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Securities Code: 9962
May 25, 2017

To Our Shareholders:

Ryusei Ono
Representative Director,
President and CEO
MISUMI Group Inc.
5-1, Koraku 2-chome, Bunkyo-ku, Tokyo

Convocation Notice for the 55th Annual General Meeting of Shareholders

You are hereby notified of and cordially requested to attend the 55th Annual General Meeting of Shareholders (the Meeting) of MISUMI Group Inc. (the Company), details of which are provided below.

If you are unable to attend the Meeting, you may exercise your voting rights, either by returning to us by mail the enclosed Voting Rights Exercise Form indicating your approval or disapproval of the propositions, or by accessing the website indicated in the enclosed Voting Right Exercise Form and exercising your voting rights via the Internet. Please review the accompanying Reference Documents for the General Meeting of Shareholders and exercise your voting rights by no later than 5:00 p.m. JST, on Wednesday, June 14, 2017.

1. Date and Time: 2:00 p.m., Thursday, June 15, 2017

2. Place: Toranomom Hills Forum,
Toranomom Hills Mori Tower 5th Floor, 1-23-3 Toranomom, Minato-ku,
Tokyo

- The Meeting will start at 2:00 p.m., 1 hour earlier than last year.
- The place remains the same as last year, Toranomom Hills Forum.
- Business Briefing of Shareholders will be held after the General Meeting.
- Directors and employees will welcome you at product exhibition booths. Please feel free to visit us.
Booth opening hours
Part I : at 1:00 p.m. till 1:45 p.m.
Part II : for 45 minutes after Business Briefing of Shareholders
- Please note that we no longer hold the reception after the general meeting and the shareholders' gathering, such as the one we had in 2015 and the years prior.

3. Agenda:

Reports

1. The Business Report, the Consolidated Financial Statements, and Audit Reports on the Consolidated Financial Statements by the independent auditor and our Board of Corporate Auditors for the 55th Fiscal Year (from April 1, 2016 to March 31, 2017).
2. The Non-Consolidated Financial Statements Report for the 55th Fiscal Year (from April 1, 2016 to March 31, 2017).

Proposals

1. Distribution of Surplus
2. Election of Seven (7) Directors
3. Election of Two (2) Corporate Auditors

4. Instructions for the Exercise of Voting Rights

- 1) Exercise of voting rights by mail
Please indicate your approval or disapproval for each of the proposals on the enclosed Voting Right Exercise Form, and return the form to the Company so that it arrives no later than 5:00 p.m. on Wednesday, June 14, 2017.
Please note that if there is no indication of approval or disapproval for any of the proposals, it will be counted as a vote of approval.
- 2) Exercise of voting rights via the Internet
Please access the designated website (<http://www.evotep.jp/>) and place your vote no later than 5:00 p.m. on Wednesday, June 14, 2017.

Electronic Voting Platform

Custodian banks or other nominee shareholders (including standing proxies) that have registered in advance with ICJ Co., Ltd., a company established by Tokyo Stock Exchange, Inc. and other organizations, are able to use ICJ's Voting Rights Electronic Voting Platform as an alternative electronic method for the exercise of voting rights at the General Meeting of Shareholders, in addition to Internet voting as described in 4 above.

1. If attending the Meeting in person, please submit the enclosed Voting Right Exercise Form to the receptionist at the venue.
2. We will notify you of any changes to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Non-Consolidated Financial Statements by placing the updated information on the Company's Internet website (<http://www.misumi.co.jp/english/>).
3. The results of voting at Annual General Meeting of Shareholders will also be posted on the Company's website indicated above.

Proposal 1: Distribution of Surplus

The Company uses a benchmark dividend payout ratio of 25% as part of our policy to return profits to our shareholders based on a comprehensive review that takes into account the business environment, performance trends and outlooks, as well as the strength of our balance sheet, capital efficiency and the enhancements to the management structure required to sustain growth and grow the value of the company, among other factors.

Based on the benchmark described above, the Company proposes a year-end dividend of ¥9.1 per share.

