the earnings structure, as well as in line with the policy of increasing our internal reserve. We are deeply sorry for this decision, and determined to achieve the resumption of dividends as earlier as possible. We would appreciate the continued support and understanding of our shareholders.

2) Capital investments

There were no noticeable items of capital investment made during the fiscal year under review.

3) Financing activities

The Company raised 1,000 million yen by means of long-term borrowings from financial institutions as funds required by the Group during the consolidated fiscal year under review.

In addition, the Group ensures efficient procurement of working capital by concluding overdraft agreements with two counterparty banks for a total of 4,000 million yen.

**(2) Our Tasks Ahead**

The Group established the medium-term management plan "Challenge Shinkawa 2020" whose target year is 2020. This plan involves the following initiatives: developing new products that align with the IoT innovation adopted in customers' production sites, and creating new solution technologies for both before and after semiconductor bonding as well as for electronic component mounting processes.

In the current global trend toward stronger technological integration between the semiconductor back-end processing industry and the electronic component mounting industry, the Company recognizes that the ability to deliver total solutions which span both industries is an important factor in determining business competitiveness, and therefore aims to become a growing enterprise that can compete against increasing consolidation in overseas companies through business integration with Yamaha Motor and Apic Yamada.

**(3) The Status of the Group's Assets and Profit or Loss**

(Millions of yen, except "Profit (loss) per share")

Category	The 58th fiscal year ended March 31, 2016	The 59th fiscal year ended March 31, 2017	The 60th fiscal year ended March 31, 2018	The 61st fiscal year ended March 31, 2019 (Year under review)
Orders received	10,930	18,786	14,589	9,949
Net sales	12,662	16,438	15,214	11,220
Profit (loss) attributable to owners of parent	(1,849)	243	563	(3,182)
Profit (loss) per share (Yen)	(101.75)	13.37	31.00	(175.02)
Net assets	20,570	21,579	21,545	17,957
Total assets	23,340	25,201	24,959	24,371

**(4) Principal Parent Company and Subsidiaries**

1) Parent company

Not applicable.

2) Principal subsidiaries

Company name	Capital	Ratio of voting rights held by the Company	Principal business
Shinkawa Technologies Ltd.	JPY 90,000 thousand	100.0%	Manufacturing, sales and maintenance of precision equipment in which semiconductors and/or other electronic components are applied
PFA Corporation	JPY353,400 thousand	100.0%	Design, manufacturing and sales of mounting devices, assembly machines and inspection devices for all sorts of electronic components, and development and sales of software for each type of production.
Shinkawa Korea Co., Ltd.	KRW 370,000 thousand	100.0%	Sales promotion and maintenance services for semiconductor manufacturing equipment
Shinkawa Taiwan Co., Ltd.	TWD 13,800 thousand	100.0%	Sales promotion and maintenance services for semiconductor manufacturing equipment
Shinkawa (Shanghai) Co., Ltd.	USD 200 thousand	100.0%	Sales promotion and maintenance services for semiconductor manufacturing equipment
Shinkawa Philippines, Inc.	PHP 10,523 thousand	100.0%	Maintenance services for semiconductor manufacturing equipment
Shinkawa Vietnam Co., Ltd.	USD 200 thousand	100.0%	Design and development of software for semiconductor manufacturing equipment
Shinkawa Singapore Pte. Ltd.	SGD 150 thousand	100.0%	Sales promotion and maintenance services for semiconductor manufacturing equipment
Shinkawa (Malaysia) Sdn. Bhd.	MYR 500 thousand	100.0%	Maintenance services for semiconductor manufacturing equipment
Shinkawa (Thailand) Co., Ltd.	THB 10,000 thousand	100.0%	Maintenance services for semiconductor manufacturing equipment
Shinkawa Manufacturing Asia Co., Ltd.	THB 343,000 thousand	100.0%	Manufacturing and sales of semiconductor manufacturing equipment
Shinkawa U.S.A., Inc.	USD 50 thousand	100.0%	Sales promotion and market research for semiconductor manufacturing equipment

Notes:

1. The voting rights in Shinkawa (Malaysia) Sdn. Bhd. are directly and indirectly held by the Company. Those held by the Company account for 60% and those held by Shinkawa Singapore Pte. Ltd. accounted for 40%.
2. The voting rights in Shinkawa (Thailand) Co., Ltd., are directly and indirectly held by the Company. Those held by the Company account for 97.3% and those held by Shinkawa Singapore Pte. Ltd. accounted for 2.7%.
3. No subsidiary of the Company falls under the category of specified wholly owned subsidiaries.

### 3) Principal subsidiaries

The Company successfully acquired all shares of Pioneer FA Corporation on June 1, 2018 and changed its trade name to “PFA Coporation” as of June 1, 2018.

## (5) Principal Businesses (As of March 31, 2019)

The Group consists of the Company and its 12 subsidiaries, mainly engaging in the development, manufacturing and sales of semiconductor manufacturing equipment for manufacturers of semiconductors and electronic components and offering maintenance services related to these businesses.

The Group’s major products include wire bonders, die bonders, flip-chip bonders and FA equipment.

## (6) The Company Group’s Principal Business Locations (As of March 31, 2018)

### 1) The Company

Name	Location
Head Office	Shinjuku-ku, Tokyo
West-Tokyo Office	Musashimurayama-shi, Tokyo

### 2) Subsidiaries

Company name	Location
Shinkawa Technologies Ltd.	Musashimurayama-shi, Tokyo
PFA Corporation	Sakado-shi, Saitama
Shinkawa Korea Co., Ltd.	Seoul, South Korea
Shinkawa Taiwan Co., Ltd.	Taipei, Taiwan
Shinkawa (Shanghai) Co., Ltd.	Shanghai, China
Shinkawa Philippines, Inc.	Muntinlupa, Philippines
Shinkawa Vietnam Co., Ltd.	Ho Chi Minh City, Vietnam
Shinkawa Singapore Pte. Ltd.	Singapore
Shinkawa (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia
Shinkawa (Thailand) Co., Ltd.	Pathumthani, Thailand
Shinkawa Manufacturing Asia Co., Ltd.	Pathumthani, Thailand
Shinkawa U.S.A., Inc.	Gilbert, State of Arizona, U.S.A.

## (7) Employees (As of March 31, 2019)

### 1) Employees of the Company Group

Number of employees	Increase from previous fiscal year-end
847	92

Note: The number of employees represents the number of people in service and includes 20 contract and part-time employees.

### 2) Employees of the Company

Number of employees	Increase from previous fiscal year-end	Average age	Average number of years in service
292	(5)	43.8	14.5

Note: The number of employees represents the number of people in service (excluding 24 employees on loan to subsidiaries and including 2 employees on loan from subsidiaries), and includes 20 contract and part-time employees.



**(8) Principal Lenders (As of March 31, 2019)** (Millions of yen)

Lenders	Loan balances
Kiraboshi Bank, Ltd.	2,800

**(9) Other Important Information Concerning the Company Group**

Material issues on the going concern assumption

The Group has reported an operating loss and ordinary loss in recent fiscal years, mostly due to prolonged periods of product development and evaluation and a relatively high ratio of fixed cost to net sales. Under such circumstances, the Group experienced important events relating to the going concern assumption.

To address such a situation, as described in “1. Overview of the Company Group, (2) Our Tasks Ahead,” the Company Group formulated a new midterm management plan “Challenge Shinkawa 2020”. This plan involves the following initiatives: developing new products that align with the IoT innovation adopted in customers' production sites, and creating new solution technologies for both before and after semiconductor bonding as well as for electronic component mounting processes

Furthermore, through business integration with Yamaha Motor and Apic Yamada, the Group will establish a competitive advantage by providing a total solution that customers demand with a view of technological integration between electronic component mounters and semiconductor manufacturing equipment, and aim to be a growth enterprise that can compete with overseas companies which have become increasingly consolidated.

The Group's capital adequacy ratio is 73.7%. The Group ensures sufficient working capital for operating its businesses by concluding an overdraft agreement with counterparty banks. For these reasons, we consider that a material uncertainty regarding the going concern assumption does not exist.

Shinkawa (the Company) made a resolution at the Board of Directors meeting held on February 12, 2019 that Yamaha Motor will make the Company a subsidiary through a third-party allotment capital increase, that the Company will make Apic Yamada a wholly-owned subsidiary through a tender offer and subsequent procedures, and that the three companies will implement a Business Integration where the Company and Apic Yamada will transition to a joint holding company structure through the Company Split of the Company, thereby concluding the Business Integration Agreement.

A third party allotment capital increase with Yamaha Motor as an allottee, an incorporation-type company split plan, and amendments to the Articles of Incorporation related to business integration (transition to a company with an Audit & Supervisory Committee, change of accounting period, and change of trade name) were approved at the Extraordinary General Meeting of Shareholders held April 26, 2019, and shall become effective under the conditions that: (1) payment by Yamaha Motor for the third party allotment capital increase is implemented, (2) a tender offer is completed for the shares of Apic Yamada, and (3) the 61st Ordinary General Meeting of Shareholders, scheduled to be held on June 27, 2019, has concluded.