Pending approval for this proposal, the annualized dividend would be ¥16.71 per share, an increase of ¥1.29 from the previous year's figure, including the interim dividend of ¥7.61 per share (Total amount: ¥2,090,261,636) already paid out on December 5, 2016.

(1) Type of dividend assets

Cash

(2) Allocation of dividend assets to shareholders and the total amount of dividends

¥9.1 per share of common stock. Total amount: ¥2,507,595,654

(3) Effective date of distribution of surplus

June 21, 2017

Proposal 2: Election of Seven (7) Directors

The terms of office of all seven (7) of the current directors will expire as of the end of the Meeting. Therefore, the Company proposes the election of the following seven (7) directors including addition of one (1) outside director.

Candidates for the position of director are as follows.

Candidate number	Name (Date of birth)	Profile, positions and responsibilities and important concurrent positions
1	<p>Tadashi Saegusa (September 22, 1944)</p> <p>Ownership of the Company's shares 9,000 shares</p>	<p>Jun 2001: Director, MISUMI Group Inc. Mar 2002: Director and Executive Vice President, MISUMI Group Inc. Jun 2002: Representative Director, President and CEO, MISUMI Group Inc. Apr 2005: Representative Director and President, MISUMI Corporation Apr 2006: Representative Director and President, SURUGA Production Platform Co., Ltd. Oct 2008: Representative Director, Chairman and CEO, MISUMI Group Inc. Jun 2014: Chairman of the Board of Directors, MISUMI Group Inc. (present position)</p> <p>Reason for nomination as director: As CEO, Mr. Tadashi Saegusa implemented major reforms, using strategic and organizational concepts and approaches to management human resource development based on his extensive experience in corporate management. The MISUMI Group achieved rapid global growth under his leadership. He continues to use his knowledge in these areas to provide appropriate and effective management-related advice and supervision, while energizing deliberations at board meetings in his role as Chairman of the Board of Directors. Mr. Saegusa has been nominated as a candidate for a director in the expectation that he will make further contributions in the future.</p>
2	<p>Ryusei Ono (October 1, 1964)</p> <p>Ownership of the Company's shares 250,000 shares</p>	<p>Apr 1987: Joined MISUMI Group Inc. Apr 2002: Corporate Officer, MISUMI Group Inc. Jun 2007: Director and Corporate Officer, MISUMI Group Inc. Oct 2008: Representative Director and President, SURUGA Production Platform Co., Ltd. Oct 2008: Director and Senior Corporate Officer, MISUMI Group Inc. Jan 2011: Representative Director and President, SURUGA SEIKI CO., LTD. Jan 2013: Senior Executive Director, MISUMI Group Inc. Dec 2013: Representative Director and President, MISUMI Group Inc. Dec 2013: Representative Director and President, MISUMI Corporation (present position) Jun 2014: Representative Director, President and CEO, MISUMI Group Inc. (present position)</p> <p>Reason for nomination as director: As CEO, Mr. Ryusei Ono has led the MISUMI Group to further growth as a global enterprise while formulating and implementing strategies to enhance the Company's corporate value in the medium- to long-term perspective. He has used his wide-ranging experience and knowledge of our business activities, operations, production and other areas as the basis for appropriate and effective management decision-making and supervision. Mr. Ono has been nominated as a candidate for a director in the expectation that he will make further contributions in the future.</p>