## 2. Current Status of the Company

### (1) Status of Shares (As of March 31, 2019)

- 1) Authorized shares: 80,000,000 shares
- 2) Issued and outstanding shares: 20,047,500 shares (including 1,858,876 treasury shares)
- 3) Number of shareholders: 8,279
- 4) Principal shareholders (top 10 shareholders):

Shareholder name	Number of shares held (Thousands)	Shareholding ratio (%)
State Street Bank and Trust Company 505019	1,091	6.0
Trust & Custody Services Bank, Ltd. (Kiraboshi Bank Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.)	900	4.9
Goldman Sachs International	700	3.8
The Master Trust Bank of Japan, Ltd. (Trust Account)	626	3.4
SHINKAWA Business Partners Share-Holding Association	611	3.3
I & E Corporation	499	2.7
Tokyo Kiraboshi Financial Group, Inc.	405	2.2
J. P. MORGAN BANK LUXEMBOURG S. A. 1300000	387	2.1
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	331	1.8
Japan Trustee Services Bank, Ltd. (Trust Account 5)	298	1.6

- Notes: 1. Fractions less than the figures indicated above are truncated for the number of shares held and the shareholding ratio.  
2. The Company's treasury shares (1,858,876 shares) were excluded in the calculation of the shareholding ratio.

### (2) Share Subscription Rights

Not applicable.

### (3) Company Officers

#### 1) Directors and Audit & Supervisory Board Members (As of March 31, 2019)

Position in the Company	Name	Responsibility and significant concurrent positions
President and CEO, Representative Director	Takashi Nagano	
Chief Technical Officer, Director Executive Vice President	Norimasa Nagata	Director in Charge of Engineering Div., Global Operation Div. General Manager, Engineering Div.
Chief Financial Officer, Director	Takuya Mori	General Manager, Administrative Management Div.
Director	Ichiro Anjo	Representative Director, Jisso Partners, Inc. Outside Director, INNOTECH CORPORATION
Director	Yuichi Kawakami	Outside Director, Inventit, Inc. Outside Director, Atonarp Inc. Adviser, NEC Capital Solutions Limited Executive Advisor & GM, Japan, OmniTier Storage, Inc.
Full-Time Audit & Supervisory Board Member	Koji Sekiguchi	
Audit & Supervisory Board Member	Masaki Yoshino	Representative Partner, Yoshino Law Office
Audit & Supervisory Board Member	Mariko Mitsuya	Auditor, Tokyo Institute of Technology

- Notes:
1. Director Noboru Fujino resigned as of the conclusion of the 60th Ordinary General Meeting of Shareholders held on June 27, 2018, due to the expiration of his term of office.
  2. Directors Ichiro Anjo and Yuichi Kawakami are Outside Directors.
  3. Audit & Supervisory Board Members Koji Sekiguchi, Masaki Yoshino and Mariko Mitsuya are Outside Audit & Supervisory Board Members.
  4. The Company designates Directors Ichiro Anjo and Yuichi Kawakami and Audit & Supervisory Board Members Masaki Yoshino and Mariko Mitsuya as Independent Officers as set forth by the Tokyo Stock Exchange and has filed such notification with said Exchange.
  5. The Company has business transactions under a consulting contract with Jisso Partners, Inc., where Director Ichiro Anjo concurrently holds a position. However, the amount of such transactions for the fiscal year ended March 31, 2018, was insignificant at about one million yen. The Company has no special interest in INNOTECH CORPORATION, where Director Ichiro Anjo concurrently holds a position.
  6. The Company has no special interest in Inventit, Inc., Atonarp Inc., NEC Capital Solutions Limited or OmniTier Storage, Inc., in each of which Director Yuichi Kawakami concurrently holds a position.
  7. The Company has no special interest in Yoshino Law Office, where Audit & Supervisory Board Member Masaki Yoshino concurrently holds a position.
  8. Ms. Mariko Mitsuya is a Certified Public Accountant and has a significant amount of professional knowledge on financial and accounting matters.
  9. Operating Officers who do not concurrently hold the position of Director are as follows.

Position in the Company	Name	Areas of responsibility
Senior Operating Officer	Noboru Fujino	Shinkawa Vietnam Co., Ltd. Chairman
Operating Officer	Hirotooshi Tashima	General Manager, Sales Div.
Operating Officer	Tetsuya Sakuma	General Manager, Global Operation Div.
Operating Officer	Fumihiko Ooka	President, Shinkawa Manufacturing Asia Co., Ltd. President, Shinkawa (Thailand) Co., Ltd.
Operating Officer	Lee Ho Seong	Shinkawa Korea Co., Ltd. President
Operating Officer	Hiroshi Munakata	Deputy General Manager, Engineering Div. and Deputy General Manager, Shinjuku Technical Center
Operating Officer	Yasuhisa Miyata	PFA Corporation, President and Representative Director

## 2) Outline of limited liability agreements

- By making partial amendments to its Articles of Incorporation at the 57th Ordinary General Meeting of Shareholders held on June 26, 2015, the Company established a provision regarding a limited liability agreement with Directors (excluding Executive Directors) and Audit & Supervisory Board Members (Article 427, Paragraph 1, of the Companies Act). Pursuant to the Articles of Incorporation, the Company concludes a limited liability agreement with Directors Ichiro Anjo and Yuichi Kawakami and all Audit & Supervisory Board Members.
- The amount of liability for damages (as set forth in Article 423, Paragraph 1, of the Companies Act) under the agreement is up to the maximum liability amount stipulated by law.
- Said limitation of liability is allowed only if the Director or Audit & Supervisory Board Member acts in good faith and is not grossly negligent in performing the duties that caused the liability.

## 3) Remuneration for Directors and Audit & Supervisory Board Members

- a. Policy concerning determination of amount of remuneration, etc., and method of calculation  
Remuneration for Directors includes basic remuneration, bonuses, and restricted stock (excluding Outside Directors), and is determined by the Board of Directors within the limit approved by the General Meeting of Shareholders based on the advice/opinions of the Remuneration Advisory Committee, which is composed mainly of Independent Outside Directors.  
Basic remuneration is determined by assessing the abilities and responsibilities for the positions

of each Director and adding the corresponding amount to the basic amount according to their position.

Bonuses are provided based on business performance, and are determined by reflecting the performance and degree of contributions in each position and the business area for which they are responsible. Restricted stock remuneration is granted to Directors (excluding Outside Directors) in accordance with their basic remuneration.

Classification	Directors (Outside Directors included)		Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members included)		Total (Outside Officers included)	
	Number of eligible persons	Amount of payment	Number of eligible persons	Amount of payment	Number of eligible persons	Amount of payment
Basic Remuneration	6 (2)	¥87 million (¥14 million)	3 (3)	¥24 million (¥24 million)	9 (5)	¥111 million (¥38 million)
Bonuses	—	—	—	—	—	—
Total		¥87 million (¥14 million)		¥24 million (¥24 million)		¥111 million (¥38 million)

- Notes:
- The amount of payment for Directors does not include the portion of payment as employees if they concurrently serve as employees.
  - At the 54th Ordinary General Meeting of Shareholders on June 28, 2012, a resolution was adopted to establish an upper limit on remuneration for Directors of 150 million yen per year (which does not include salaries as employees for Directors who concurrently serve as employees).  
At the 60th Ordinary General Meeting of Shareholders held on June 27, 2018, it was approved that, separate from the remuneration for Directors described above, the total amount of monetary remuneration receivables to be granted to Directors (excluding Outside Directors) as restricted stock remuneration is within 70 million yen per year.
  - The amount of remuneration, etc. for Directors includes the amount of 2 million yen granted as restricted stock remuneration.
  - At the 48th Ordinary General Meeting of Shareholders on June 29, 2006, a resolution was adopted to establish an upper limit on remuneration for Audit & Supervisory Board Members of 45 million yen per year.

#### 4) Outside Officers

##### a. Significant concurrent positions

The status of significant concurrent positions is described on page 26.

##### b. Main activities during the fiscal year under review

Title	Name	Main activities
Director	Ichiro Anjo	Attended all 19 meetings of the Board of Directors held during the fiscal year under review. Based on his experience in management at other companies, he provided advice and suggestions to ensure the reasonability and appropriateness of decisions made by the Board of Directors.
Director	Yuichi Kawakami	Attended all 19 meetings of the Board of Directors held during the fiscal year under review. Based on his experience in management at other companies, he provided advice and suggestions to ensure the reasonability and appropriateness of decisions made by the Board of Directors.
Full-Time Audit & Supervisory Board Member	Koji Sekiguchi	Attended all 19 meetings of the Board of Directors held and all 15 meetings of the Audit & Supervisory Board held during the fiscal year under review. Based on his significant experience and knowledge in the field of finance and accounting acquired through the financial

Title	Name	Main activities
		business, he provided advice and suggestions to ensure the reasonability and appropriateness of decisions made by the Board of Directors.
Audit & Supervisory Board Member	Masaki Yoshino	Attended 18 out of 19 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board held during the fiscal year under review. Based on his professional perspective as a lawyer, he provided advice and suggestions to ensure the reasonability and appropriateness of decisions made by the Board of Directors.
Audit & Supervisory Board Member	Mariko Mitsuya	Attended 18 out of 19 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board held during the fiscal year under review. Based on her professional perspective as a Certified Public Accountant, she provided advice and suggestions to reinforce the supervision of management and internal control functions.

#### (4) Accounting Auditor

- 1) Accounting Auditor's Name: ARK MEIJI AUDIT & Co.
- 2) Accounting Auditor's Remuneration

	Amount of remuneration
Remuneration for the Accounting Auditor for the fiscal year ended March 31, 2018	40 million yen
Total amount of money and other financial benefits payable to the Accounting Auditor by the Company and its subsidiaries	40 million yen

Notes: 1. The audit agreement between the Company and the Accounting Auditor does not distinguish fees paid for the audit conducted in accordance with the Companies Act from fees paid for the audit conducted in accordance with the Financial Instruments and Exchange Act, and it is practically impossible to make such a distinction. Accordingly, the above amounts represent the aggregate amounts of fees for these two types of audits.

2. The Company's Audit & Supervisory Board examined the content of the Accounting Auditor's audit plans, its performance of duties in prior fiscal years and the basis for calculation of remuneration for the Accounting Auditor through the necessary documents received from the Board of Directors, related divisions of the Company and the Accounting Auditor, as well as necessary reports therefrom. Based on the results of the examination, the Company gave consent to the remuneration for the Accounting Auditor as stipulated in Article 399, Paragraph 1, of the Companies Act.

- 3) Audits of the Company's subsidiaries by auditing firms other than the Company's Accounting Auditor

The Company's overseas subsidiaries are audited by auditing firms other than the Company's Accounting Auditor.

- 4) Non-auditing services

The Company does not commission the Accounting Auditor to perform any services other than the audit certification service as stipulated in Article 2, Paragraph 1, of the Certified Public Accountants Act.

- 5) Policy regarding determination of dismissal or non-reappointment of the Accounting Auditor

In the event that the Accounting Auditor is deemed to fall under any of the grounds set forth in the items of Article 340, Paragraph 1, of the Companies Act, the Audit & Supervisory Board shall consider the dismissal of said Accounting Auditor and terminate the appointment of the Accounting Auditor subject to the unanimous consent of the Audit & Supervisory Board Members. In that case, the dismissal of the Accounting Auditor and reasons therefor will be reported by an Audit & Supervisory Board Member designated by the Audit & Supervisory Board at the first General Meeting of Shareholders convened after the dismissal.

In addition, should the Accounting Auditor be deemed unable to execute its duties properly or it otherwise be deemed necessary to replace the Accounting Auditor upon consideration of any of the Accounting Auditor's acts in violation of the related laws and regulations, including the Companies Act, as well as the Accounting Auditor's independence, auditing quality and performance of duties, the Audit & Supervisory Board will determine the details of a proposal to dismiss or not to reappoint the Accounting Auditor and request the Board of Directors to submit it to the General Meeting of Shareholders.

#### **(5) Systems to Ensure the Appropriateness of the Business and the Status of Operation Thereof**

Details of the Group's resolution on the systems to ensure the conformity of performance of Directors' duties to laws, regulations and the Articles of Incorporation and other systems to ensure the appropriateness of the Company's businesses are as follows.

- 1) The system for securing job execution compliance by directors and employees with laws and regulations as well as the Articles of Incorporation

We shall establish the "Code of Conduct for the SHINKAWA Group" so that all the board members and employees of the Group shall perform their jobs in compliance with laws, regulations, the Articles of Incorporation and the norms of society. In order to attain a thorough understanding, the president shall also control the Companywide promotion of compliance having instituted the basic rules of compliance. Moreover, the education of employees shall be conducted mainly through the Personnel & Administration Department. The Audit Department under the direct control of the president shall audit the degree of compliance in collaboration with the Personnel & Administration Department. We shall create an internal reporting system with the aim of deterring questionable behavior and conduct in terms of laws, regulations, the Articles of Incorporation and the norms of society, prepare contact points for internal reporting both inside and outside the Company to allow all the board members and employees to report information directly, and ensure that reporters will not receive detrimental treatment because of such reporting.

By establishing and promoting these systems, we shall take organized responses to block any relationships with antisocial forces and organizations. In the face of unacceptable demands from antisocial forces and organizations, we shall strive to cut off relations and prevent damage by cooperating with the police and other law enforcement authorities mainly through the Personnel & Administration Department as the controlling division.

- 2) Systems concerning the maintenance and control of information related to job execution by directors

We shall record and keep information related to decision making and job execution by directors in the form of printed or electronic documents (hereinafter collectively referred to as "documents") pursuant to the rules relating to document control. These documents shall be made available for inspection by directors and corporate auditors at any time pursuant to the rules relating to document control.

- 3) Regulations and other systems concerning the management of risk of loss

In accordance with the risk management rules, each department and each company of the SHINKAWA Group shall manage any risks derived from the operations they are responsible for, whereas the status of cross-organizational risks and Companywide responses shall be managed by the Corporate Planning Department.

- 4) The system of ensuring that directors execute their duties in an efficient manner

We have adopted the operating officer system to ensure that decision making is undertaken in a swift and agile manner and to clarify responsibilities with respect to the execution of duties. In the context of operating execution function in accordance with decisions of the Board of Directors, the rules relating to management authority clearly define the responsibilities and authority of each officer. In this manner, the Company has taken steps to build a system that is conducive to the appropriate and efficient execution of duties.

In addition, specific objectives and targets are set for each division and department. The Board of Directors regularly reviews the status of progress and results. This helps raise the probability of achieving established objectives and goals and securing efficient Group-wide operations.

- 5) System to secure the appropriateness of the operations of the Group that consists of the Company and its subsidiaries
  - a. The department in charge of internal control for the entire Group shall be the Corporate Planning Department, which provides necessary guidance and support to enhance the effectiveness of internal control and the efficiency of business execution at each Group company.
  - b. Regarding compliance and risk management, the Company's department in charge of compliance and risk management shall conduct activities covering the entire Group.
  - c. The internal reporting system shall be applied to each Group company.
  - d. The rules for decision making on business execution at the Company's subsidiaries shall be put in place, and the Company shall have its subsidiaries report the status of their business execution and financial position regularly.

- 6) In the event corporate auditors request that employees be assigned to assist in their duties; matters related to the relevant employees, matters related to the independence of such employees from directors, and matters related to ensuring the effectiveness of the instructions given to such employees

In the event employees are required to assist in the duties of corporate auditors, we shall assign employees who have the ability and knowledge to examine the operations of the Company. The employees are not subject to instruction and/or order of directors and others insofar as their capacity to assist in the duties of corporate auditors is concerned. Personnel transfers and other employment conditions regarding such employees shall be subject to prior approval by the board of corporate auditors.

- 7) Systems for directors and employees of the Company and its subsidiaries to report to corporate auditors, systems for other reporting to corporate auditors, and systems to ensure that reporters will not receive detrimental treatment because of such reporting

All the board members and employees of the SHINKAWA Group shall report to the board of corporate auditors without delay on important matters that have a significant impact on the Company and the Company Group, the degree to which internal audits have been implemented in addition to matters designated by law. Methods of reporting (reporter, recipient of report, timing of report, etc.) shall be determined through consultation between directors and the board of corporate auditors.

The SHINKAWA Group shall not treat reporters in a detrimental way because of their providing related information to the corporate auditors.

- 8) Other systems to secure the effective implementation of audits by corporate auditors

We shall provide active support for the preparation of an appropriate environment that allows audits by corporate auditors, and arrange regular meetings for the exchange of opinions between the board of corporate auditors and representative directors.

The Company shall cover the necessary expenses for audit duties such as using external advisors who support the corporate auditors' audit duties in case it is deemed necessary by the corporate auditors.

(Status of operation of the systems to ensure the appropriateness of the business)

The status of operation of the systems to ensure the appropriateness of the business is as follows.

- 1) Systems for ensuring compliance

The Code of Conduct for the SHINKAWA Group is internally viewable at all times, every opportunity is taken to disseminate said Code throughout the Company, and it is disclosed externally through the Company's Web site and other means. In accordance with the basic rules of compliance, self-checks on the status of compliance are regularly conducted by each department manager, with their results being reported to the Board of Directors and the Audit & Supervisory Board.

The internal reporting system in place provides more than one contact that receives reports, including an external lawyer, whereas the protection of reporters is stipulated in the relevant internal regulations.

2) Systems for risk management

A department manager of the Company and a person responsible for risk management at each Group company evaluate risks and review risk management measures at the beginning of each fiscal year, and confirm the measures taken at the year-end. The respective results thereof are reported to not only Directors but also at executive meetings attended by department managers and people in higher positions.

3) Systems for Directors' execution of duties

The Board of Directors holds meetings monthly and whenever the necessity arises where Directors deliberate and make decisions on important matters and supervise the status of execution of business operations. In addition, executive meetings are held twice a month to discuss important matters and share information.

4) Systems for the management of the Group companies

The Corporate Planning Department, which is in charge of internal controls at each Group company, has promoted the establishment and enhancement of the rules for the authority of management for each Group company in accordance with the rules for the management of subsidiaries and affiliates and the rules for the management of overseas businesses. In addition, said Department receives regular reports from each Group company on its status of business execution and financial position, and conducts audits of each Group company.

5) Systems to secure the effective implementation of audits by Audit & Supervisory Board Members

The Audit & Supervisory Board, which consists of three Outside Audit & Supervisory Board Members, determines the auditing policies and plans and deliberates on matters concerning important audit operations.

Representative Directors regularly meet with Audit & Supervisory Board Members to exchange opinions. Meanwhile, Audit & Supervisory Board Members attend Board of Directors' meetings, executive meetings and other meetings that are deemed important by Audit & Supervisory Board Members, through which necessary information is acquired from Directors and employees on the status of the Company and Group companies and opinions are offered from the auditors' standpoint. Directors and employees respond to a request for a survey or an interview whenever it is made by Audit & Supervisory Board Members.

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(Note) The amounts of money shown in this Business Report are rounded to the nearest unit.