Candidate number	Name (Date of birth)	Profile, positions and responsibilities and important concurrent positions
3	<p style="text-align: center;">Tokuya Ikeguchi (December 30, 1968)</p> <p style="text-align: center;">Ownership of the Company's shares 111,700 shares</p>	<p>Apr 1992: Joined Mitsubishi Corporation Apr 2005: Joined MISUMI Corporation Apr 2007: Corporate Officer, MISUMI Group Inc. Nov 2009: Senior Corporate Officer, MISUMI Group Inc. Jun 2010: Executive Director, MISUMI Group Inc. May 2015: Senior Executive Director, MISUMI Group Inc. Dec 2015: CEO, Europe Business Company, MISUMI Corporation (present position) Dec 2015: CEO, Americas Business Company, MISUMI Corporation (present position) May 2017: Director and Executive Vice President, MISUMI Group Inc. (present position) May 2017: Chief Executive in charge of Europe and Americas Business, MISUMI Group Inc. (present position)</p> <p>Reason for nomination as director: Mr. Tokuya Ikeguchi has built a track record of achievement as the person in charge of key business divisions. He has shown excellent leadership as a driving force in a wide range of areas, including operational innovation. As CEO of our Europe Business Company and Americas Business Company, he has provided organizational leadership and appropriate and effective decision-making and supervision. Mr. Ikeguchi has been nominated as a candidate for a director in the expectation that he will make further contributions in the future.</p>
4	<p style="text-align: center;">Ichiro Otokozawa (August 22, 1955)</p> <p style="text-align: center;">Ownership of the Company's shares 4,500 shares</p>	<p>Apr 1979: Joined Nippon Kokan Corporation (currently JFE Engineering Corporation) Mar 1997: Joined Santen Pharmaceutical Co., Ltd., as General Manager of Office of President Jul 1999: Corporate Officer, Santen Pharmaceutical Co., Ltd. Jun 2005: Director and Senior Corporate Officer, Santen Pharmaceutical Co., Ltd. May 2006: Senior Director, AlixPartners Jul 2007: Senior Director, Advent International Corporation Apr 2011: Director and CFO, Avon Products Co., Ltd. Dec 2013: Senior Corporate Officer and CFO, MISUMI Group Inc. Jun 2014: Executive Director and CFO, MISUMI Group Inc. (present position) Dec 2015: Representative Corporate Officer responsible for Corporate Service Platform, MISUMI Group Inc. (present position)</p> <p>Reason for nomination as director: Mr. Ichiro Otokozawa has extensive experience as CFO for several companies and a wide-ranging track record as a manager of administrative and business units. He has appropriately and effectively carried out his executive, decision-making and supervisory roles as the CFO for the MISUMI Group, and as the person responsible for head office administrative organization. Mr. Otokozawa has been nominated as a candidate for a director in the expectation that he will make further contributions in the future.</p>

Candidate number	Name (Date of birth)	Profile, positions and responsibilities and important concurrent positions
5	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 10px;">Candidate for Outside Director</div> <p>Tsuyoshi Numagami (March 27, 1960)</p> <p>Ownership of the Company's shares —</p>	<p>Apr 1988: Assistant Professor, Faculty of Economics, Seijo University Apr 1991: Assistant Professor, Institute of Business Research, Faculty of Commerce and Management, Hitotsubashi University Apr 1992: Associate Professor, Institute of Business Research, Faculty of Commerce and Management, Hitotsubashi University Apr 1997: Associate Professor, Faculty of Commerce and Management, Hitotsubashi University Apr 2000: Professor, Graduate School of Commerce and Management, Hitotsubashi University (present position) Jun 2010: Outside Director, MISUMI Group Inc. (present position) Dec 2014: Board Member and Vice President, Hitotsubashi University (present position)</p> <p>Reason for nomination as outside director: As an outside director, Mr. Tsuyoshi Numagami has provided appropriate advice and supervision with regard to the MISUMI Group's management, based on his specialized knowledge as a management expert and extensive experience as a leading business researcher. Mr. Numagami has been nominated as a candidate for an outside director as we have judged that he will continue to carry out the duties of that position appropriately in the future.</p>
6	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 10px;">Candidate for Outside Director</div> <p>Takehiko Ogi (August 8, 1961)</p> <p>Ownership of the Company's shares 5,000 shares</p>	<p>Apr 1984: Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry) May 2000: Representative Director and President, Tsutaya Online Co., Ltd. Jun 2002: Representative Director and Managing Director, Culture Convenience Club Co., Ltd. Jul 2004: Managing Director, Industrial Revitalization Corporation Nov 2004: Representative Director and President, Kanebo, Ltd. Apr 2007: Representative Director and President, Maruzen Co., Ltd. Feb 2010: Representative Director and President, CHI Group Co., Ltd. (currently Maruzen CHI Holdings Co., Ltd.) Jun 2013: Outside Director, Seibu Holdings Inc. (present position) Jun 2015: Outside Director, MISUMI Group Inc. (present position) Aug 2015: Representative Director and President, Japan Human Resources Co., Ltd. (present position) Apr 2016: Advisor to the Financial Services Agency (present position)</p> <p>Reason for nomination as outside director: As an outside director, Mr. Takehiko Ogi has provided appropriate advice and supervision with regard to the MISUMI Group's management, based on his extensive experience and wide-ranging knowledge as a person with a long career in business management. Mr. Ogi has been nominated as a candidate for an outside director as we have judged that he will continue to carry out the duties of that position appropriately in the future.</p>