## Consolidated Balance Sheet

(Millions of yen)

		(Reference) As of March 31,2018			(Reference) As of March 31,2018
ASSETS			LIABILITIES		
Account	Amount		Account	Amount	
<b>Current assets</b>	<b>15,460</b>	<b>17,064</b>	<b>Current liabilities</b>	<b>4,589</b>	<b>2,185</b>
Cash and deposits	4,186	6,452	Accounts payable—trade	1,098	1,238
Notes and accounts receivable—trade	2,820	4,971	Short-term loans payable	1,900	-
Electronically recorded monetary claims	3	283	Current portion of long-term loans	200	-
Merchandise and finished goods	3,143	2,589	Income taxes payable	80	72
Work in process	3,501	1,223	Provision for product warranties	116	273
Raw materials and supplies	940	762	Provision for bonuses	310	222
Other	870	783	Other	885	379
Allowance for doubtful accounts	(3)	(1)	<b>Non-current liabilities</b>	<b>1,825</b>	<b>1,230</b>
<b>Non-current assets</b>	<b>8,912</b>	<b>7,896</b>	Long-term loans payable	700	-
<b>Property, plant and equipment</b>	<b>5,956</b>	<b>5,013</b>	Retirement benefit liability	879	852
Buildings and structures, net	1,649	1,454	Deferred tax liabilities	239	372
Machinery, equipment and vehicles, net	353	241	Other	6	6
Land	3,830	3,217	<b>Total liabilities</b>	<b>6,414</b>	<b>3,415</b>
Construction in progress	24	22	<b>NET ASSETS</b>		
Other	101	78	<b>Shareholders' equity</b>	<b>17,237</b>	<b>20,406</b>
<b>Intangible assets</b>	<b>566</b>	<b>43</b>	<b>Capital stock</b>	<b>8,360</b>	<b>8,360</b>
Goodwill	485	-	<b>Capital surplus</b>	<b>8,907</b>	<b>8,907</b>
Other	81	43	<b>Retained earnings</b>	<b>3,094</b>	<b>6,289</b>
<b>Investments and other assets</b>	<b>2,389</b>	<b>2,840</b>	<b>Treasury shares</b>	<b>(3,124)</b>	<b>(3,150)</b>
Investment securities	1,838	2,368	<b>Accumulated other comprehensive income</b>	<b>720</b>	<b>1,139</b>
Long-term loans receivable	51	16	<b>Valuation difference on available-for-sale securities</b>	<b>544</b>	<b>944</b>
Deferred tax assets	77	73	<b>Foreign currency translation adjustment</b>	<b>217</b>	<b>203</b>
Other	461	383	<b>Remeasurements of defined benefit plans</b>	<b>(41)</b>	<b>(9)</b>
Allowance for doubtful accounts	(38)	-	<b>Total net assets</b>	<b>17,957</b>	<b>21,545</b>
<b>Total assets</b>	<b>24,371</b>	<b>24,959</b>	<b>Total liabilities and net assets</b>	<b>24,371</b>	<b>24,959</b>

## Consolidated Statement of Income

(Millions of yen)

Account	Fiscal year ended March 31, 2019		(Reference) Fiscal year ended March 31, 2018	
	Amount			
<b>Net sales</b>		<b>11,220</b>		<b>15,214</b>
<b>Cost of sales</b>		<b>8,652</b>		<b>10,492</b>
<b>Gross profit</b>		<b>2,567</b>		<b>4,722</b>
<b>Selling, general and administrative expenses</b>		<b>5,714</b>		<b>5,342</b>
<b>Operating profit (loss)</b>		<b>(3,147)</b>		<b>(620)</b>
<b>Non-operating income</b>				
Interest income	10		9	
Dividend income	48		66	
Rent income	13		3	
Foreign exchange gains	10		61	
Reversal of allowance for doubtful accounts	11		-	
Other	12	103	7	145
<b>Non-operating expenses</b>				
Interest expenses	15		4	
Other	0	15	10	14
<b>Ordinary profit (loss)</b>		<b>(3,059)</b>		<b>(488)</b>
<b>Extraordinary income</b>				
Gain on sales of investment securities	-	-	1,108	1,108
<b>Extraordinary losses</b>				
Loss on sales of non-current assets	2		-	
Loss on retirement of non-current assets	4		-	
Impairment loss	9		-	
Loss on valuation of golf club membership	24	39	-	-
<b>Income before income taxes</b>		<b>(3,098)</b>		<b>619</b>
Income taxes—current	78		57	
Income taxes—deferred	6	84	(1)	56
<b>Profit</b>		<b>(3,182)</b>		<b>563</b>
<b>Profit attributable to owners of parent</b>		<b>(3,182)</b>		<b>563</b>

## Consolidated Statement of Changes in Net Assets

(April 1, 2018–March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	8,360	8,907	6,289	(3,150)	20,406
Changes of items during period					
Profit attributable to owners of parent			(3,182)		(3,182)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)	(13)	27	14
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	(3,195)	26	(3,169)
Balance at the end of current period	8,360	8,907	3,094	(3,124)	17,237

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of current period	944	203	(9)	1,139	21,545
Changes of items during period					
Profit attributable to owners of parent					(3,182)
Purchase of treasury shares					(0)
Disposal of treasury shares					14
Net changes of items other than shareholders' equity	(400)	14	(33)	(419)	(419)
Total changes of items during period	(400)	14	(33)	(419)	(3,588)
Balance at the end of current period	544	217	(41)	720	17,957

## Notes to Consolidated Financial Statements

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

### Basis of Preparing Consolidated Financial Statements

#### 1. Scope of Consolidation

Number of consolidated subsidiaries: 12

Names of consolidated subsidiaries: Shinkawa Technologies Ltd.  
PFA Corporation  
Shinkawa Korea Co., Ltd.  
Shinkawa Taiwan Co., Ltd.  
Shinkawa (Shanghai) Co., Ltd.  
Shinkawa Philippines, Inc.  
Shinkawa Vietnam Co., Ltd.  
Shinkawa Singapore Pte. Ltd.  
Shinkawa (Malaysia) Sdn. Bhd.  
Shinkawa (Thailand) Co., Ltd.  
Shinkawa Manufacturing Asia Co., Ltd.  
Shinkawa U.S.A., Inc.

The Company successfully acquired all shares of Pioneer FA Corporation (now known as PFA Corporation) on June 1, 2018. From the end of the first quarter of consolidated accounting period, it is included in the scope of consolidation.

#### 2. Application of equity method

Not applicable.

#### 3. Fiscal year-ends of consolidated subsidiaries

Regarding Shinkawa (Shanghai) Co., Ltd., for which the balance sheet date is December 31, its financial statements as of December 31 are used for the preparation of the consolidated financial statements, with necessary adjustments being made for any important transactions that occur during the period between December 31 and the consolidated balance sheet date.

The balance sheet date of the other consolidated subsidiaries coincides with the consolidated balance sheet date.

### Accounting Policies

#### 1. Basis and methods of valuation of significant assets

##### (1) Securities

Available-for-sale securities

Securities with readily determinable market value

Stated at fair market value, based on market quotation at the balance sheet date.

(Valuation difference on available-for-sale securities is reported as a separate component of net assets. The cost of securities sold is computed using the moving-average method.)

Securities without readily determinable market value

Stated at cost determined by the moving-average method.

##### (2) Inventories

Semi-finished goods—which are included in “Merchandise and finished goods” in the consolidated balance sheet—and raw materials are stated at cost determined by the moving-average method. Finished goods and work in process are stated at cost determined by the specific identification method. (In either case, the balance sheet amount is computed by making inventory write-downs according to decreases in profitability.)

##### (3) Derivatives are stated at fair market value.

#### 2. Methods of depreciation and amortization of significant assets

##### (1) Property, plant and equipment

Domestic companies use the declining-balance method, whereas overseas companies use the straight-line method. Useful lives of principal property, plant and equipment are as follows.

Buildings and structures: 10–25 years

Machinery, equipment and vehicles: 3–5 years

- (2) Intangible assets  
Amortized by the straight-line method. Patent right is amortized over eight years and software for internal use is amortized over the internally estimated useful life of three years by the straight-line method.
3. Basis for provision of significant reserves
  - (1) Allowance for doubtful accounts  
An allowance for doubtful accounts is provided to cover possible losses from bad debts of accounts receivable, loans receivable and other receivables at the estimated uncollectible amount. The amount for ordinary receivables is determined by the credit loss ratio based on past experience. The amount for specific receivables, such as receivables at high risk of bankruptcy, is determined based on the individually expected collectibility.
  - (2) Provision for product warranties  
A provision for product warranties is made to cover possible expenditures for free after-sales services for a certain period according to the standards set by the Group based on past achievements.
  - (3) Provision for bonuses  
A provision for bonuses is made to cover the payments of bonuses to employees at the projected amount to be paid in the future.
4. Methods of accounting for retirement benefits
  - (1) Method of attributing projected retirement benefits to periods  
When calculating retirement benefit obligations, the straight-line method is mainly applied to attribute projected retirement benefits to the period through the end of the fiscal year under review.
  - (2) Amortization of actuarial differences and past service costs  
Actuarial differences are amortized mainly in a lump sum in the year following the year when such differences occur.  
Past service costs are amortized mainly by the straight-line method over a certain number of years (two years) within the average remaining service period of employees when such costs are incurred.
5. Basis of translating assets or liabilities denominated in foreign currencies into the Japanese currency  
Monetary receivables and payables denominated in foreign currencies are translated into the Japanese yen at the spot exchange rate as of the consolidated balance sheet date. The assets and liabilities of overseas subsidiaries are translated into the Japanese yen at the spot exchange rate as of the consolidated balance sheet date, whereas the income and expense accounts thereof are translated into the Japanese yen at the average exchange rate over the fiscal year under review. Differences arising from such translations are included in Foreign currency translation adjustments under Net assets.
6. Accounting for consumption taxes  
Consumption taxes are accounted for by the tax-exclusive method.
7. Adoption of the Consolidated Taxation System  
From the consolidated fiscal year under review, the Company and its domestic consolidated subsidiaries have adopted the consolidated taxation system.

#### **Change in presentation methods**

The Company has applied the “Partial Amendments to Accounting Standards for Tax Effect Accounting” (ASBJ Statement No. 28, February 16th, 2018) from the beginning of the first quarter of fiscal year ending March 31, 2019. As a result, deferred tax assets are classified as “Investments and other assets” and deferred tax liabilities are classified as “Long term liabilities” respectively.

#### **Notes to the Consolidated Statement of Income**

“Sales discounts,” which was separately reported as “Non-operating expense” for the previous consolidated fiscal year, has been included in “Other” under “Non-operating expenses” from the consolidated fiscal year under review because the financial importance is low.

## Notes to the Consolidated Balance Sheet

### 1. Pledged Assets and Secured Liabilities

Pledged assets are as follows:	Millions of yen
<u>Investment securities</u>	<u>622</u>
Total	622

Secured liabilities are as follows:

Short-term loans payable	1,900
<u>Long-term loans payable (including Current portion of long-term loans payable)</u>	<u>900</u>
Total	2,800

2. Accumulated depreciation of property, plant and equipment: 14,503 million yen

3. The accumulated amount of advanced depreciation of buildings and structures due to governmental subsidies was 14 million yen.

## Notes to the Consolidated Statement of Changes in Net Assets

### 1. Class and number of issued shares and treasury shares

(Thousand shares)

Class of shares	Number of shares at the beginning of year	Increase	Decrease	Number of shares at the end of year
Issued shares				
Common stock	20,048	—	—	20,048
Total	20,048	—	—	20,048
Treasury shares				
Common stock	1,874	0	16	1,859
Total	1,874	0	16	1,859

Notes: 1. Decrease of the Common stock is due to Restricted stock remuneration.

2. Figures are rounded to the nearest thousand.

### 2. Distribution of surplus

Payment of dividends, etc.

Not applicable.

## Financial Instruments

### 1. Matters relating to the status of financial instruments

The Group limits the use of financial instruments for fund management to short-term financial assets, including bank deposits. Customer credit risk arising from notes and accounts receivable—trade is mitigated in accordance with the rules for credit management.

Investment securities consist of stocks, of which listed stocks' market values are monitored on a quarterly basis.

With regard to derivatives, foreign exchange forward contracts are used to hedge foreign exchange fluctuation risk related to foreign-currency-denominated assets. These derivative transactions are conducted within the range of actual demand and not for any speculative trading purposes.

## 2. Matters related to the fair market value of financial instruments

The consolidated balance sheet amounts and the market values of financial instruments as of March 31, 2019 (the balance sheet date for the fiscal year under review), and any variances between the two are shown below.

(Millions of yen)

	Balance sheet amount*	Market value*	Variance
(1) Cash and deposits	4,186	4,186	—
(2) Notes and accounts receivable—trade	2,820	2,820	—
(3) Electronically recorded monetary claims	3	3	—
(4) Investment securities	1,838	1,838	—
(5) Accounts payable—trade	(1,098)	(1,098)	—
(6) Short-term loans payable	(1,900)	(1,900)	—
(7) Long-term loans payable (Including current portion of long-term loans payable)	(900)	(900)	—

\*Liabilities are shown in parentheses.

Note: Methods for measuring the market values of financial instruments and securities

(1) Cash and deposits and (2) Notes and accounts receivable—trade

(3) Electronically recorded monetary claims

These instruments are settled in a short period of time and their market values are almost equal to their balance sheet values. Therefore, the balance sheet values are adopted.

(4) Investment securities

The market values of investment securities are based on the quoted values at the stock exchange.

(5) Accounts payable—trade, (6) Short-term loans payable

These instruments are settled in a short period of time and their market values are almost equal to their balance sheet values. Therefore, the balance sheet values are adopted.

(7) Long-term loans payable (Including current portion of long-term loans payable)

These long-term loans payable are with variable rates, and their market values are approximately equal to their balance sheet values. Therefore, the balance sheet values are adopted.

### Per Share Information

1. Net assets per share	987.26 yen
2. Net income per share	175.02 yen

### Significant Subsequent Events

Not applicable.

### Other Notes

(Notes on Business Combinations)

(Business Combination through Acquisition)

(1) Overview of Business Combination

① Name and Business Contents of Acquired Company

Name of acquired company: PFA Corporation

Business contents: Design, manufacture and sales of bonding, assembly and inspection equipment for electronic devices as well as development and sales of various manufacturing software

② Main Reason for Business Combination

PFA Corporation provides mounting and inspection devices for electrical components used in smartphones and automobiles, as well as production technology solutions. With their advanced technology, flexibility, and production capabilities, combined with Shinkawa's high speed, high accuracy bonding technologies, we will be able to provide a full solution for semiconductor post processing, while also increasing competitiveness in the electrical component mounting industry. We expect to bring out strong synergies within the two companies that will result in increasing corporate value.

- ③ Combination Date  
June 1, 2018
  - ④ Method of Combination  
Stock acquisition
  - ⑤ Name after Combination  
PFA Corporation
  - ⑥ Ratio of Voting Rights Acquired  
100%
  - ⑦ Basis for Acquisition  
The Company offered cash consideration in exchange for acquisition of 100% of voting shares
- (2) Inclusion of the Acquired Company's Results in the Quarterly Consolidated Statements of Income and Comprehensive Income  
Due to the acquisition date of June 30th, the results of the acquired company have not been included in the Quarterly Consolidated Statements of Income and Comprehensive Income for the first quarter of fiscal year ending March 31, 2019.
- (3) Breakdown of Acquisition Costs and Consideration
- |                           |      |                   |
|---------------------------|------|-------------------|
| Acquisition Consideration | Cash | 2,069 million yen |
| Total Acquisition Costs   |      | 2,069 million yen |
- (4) Major Acquisition Expenses  
Advisory expense, commission, etc. 30 million yen
- (5) Goodwill, Cause, Method and Period of Amortization
- ① Amount of goodwill recorded  
570 million yen
  - ② Cause  
As a result of the net market value of the acquired firm falling below the acquisition price, goodwill was recorded for the amount of the difference.
  - ③ Amortization method and period of amortization  
Goodwill will be amortized following the straight-line method over a period of 5 years.

### **Additional Information**

(Business integration across Yamaha Motor, Apic Yamada and Shinkawa)

Shinkawa (the Company) made a resolution at the Board of Directors meeting held on February 12, 2019 that Yamaha Motor will make the Company a subsidiary through a third-party allotment capital increase, that the Company will make Apic Yamada a wholly-owned subsidiary through a tender offer and subsequent procedures, and that the three companies will implement a Business Integration where the Company and Apic Yamada will transition to a joint holding company structure through the Company Split of the Company, thereby concluding the Business Integration Agreement.

#### 1. Tender offer for the shares

##### (1) Outline of the tender offeree

###### ① Name

Apic Yamada

###### ② Business description

Manufacturing and selling of electronic component assembly equipment and electronic components

###### ③ Company size

Capital: 5,837 million yen

Consolidated net sales: 12,665 million yen (Year ended March 2018)

##### (2) Period of purchase

May 10, 2019 to June 20, 2019



(3) Number of shares scheduled to be purchased

Number of shares that can be purchased	Lower limit of the number of shares scheduled that can be purchased	Upper limit of the number of shares scheduled that can be purchased
12,419,426 shares	8,279,600 shares	—shares

(4) Purchase funds

Scheduled to be 7,079,072,820 yen

(Note) The purchase funds for the Tender Offer is an amount calculated in a manner that the number of shares (12,419,426 shares) planned to be bought in the Tender Offer as described in "(3) Number of shares scheduled to be purchased" is multiplied by the purchase price per share of Apic Yamada's common stock (570 yen).

(5) Method to procure purchase funds

A capital increase is planned through a third party allotment to Yamaha Motor.

2. Third Party Allotment Capital Increase

(1)	Number of new shares to be issued	26,178,100 shares of common stock
(2)	Issuance price	382 yen per share
(3)	Total issuance price	10,000,034,200 yen
(4)	Increase in capital stock and capital surplus	Increase in capital stock: 5,000,017,100 yen Increase in capital surplus: 5,000,017,100 yen
(5)	Payment period	June 24, 2019 to December 31, 2019
(6)	Method of offering or allotment (Planned allottee)	Third party allotment (Yamaha Motor Co., Ltd.; 26,178,100 shares)
(7)	Use of funds	①For various issuance expenses ②For purchase funds for the tender offer ③For structural reform for improving the Company's performance ④For research and development of new products

3. Transition to a joint holding company structure through the incorporation-type company split

(1) Schedule

Resolution date of the Board of Directors:

February 12, 2019

Public notice date of record date for the Extraordinary General Meeting of Shareholders:

February 19, 2019

Record date for the Extraordinary General Meeting of Shareholders:

March 6, 2019

Resolution date of the Board of Directors for approving the Incorporation-type Company Split Plan: March 25, 2019

Resolution date of the Extraordinary General Meeting of Shareholders:

April 26, 2019 Effective date of incorporation-type company split: Scheduled to be on July 1, 2019

(2) Method of company split

An incorporation-type new company split takes place with the Company as the Split Company and the company newly established by the Split Company (hereinafter "New Company") as the successor company. The Company plans to change its name to "Yamaha Motor Robotics Holdings Co., Ltd." conditionally upon the completion of the Company Split.