Candidate number	Name (Date of birth)	Profile, positions and responsibilities and important concurrent positions
7	New appointment	Apr 1981: Joined Kanebo, Ltd. Sep 1984: Joined Meitec Corporation Jun 1995: Director, Meitec Corporation Jul 1996: Senior Director, Meitec Corporation Nov 1999: Representative Director and President, Meitec Corporation Apr 2003: Representative Director, President, and CEO, Meitec Corporation Apr 2014: Director and Chairman, Meitec Corporation Jun 2015: Outside Director, Interworks, Inc. Jun 2015: Outside Director (Audit and Supervisory Committee Member), Ryosan Company, Limited (present position) May 2016: Outside Director, Ichigo Inc. (present position) Apr 2017: Representative Director, and President, Interworks, Inc. (present position)
	Candidate for Outside Director	
	Kosuke Nishimoto (March 1, 1958) Ownership of the Company's shares —	
	Reason for nomination as outside director: Mr. Kosuke Nishimoto has an extensive experience as a person with a long career in business management and wide-ranging knowledge with regard to various manufacturing industries in Japan. Mr. Nishimoto has been nominated as a candidate for an outside director as we have judged that he will provide appropriate advice and supervision with regard to the MISUMI Group's management based on his experience and knowledge.	

Notes:

1. No special interests exist between the candidates and the Company.
2. Information concerning the candidates for outside director is as follows.
 - (1) Candidates for director Mr. Tsuyoshi Numagami, Mr. Takehiko Ogi and Mr. Kosuke Nishimoto are candidates for outside director as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
 - (2) Mr. Tsuyoshi Numagami and Mr. Takehiko Ogi have been designated as independent officers according to rules set by the Tokyo Stock Exchange, and said designation has been reported to said stock exchange. Candidate for outside director Mr. Kosuke Nishimoto will be designated as an independent officer according to rules set by the Tokyo Stock Exchange if approval is given for the appointment of him as an outside director.
 - (3) Number of years since assuming the office of outside directors
 - i. Mr. Tsuyoshi Numagami has been an outside director of the Company since June 2010 and will have served as such for approximately seven (7) years upon the closing of the Meeting.
 - ii. Mr. Takehiko Ogi has been an outside director of the Company since June 2015 and will have served as such for approximately two (2) years upon the closing of the Meeting.
 - (4) Attendance of outside directors at meetings of the Board of Directors
 - i. Mr. Tsuyoshi Numagami attended 14 of the 14 meetings of the Board of Directors during the fiscal year under review and made inquiries or provided advice concerning proposals and discussions mainly from his professional perspective as an economics scholar.
 - ii. Mr. Takehiko Ogi attended 14 of the 14 meetings of the Board of Directors during the fiscal year under review and made inquiries or provided advice concerning proposals and discussions mainly from his professional perspective as a business manager.
3. Limited liability agreement with outside directors
 The Company has entered into limited liability agreements with Mr. Tsuyoshi Numagami and Mr. Takehiko Ogi. These agreements provide that the maximum amount for liability will be ¥10 million or an amount stipulated by law, whichever is higher. The Company will maintain these limited liability agreements if approval is given for the reappointment of either or both of these persons as directors. The Company will also enter into a similar agreement with Mr. Kosuke Nishimoto if approval is given for the appointment of him as an outside director.
4. MISUMI Group Inc. changed its trade name from MISUMI Shoji Co., Ltd. to MISUMI Corporation in May 1989 and from MISUMI Corporation to MISUMI Group Inc. in April 2005. Present MISUMI Corporation was established in April 2005 by means of a spin-off from present MISUMI Group Inc. and took over all business operations from MISUMI Group Inc.
5. SURUGA SEIKI CO., LTD., was renamed as SURUGA Production Platform Co., Ltd., in January 2011. A subsidiary spun off from SURUGA Production Platform in January 2011 has taken over the name of SURUGA SEIKI CO., LTD., as well as the business operations of its Optical and Scientific Technology Division, which sells products related to optical equipment and factory automation (FA).