(3) Stock grant relating to the Company Split

The New Company will issue 10,000 shares of common stock upon this Company Split, all of which will be allotted to the Split Company.

(4) New Company's rights and duties to be transferred

Assets, liabilities, contractual status under employment agreements, and other rights and duties relating to all business of the Company will be transferred to the New Company except for the functions required as a joint holding company. However, rights and duties which are inherently difficult to transfer will be excluded.

(5) Situation after company split

	Split Company	New Company
① Name	Yamaha Motor Robotics Holdings Co., Ltd.	SHINKAWA LTD.
② Address	51-1, Inadaira 2-chome, Musashi-Murayama-shi, Tokyo, Japan (registered head office), the actual headquarters will be determined later.	51-1, Inadaira 2-chome, Musashi-Murayama-shi, Tokyo, Japan
③ Title and name of representative	Toshizumi Kato, Chairman and Representative Director Osamu Ishioka, President and Representative Director	Takashi Nagano, Chairman and Representative Director Osamu Ishioka, President and Representative Director
④ Business description	Group company management business and asset management business	Development, manufacturing, and sales of semiconductor manufacturing equipment
⑤ Capital	13,360 million yen (Note)	100 million yen
⑥ Fiscal year end	December 31	December 31

(Note) The forecasted capital is shown reflecting a 5,000 million yen capital increase due to the Third Party Allotment Capital Increase by the Split Company.

## Non-Consolidated Balance Sheet

(Millions of yen)

	As of March 31,2019	(Reference) As of Marche 31,2018		As of March 31,2019	(Reference) As of Marche 31,2018
<b>ASSETS</b>			<b>LIABILITIES</b>		
Account	Amount		Account	Amount	
<b>Current assets</b>	<b>11,544</b>	<b>14,274</b>	<b>Current liabilities</b>	<b>3,685</b>	<b>2,568</b>
Cash and deposits	2,158	4,125	Accounts payable—trade	673	1,637
Notes receivable—trade	69	84	Short-term loans payable	1,900	-
Electronically recorded monetary claims	3	283	Curret portion of long-term loans	200	-
Accounts receivable—trade	3,771	5,777	Accounts payable—other	2	-
Merchandise and finished goods	2,021	1,841	Accrued expenses	436	320
Work in process	1,840	612	Income taxes payable	43	53
Raw materials and supplies	809	705	Deposits received	41	37
Consumption taxes receivable	581	499	Provision for product warranties	103	273
Other	293	349	Provision for bonuses	232	222
Allowance for doubtful accounts	(0)	(1)	Other	55	25
<b>Non-current assets</b>	<b>10,809</b>	<b>9,013</b>	<b>Non-current liabilities</b>	<b>1,550</b>	<b>1,043</b>
<b>Property, plant and equipment</b>	<b>3,857</b>	<b>3,774</b>	Long-term loans payable	700	-
Buildings	677	728	Provision for retirement benefits	607	670
Structures	1	2	Long-term accounts payable—other	6	6
Machinery, equipment and vehicles	321	210	Deferred tax liabilities	236	366
Tools, furniture and fixtures	19	24	<b>Total liabilities</b>	<b>5,234</b>	<b>3,611</b>
Computers	38	13	<b>NET ASSETS</b>		
Land	2,777	2,777	<b>Shareholders' equity</b>	<b>16,574</b>	<b>18,732</b>
Construction in progress	24	22	<b>Capital stock</b>	<b>8,360</b>	<b>8,360</b>
<b>Intangible assets</b>	<b>19</b>	<b>28</b>	<b>Capital surplus</b>	<b>8,907</b>	<b>8,907</b>
Software	13	21	Legal capital surplus	8,907	8,907
Patent right	6	7	Other capital surplus	-	0
<b>Investments and other assets</b>	<b>6,933</b>	<b>5,210</b>	<b>Retained earnings</b>	<b>2,431</b>	<b>4,616</b>
Investment securities	1,838	2,368	Legal retained earnings	-	2,090
Shares of subsidiaries and associates	3,403	1,304	Other retained earnings	2,431	2,526
Long-term loans receivable from subsidiaries and associates	1,396	1,360	Retained earnings brought forward	2,431	2,526
Long-term loans receivable from employees	6	8	<b>Treasury shares</b>	<b>(3,124)</b>	<b>(3,150)</b>
Other	290	171	<b>Valuation and translation adjustments</b>	<b>544</b>	<b>944</b>
			<b>Valuation difference on available-for-sale securities</b>	<b>544</b>	<b>944</b>
			<b>Total net assets</b>	<b>17,119</b>	<b>19,677</b>
<b>Total assets</b>	<b>22,353</b>	<b>23,287</b>	<b>Total liabilities and net assets</b>	<b>22,353</b>	<b>23,287</b>

## Non-Consolidated Statement of Income

(Millions of yen)

Account	Fiscal year ended March 31, 2019		(Reference) Fiscal year ended March 31, 2018	
	Amount			
<b>Net sales</b>		<b>8,256</b>		<b>14,122</b>
<b>Cost of sales</b>		<b>6,933</b>		<b>10,971</b>
<b>Gross profit</b>		<b>1,323</b>		<b>3,151</b>
<b>Selling, general and administrative expenses</b>		<b>4,298</b>		<b>4,531</b>
<b>Operating loss</b>		<b>(2,975)</b>		<b>(1,381)</b>
<b>Non-operating income</b>				
Interest income	14		14	
Dividend income	713		836	
Rent income	43		35	
Foreign exchange gains	21		45	
Other	7	798	6	937
<b>Non-operating expenses</b>				
Interest income	15		4	
Cost of lease revenue	15		11	
Other	1	30	9	24
<b>Ordinary loss</b>		<b>(2,207)</b>		<b>(468)</b>
<b>Extraordinary income</b>				
Gain on sales of noncurrent assets	2		-	
Gain on sales of investment securities	-		1,108	
Reversal of allowance for investment loss for subsidiaries and associates	-	2	241	1,349
<b>Extraordinary loss</b>				
Impairment loss	9	9	-	-
<b>Profit (loss) before income taxes</b>		<b>(2,214)</b>		<b>881</b>
Income taxes		(43)		(64)
<b>Net Profit (loss)</b>		<b>(2,171)</b>		<b>944</b>

## Non-Consolidated Statement of Changes in Net Assets

(April 1, 2018–March 31, 2019)

(Millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the beginning of current period	8,360	8,907	0	8,907	2,090	2,526	4,616
Changes of items during period							
Transfer to Other retained earnings from Legal retained earnings					(2,090)	2,090	-
Loss						(2,171)	(2,171)
Purchase of treasury shares							
Disposal of treasury shares			(0)	(0)		(13)	(13)
Net changes of items other than shareholders' equity							
Total changes of items during period	-	-	(0)	(0)	(2,090)	(94)	(2,184)
Balance at the end of current period	8,360	8,907	-	8,907	-	2,431	2,431

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(3,150)	18,732	944	944	19,677
Changes of items during period					
Transfer to Other retained earnings from Legal retained earnings		-			-
loss		(2,171)			(2,171)
Purchase of treasury shares	(0)	(0)			(0)
Disposal of treasury shares	27	14			14
Net changes of items other than shareholders' equity			(400)	(400)	(400)
Total changes of items during period	26	(2,158)	(400)	(400)	(2,558)
Balance at the end of current period	(3,124)	16,574	544	544	17,119

## Notes to Non-Consolidated Financial Statements

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

### Significant Accounting Policies

#### 1. Basis and methods of valuation of significant assets

##### (1) Securities

Stocks of subsidiaries

Stated at cost determined by the moving-average method.

Available-for-sale securities

Securities with readily determinable market value

Stated at market value, based on market quotation at the balance sheet date.

(Valuation difference on available-for-sale securities is reported as a separate component of net assets. The cost of securities sold is computed using the moving-average method.)

Securities without readily determinable market value

Stated at cost determined by the moving-average method.

##### (2) Inventories

Semi-finished goods—which are included in “Merchandise and finished goods” in the non-consolidated balance sheet—and raw materials are stated at cost determined by the moving-average method. Finished goods and work in process are stated at cost determined by the specific identification method. (In either case, the balance sheet amount is computed by making inventory write-downs according to decreases in profitability.)

##### (3) Derivatives are stated at market value.

#### 2. Methods of depreciation and amortization of noncurrent assets

##### (1) Property, plant and equipment

Property, plant and equipment are depreciated by the declining-balance method. The useful lives of principal property, plant and equipment are as follows.

Buildings: 25 years

Machinery, equipment and vehicles: 3–4 years

##### (2) Intangible assets

Amortized by the straight-line method. Patent right is amortized over eight years and software for internal use is amortized over the internally estimated useful life of three years by the straight-line method.

#### 3. Basis for provision of reserves

##### (1) Allowance for doubtful accounts

An allowance for doubtful accounts is provided to cover possible losses from bad debts of accounts receivable, loans receivable and other receivables at the estimated uncollectible amount. The amount for ordinary receivables is determined by the credit loss ratio based on past experience. The amount for specific receivables, such as receivables at high risk of bankruptcy, is determined based on the individually expected collectibility.

##### (2) Provision for product warranties

A provision for product warranties is made to cover possible expenditures for free after-sales services for a certain period according to the standards set by the Group based on past achievements.

##### (3) Provision for bonuses

A provision for bonuses is made to cover the payments of bonuses to employees at the projected amount to be paid in the future.

##### (4) Provision for retirement benefits

A provision for retirement benefits to be paid to employees is stated based on the estimated amounts of retirement benefit obligations and pension plan assets at the end of the fiscal year under review.

###### 1) Method of attributing projected retirement benefits to periods

When calculating retirement benefit obligations, the straight-line method is applied to attribute projected retirement benefits to the period through the end of the fiscal year under review.

###### 2) Amortization of actuarial differences and past service costs

Actuarial differences are amortized in a lump sum in the year following the year when such differences occur.

Past service costs are amortized mainly by the straight-line method over a certain number of years (two years) within the average remaining service period of employees when such costs are incurred.

4. Other significant matters forming the basis of preparing the non-consolidated financial statements
- (1) Accounting for retirement benefits  
The method of accounting for unrecognized actuarial differences and unrecognized past service cost relating to retirement benefits is different from the method applied to the consolidated financial statements.
  - (2) Accounting for consumption taxes  
Consumption taxes are accounted for by the tax-exclusive method.
  - (3) Adoption of the Consolidated Taxation System  
From the fiscal year under review, the Company has adopted the consolidated taxation system.

#### Change in presentation methods

The Company has applied the “Partial Amendments to Accounting Standards for Tax Effect Accounting” (ASBJ Statement No. 28, February 16th, 2018) from the beginning of the first quarter of fiscal year ending March 31, 2019. As a result, deferred tax assets are classified as “Investments and other assets” and deferred tax liabilities are classified as “Long term liabilities” respectively.

#### Consolidated Statement of Income

“Sales discounts,” which was included in “Other” under “Non-operating expenses” for the previous fiscal year, has been separately reported for the fiscal year under review because the amount exceeded ten-hundredths of the total amount of non-operating expenses.

#### Notes to the Non-Consolidated Balance Sheet

##### 1. Pledged Assets and Secured Liabilities

Pledged assets are as follows:	Millions of yen
<u>Investment securities</u>	<u>622</u>
Total	622

Secured liabilities are as follows:	Millions of yen
Short-term loans payable	1,900
<u>Long-term loans payable (Including current portion of long-term loans payable)</u>	<u>900</u>
Total	2,800

2. Accumulated depreciation of property, plant and equipment: 13,166 million yen
3. The accumulated amount of advanced depreciation of buildings and structures due to governmental subsidies was 14 million yen.
4. Monetary receivables and payables from/to subsidiaries and associates
 

Short-term monetary receivables	1,635 million yen
Long-term monetary receivables	1,396 million yen
Short-term monetary payables	431 million yen

#### Notes to the Non-Consolidated Statement of Income

Transactions with subsidiaries and associates:

(1) Sales to	724 million yen
(2) Purchases from	2,323 million yen
(3) Other operating transactions	629 million yen
(4) Non-operating transactions	722 million yen

#### Notes to the Non-Consolidated Statement of Changes in Net Assets

Class and number of treasury shares

				(Thousand shares)
Class of shares	Number of shares at the beginning of year	Increase	Decrease	Number of shares at the end of year
Common stock	1,874	0	16	1,859

Notes: Figures are rounded to the nearest thousand.

**Tax-Effect Accounting**

## 1. Major components of deferred tax assets and deferred tax liabilities

	(Millions of yen)
Deferred tax assets:	
Amount in excess of depreciation limit	1,048
Land devaluation disallowed	1,040
Provision for retirement benefits and other provisions disallowed	289
Long-term accounts payable disallowed	2
Loss on valuation of investment securities disallowed	50
Accrued expenses disallowed	10
Loss brought forward	5,457
Other	140
Subtotal deferred tax assets	<u>8,035</u>
Valuation allowance of Tax loss carry forward	(5,457)
Valuation allowance of deductible temporary difference	<u>(2,578)</u>
Sub total Valuation allowance	<u>(8,035)</u>
Total deferred tax assets	-
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	<u>236</u>
Total deferred tax liabilities	<u>236</u>
Net deferred tax liabilities	<u><u>236</u></u>



## Related Party Transactions

Subsidiaries, etc.

Attribute	Subsidiary	Subsidiary	Subsidiary	Subsidiary			
Name of the company	Shinkawa Korea Co., Ltd.	Shinkawa (Shanghai) Co., Ltd.		Shinkawa Manufacturing Asia Co., Ltd.			
Location	Korea	China	Tokyo	Thailand			
Capital	KRW370 million	USD 200 thousand	JPY90 million	THB 343 million			
Line of business	Sales promotion and maintenance services for semiconductor manufacturing equipment	Sales promotion and maintenance services for semiconductor manufacturing equipment	Manufacturing, sales and maintenance of precision equipment in which semiconductors and/or other electronic components are applied	Manufacturing and sales of semiconductor manufacturing equipment			
Percentage of voting rights held by the Company	100%	100%	100%	100%			
Relationship with the related party	Sales promotion and maintenance services for the Company products	Sales promotion and maintenance services for the Company products	Supply of semi-finished products to the Company / Product assembly adjustment	Manufacturing and sales of the Company products			
Content of transactions	Receipt of dividends (Notes 2)	Sales of products (Notes 1)	Receipt of dividends (Notes 2)	Sales of products (Notes 1 and 3)	Purchase of products (Note 1)	Lending funds (Note 4)	Receipt of interest (Note 4)
Amount of transactions (Millions of yen)	117	200	426	691	1,212	—	14
Account item (Balance at the year-end, in millions of yen)	—	Accounts receivable-trade (238)	—	Accounts receivable-trade (1,229)	Accounts payable-trade (76) Accounts payable-other (0)	Long-term loans receivable (1,396)	Accrued interest (0) Interest received in advance (3)

### 1. Terms and conditions of the transactions and the policies of determination thereof

(Note 1) The terms and conditions of general transactions are referred to.

(Note 2) The amount of dividends received is reasonably determined according to a certain standard based on the distributable amount of surplus.

(Note 3) The amount of transactions includes raw materials supplied for a charge of ¥691 million.

(Note 4) The interest rate on the loans receivable is reasonably determined based on the market interest rate.

### 2. Foreign exchange gains/losses are not reflected in the above transaction amounts but are reflected in the year-end balances.

## Per Share Information

- |                         |            |
|-------------------------|------------|
| 1. Net assets per share | 941.17 yen |
| 2. Net loss per share   | 119.42 yen |

## Significant Subsequent Events

Not applicable.

**Other Notes**

(Notes on Business Combinations)

Related notes are omitted because the same content is described in Other Notes (Notes on Business Combinations) under the Notes to Consolidated Financial Statements.

Additional information

(Business integration across Yamaha Motor, Apic Yamada and Shinkawa)

Related notes are omitted because the same content is described in Additional information (Business integration across Yamaha Motor, Apic Yamada and Shinkawa) in "Other Notes"

Note: Figures presented in the Non-Consolidated Financial Statements are rounded to the nearest million yen.

**Independent Auditor's Report**

May 7, 2019

To the Board of Directors  
SHINKAWA LTD.

ARK MEIJI AUDIT & Co.

Akihiko Miura, CPA  
Designated and Engagement Partner  
Koji Matsushima, CPA  
Designated and Engagement Partner

We have audited, pursuant to Article 444, Paragraph 4, of the Companies Act, the consolidated financial statements, which consist of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of SHINKAWA LTD. (hereinafter referred to as the "Company") for the fiscal year from April 1, 2017, to March 31, 2018.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal controls that management considers necessary for the preparation and fair presentation of the consolidated financial statements that are free from material misstatements, 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, from an independent viewpoint. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan the audit and perform it according to such plan to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied 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. Although the purpose of the audit is not expressly to express an opinion on the effectiveness of the entity's internal control, in making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances. 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.

## Auditor's Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SHINKAWA LTD. and its consolidated subsidiaries as of March 31, 2017, and their consolidated financial performance for the year then ended in conformity with accounting principles generally accepted in Japan.

## Emphasis of Matter

As described in additional information, at a Board of Directors meeting held February 12, 2019, Shinkawa resolved to implement a business integration with Yamaha Motor Co., Ltd. and APIC YAMADA CORPORATION, and concluded a business integration agreement.

## Relationship of Interest

We have no interests in or relationships with the Company that are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

End

**Independent Auditor's Report**

May 7, 2019

To the Board of Directors  
SHINKAWA LTD.

ARK MEIJI AUDIT & Co.

Akihiko Miura, CPA  
Designated and Engagement Partner  
Koji Matsushima, CPA  
Designated and Engagement Partner

We have audited, pursuant to Article 436, Paragraph 2-1, of the Companies Act, the non-consolidated financial statements, which consist of the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, the notes to the non-consolidated financial statements and the supplementary schedules of SHINKAWA LTD. (hereinafter referred to as the "Company") for the 60th fiscal year from April 1, 2018, to March 31, 2019.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the accompanying supplemental schedules in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal controls that management considers necessary for the preparation and fair presentation of the non-consolidated financial statements and accompanying supplemental schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements and the accompanying supplemental schedules from an independent viewpoint, 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 according to such plan to obtain reasonable assurance about whether the non-consolidated financial statements and the accompanying supplemental schedules are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the accompanying supplemental schedules. The procedures selected and applied depend on the auditors' judgment, including the assessment of the risks of material misstatement of the non-consolidated 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 non-consolidated financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate for 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 non-consolidated 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.