Proposal 3: Election of Two (2) Corporate Auditors

The term of office of Corporate Auditor Juichi Nozue will expire as of the end of the Meeting, while Corporate Auditor Hidetada Hirai will resign as of the end of the Meeting. Therefore, the Company proposes the election of the following two (2) corporate auditors.

The term of office of both of the two (2) candidates will expire as of the end of the Annual General Meeting of Shareholders concerning the last business year ending within four (4) years after their election.

The Board of Corporate Auditors has given its consent to this proposal.

Candidates for the position of corporate auditor are as follows.

Candidate number	Name (Date of birth)	Profile, positions and responsibilities and important concurrent positions
1	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">Candidate for Outside Corporate Auditor</div> <p style="text-align: center;">Juichi Nozue (August 15, 1960)</p> <p style="text-align: center;">Ownership of the Company's shares 12,000 shares</p>	<p>Apr 1987: Registered as an attorney-at-law Dec 1990: Joined Kato Law and Patent Office (currently Shizuoka Nozomi Law and Patent Office) (present position) Mar 1996: Registered as an attorney-at-law in the State of New York, the United States of America Oct 1998: Registered as a patent attorney Jun 2000: Outside Corporate Auditor, SURUGA Production Platform Co., Ltd. Mar 2003: Outside Corporate Auditor, Shizuoka Gas Co., Ltd. Apr 2005: Outside Corporate Auditor, MISUMI Group Inc. (present position) Mar 2015: Outside Director, Shizuoka Gas Co., Ltd. (present position) Jun 2015: Outside Director (Audit and Supervisory Committee Member), LEC, INC. (present position)</p> <p>Reason for nomination as outside corporate auditor: As a lawyer, Mr. Juichi Nozue has utilized his expertise and experience in legal affair as the basis for enhancing and strengthening the audit structure of the Company. He has fulfilled his roles for fair and objective audit from an independent viewpoint. Mr. Nozue has been nominated as a candidate for an outside corporate auditor as we have judged that he will continue to carry out the duties of that position appropriately in the future.</p>
2	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">New appointment</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">Candidate for Outside Corporate Auditor</div> <p style="text-align: center;">Nanako Aono (January 15, 1962)</p> <p style="text-align: center;">Ownership of the Company's shares —</p>	<p>Apr 1984: Joined The Nikko Securities Co., Ltd. (currently SMBC Nikko Securities Inc.) Nov 1995: Joined Chuo Aoyama Audit Corporation Jul 2002: Joined Bijikommu Co., Ltd. Mar 2005: Director, Bijikommu Co., Ltd. Jun 2008: Outside Corporate Auditor, DUSKIN CO., LTD. May 2010: Representative Director and President, GEN Co., Ltd. (present position)</p> <p>Reason for nomination as outside corporate auditor: As a certified public accountant, Ms. Nanako Aono has a considerable degree of knowledge concerning financial accounting and extensive insight, cultivated through her career as a business manager and corporate auditor. Ms. Aono has been nominated as a candidate for an outside corporate auditor as we have judged that she will enhance and strengthen the audit structure and fulfill fair and objective audit functions from an independent viewpoint based on her knowledge and insight.</p>