#### Auditor's Opinion

In our opinion, the non-consolidated financial statements and supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2017, and the result of its operation for the year then ended in conformity with accounting principles generally accepted in Japan.

#### Emphasis of Matter

As described in additional information, at a Board of Directors meeting held February 12, 2019, Shinkawa resolved to implement a business integration with Yamaha Motor Co., Ltd. and APIC YAMADA CORPORATION, and concluded a business integration agreement.

#### Relationship of Interest

We have no interests in or relationships with the Company that are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

End

## **Audit Report**

Regarding the performance of duties by Directors for the 60th fiscal year from April 1, 2018, to March 31, 2019, the Audit & Supervisory Board hereby submits its audit report, which has been prepared upon careful consideration based on the audit report prepared by each Audit & Supervisory Board Member.

1. Methods and Content of the Audits by the Audit & Supervisory Board and Audit & Supervisory Board Members

- (1) The Audit & Supervisory Board established auditing policies and plans; received reports from each Audit & Supervisory Board Member regarding the progress and results of his or her audits; received reports from Directors, other relevant personnel and the Accounting Auditor regarding performance of their duties; and sought explanations as necessary.
- (2) Each Audit & Supervisory Board Member complied with the auditing standards for Audit & Supervisory Board Members established by the Audit & Supervisory Board; followed the auditing policies and plans; communicated with Directors, the Internal Audit Department, other employees and any other relevant personnel; made efforts to gather information and enhance the environment for audits; and conducted audits by the following methods.
  1. We participated in meetings of the Board of Directors and other important meetings; received reports from Directors, employees and other relevant personnel regarding performance of their duties; sought explanations as necessary; examined important authorized documents and associated information; and studied the operations and financial positions of the Company. As for subsidiaries, we communicated and exchanged information with directors, auditors and/or other relevant personnel of subsidiaries and received reports from subsidiaries on their business operations as needed.
  2. With respect to the system for ensuring that the performance of duties by Directors as stated in the Business Report conforms to the related laws and regulations and the Articles of Incorporation, and the system prepared based on the contents of the resolutions of the Board of Directors and such resolutions regarding preparation of the system stipulated in Article 100, Paragraphs 1 and 3, of the Ordinance for Enforcement of the Companies Act (internal controls system), which is deemed necessary to ensure the appropriateness of the business of a company group consisting of a stock company and its subsidiaries, we received regular reports from Directors, employees and other relevant personnel regarding the development and the operation of the system, requested explanations as needed and expressed opinions.
  3. We monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that “the system for ensuring that duties are performed properly” (matters set forth in each item of Article 131 of the Ordinance for Corporate Accounting) had been prepared in accordance with the Product Quality Management Standards Regarding Audits (issued by the Business Accounting Deliberation Council (BACD) on October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the business report and the supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and notes to the non-consolidated financial statements) and the supplementary schedules, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to the consolidated financial statements) related to the relevant fiscal year.

## 2. Results of Audit

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

- 1) In our opinion, the business report and the supplementary schedules are in accordance with the related laws and regulations, and the Articles of Incorporation, and fairly represent the Company's condition.
- 2) We have found no evidence of wrongful action or material violation of laws and regulations and/or the Articles of Incorporation relating to the performance of duties by Directors.
- 3) In our opinion, the contents of the resolutions of the Board of Directors related to the internal controls system are fair and reasonable. In addition, we have found no matters on which to remark regarding the description in the Business Report and the performance of duties by the Directors related to such internal controls system.

### (2) Results of Audit of the Non-Consolidated Financial Statements and Supplementary Schedules

In our opinion, the methods and results employed and rendered by ARK MEIJI AUDIT & Co. are fair and reasonable.

### (3) Results of Audit of the Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by ARK MEIJI AUDIT & Co. are fair and reasonable.

May 8, 2018

Audit & Supervisory Board, SHINKAWA LTD.

Full-Time Audit & Supervisory Board Member	Koji Sekiguchi
Audit & Supervisory Board Member	Masaki Yoshino
Audit & Supervisory Board Member	Mariko Mitsuya

Note: Audit & Supervisory Board Members Koji Sekiguchi, Masaki Yoshino and Mariko Mitsuya are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16, and Article 335, Paragraph 3, of the Companies Act.

End



## (Reference) Topics

### Business Integration between SHINKAWA LTD., Yamaha Motor Co., Ltd., and APIC YAMADA CORPORATION

SHINKAWA LTD. (hereinafter “Shinkawa), Yamaha Motor Co., Ltd. (hereinafter “Yamaha Motor), and APIC YAMADA CORPORATION (hereinafter “Apic Yamada”) made a resolution at the Board of Directors meeting of each company held on February 12, 2019 that Yamaha Motor will make Shinkawa a subsidiary through a third-party allotment capital increase, that Shinkawa will make Apic Yamada a wholly-owned subsidiary, and that the three companies implement a business integration (hereinafter the “Business Integration”) where Shinkawa and Apic Yamada will transition to a joint holding company structure through a company split of Shinkawa, and concluded a business integration agreement.

#### ○ Purpose of the Business Integration

Integration between semiconductor manufacturing processes has become common in the semiconductor industry in recent years. In order to overcome competitors while meeting such total solution needs from customers, it is necessary to build corporate strength that is not affected by the volatile market conditions of the semiconductor industry while combining each company’s technologies and products. Business Integration was therefore believed to be an effective solution.

Through the Business Integration, the combined company will provide total solutions that exceed customers’ expectations as the “Turn-Key provider in the field of semiconductor back-end processing and electronic component mounting,” by integrating the technologies of Yamaha Motor’s surface mounters, Shinkawa’s bonders, and Apic Yamada’s molding systems. In addition, the new company will invite more companies to participate as “companies that create and disseminate new process technologies originating in Japan” and will aim for the top market share in the global back-end semiconductor manufacturing and electronic component assembling equipment market.

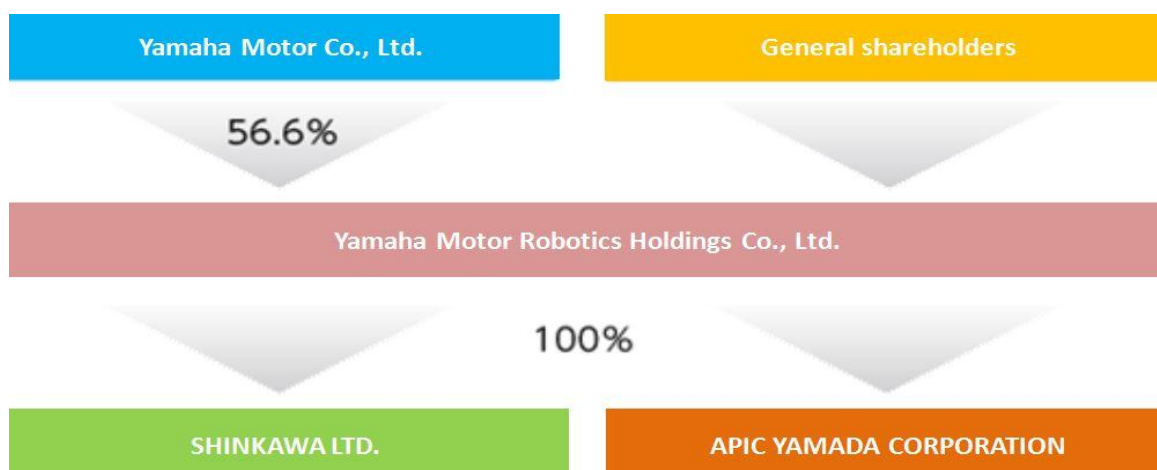
#### \* Yamaha Motor

Yamaha Motor’s core businesses are motorcycle and marine products, and the company positions the robotics business as one of the pillars of its growth strategy. In the assembly process of high-density module products whose demand is on the rise in recent years, there are expectations for mutual collaboration between Shinkawa’s die bonders and flip chip bonders and Yamaha Motor’s surface mounters.

#### \* Apic Yamada

Apic Yamada’s core business is the development, manufacturing and sales of semiconductor back-end processing equipment and electronic components, and the company has the second largest global market share in molding systems. If collaboration between Shinkawa with its bonding equipment and Apic Yamada with its molding systems becomes possible, it will allow unified coverage of the main parts of semiconductor back-end processes.

○ Structure after the Business Integration



The current Shinkawa will change its trade name to “Yamaha Motor Robotics Holdings Co., Ltd.” (hereinafter “Yamaha Motor Robotics Holdings”) on July 1, 2019 and will become a holding company. In addition, the current Shinkawa plans to newly establish Shinkawa Co., Ltd. (hereinafter “Shinkawa”) as an operating company through a company split. After the completion of the Business Integration, Yamaha Motor will become the parent company of Yamaha Motor Robotics Holdings (with a 56.63% stake), and Shinkawa and Apic Yamada, which will become operating companies, will be wholly owned subsidiaries of Yamaha Motor Robotics Holdings.