Notes:

1. No special interests exist between the candidates and the Company.
2. Information concerning the candidates for outside corporate auditor is as follows.
 - (1) Candidates for corporate auditor Mr. Juichi Nozue and Ms. Nanako Aono are candidates for outside corporate auditor as stipulated in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
 - (2) Mr. Juichi Nozue has been designated as an independent officer according to rules set by the Tokyo Stock Exchange, and said designation has been reported to said stock exchange. Candidate for corporate auditor Ms. Nanako Aono will be designated as an independent officer according to rules set by the Tokyo Stock Exchange if approval is given for the appointment of her as a corporate auditor.
 - (3) Mr. Juichi Nozue has been an outside corporate auditor of the Company since April 2005 and will have served as such for approximately twelve (12) years and three (3) months upon the closing of the Meeting.
 - (4) Mr. Juichi Nozue attended 14 of the 14 meetings of the Board of Directors and 20 of the 20 meetings of the Board of Corporate Auditors during the fiscal year under review.
3. Limited liability agreement with outside corporate auditors
The Company has entered into a limited liability agreement with Mr. Juichi Nozue. This agreement provides that the maximum amount for liability will be ¥5 million or an amount stipulated by law, whichever is higher. The Company will maintain the limited liability agreement if approval is given for the reappointment of Mr. Nozue as a corporate auditor. The Company will also enter into a similar agreement with Ms. Nanako Aono if approval is given for the appointment of her as a corporate auditor.
4. SURUGA SEIKI CO., LTD. was renamed as SURUGA Production Platform Co., Ltd., in January 2011.

Attachments:

Business Report

From April 1, 2016 to March 31, 2017

1. Current Status of the MISUMI Group of Companies

(1) Business Activities, Results, Priorities

In the consolidated fiscal year, major economies around the world, including Japan, continued to generally trend slowly toward recovery. In the United States, the economy continued to rebound underpinned by consumer spending and inventory investments. In China, there were signs that economic growth had picked back up owing in part to benefits from various government policies and a strong increase in consumer spending. Meanwhile, at home there were indications that consumer spending and capital investments had bounced back. In addition, there was an improvement to corporate earnings and employment trends.

Amid this economic environment, the MISUMI Group is leveraging its unique business, encompassing both manufacturing and distribution operations. The goal of the group is to contribute to the manufacturing industry worldwide while simultaneously accelerating business expansion by widening its business infrastructure globally and eliminating customer inefficiency. In an effort to address a new wave of manufacturing that positions IT at its core, we improved our competitive strength by continuing to implement Internet strategies.

In addition, we strengthened our global reliable, short delivery system. As a localization strategy, we are promoting local production-local procurement initiatives, with the goal of providing optimal sourcing. There was unfavorable impact from forex fluctuations, however, thanks to the aforementioned initiatives and other measures, our consolidated earnings growth was propelled by an increase in sales mainly in the Factory Automation (FA) Business, where we benefitted from a rise in demand in the automotive industry and electronics industry, and growth in the VONA Business, which benefited from an increase in customer base and an expansion in the number of manufacturers for which we distribute products.

Reflecting this performance, we achieved record highs for net sales and profits across the board. We posted consolidated net sales of ¥259,015 million, a rise of 7.9% year-on-year. In the profit front, we recorded operating income of ¥27,127 million, an increase of 5.6%, and ordinary income of ¥26,462 million, a growth of 5.3%. Net income attributable to owners of parent totaled ¥18,387 million, an increase of 8.8%.

(Million yen)

	Net Sales			Operating Income		
	Previous consolidated fiscal year	Current consolidated fiscal year	Percentage Change (%)	Previous consolidated fiscal year	Current consolidated fiscal year	Percentage change (%)
Factory Automation (FA) Businesses	76,369	84,669	+10.9	12,159	14,417	+ 18.6
Die Components Businesses	69,732	69,797	+0.1	3,464	3,097	−10.6
VONA Business	93,758	104,548	+11.5	10,249	9,950	−2.9
Corporate, eliminations and period adjustments	279	—	—	−182	−338	—
Total	240,139	259,015	+7.9	25,690	27,127	+5.6

Notes:

Following the changes in the Group's organizational management structure, a portion of "FA Business" was classified to "VONA Business" from this fiscal year. Net sales and segment income by reportable segment for the previous fiscal year have been recategorized under the new classification.

Segment Information

① Factory Automation (FA)

In the FA Business, demand is increasing globally for reliable, short delivery times for FA components. In light of this, we are steadily instilling the MISUMI model to actively secure brisk demand for automation in the automotive and electronics related industries. Reflecting this, despite the unfavorable impact from forex fluctuation, we posted segment sales of ¥84,669 million (up 10.9% from a year earlier) on contribution from an expansion in sales in Japan, China, and other parts of Asia. Consequently, operating income was ¥14,417 million (up 18.6% from a year earlier).

② Die Components

In the Die Components Business, although sales momentum was brisk in China, other parts of Asia, and Europe, in part reflecting activities to expand sales to the automotive related industry, our major customers, segment sales were ¥69,797 million (up 0.1% from a year earlier), due in part to unfavorable impact from forex fluctuations. Operating income was ¥3,097 million (down 10.6% from a year earlier), partly attributable to unfavorable forex impact and an increase in costs associated with business expansion.

③ VONA

The VONA Business is the MISUMI Group's distribution business. Operations consist of the third-party products as well as MISUMI brand products. Our product lineup ranges from components for production equipment to materials for production activities and maintenance, repair and operations (MRO) consumable parts. We expanded our product lineup. We now handle parts from 2,900 manufacturers, which boosted the total number of products we distribute to 17.5 million products. We posted segment sales of ¥104,548 million (up 11.5% from a year earlier), owing to the aforementioned undertakings and benefits from aggressive sales expansion tactics. Meanwhile, operating income was ¥9,950 million (down 2.9% from a year earlier).

(2) Capital Investment and Financing

Consolidated capital investment during the year ended March 31, 2017 amounted to ¥7,219 million. The main areas of investment were IT systems and production facilities at the MISUMI Group's overseas factories. These investments were principally financed with funds on hand. There were no significant sales or disposals of equipment and facilities.

(3) Challenges and Priorities

In recent years, rapid advances in IT technology have driven accelerating change in manufacturing operations, including the emergence of Industry 4.0 and the Internet of Things (IoT). These changes are reflected in an increasing need for efficient purchasing processes and the reduction of design person hours in the markets for production equipment components and ancillary production supplies. The MISUMI Group is contributing to the global development of manufacturing by helping customers to eliminate inefficiencies, while accelerating its business growth by leveraging its unique combination of manufacturing and distribution, and by evolving global business platforms to support these activities.

① Expansion of Business Areas, Global Expansion

The MISUMI Group is achieving faster global growth and accelerating the expansion of its business areas and the areas in which it can contribute to manufacturing, by leveraging the full potential of a unique hybrid business model combining both manufacturing and distribution.

As a manufacturer, we are expanding its product range in the area of factory automation and die components. By offering a third medium in addition to catalogs and websites, we will significantly shorten 3D-CAD-based design processes while further enhancing our ability as one-stop supplier. We will also strengthen our capacity to supply products reliably with short lead times by actively using overseas production sites.

As a distributor, we are expanding the range of products, including products made by third-party manufacturers, available through its VONA business. At the same time, we will dynamically accelerate our global business expansion by further enhancing one-stop customer through the development of a product line-up that matches the needs of customers throughout the world.

② Business Platform Innovation

The continuing evolution of our business platforms, including our manufacturing, logistics, IT and customer service platforms, is an essential part of our efforts to realize the full potential of our hybrid business model, which combines both manufacturing and distribution. We are working to drive this evolution globally through efforts in a number of areas, including the global optimization of production and delivery systems, the development of high-quality data base infrastructure, the development of customer-focused services designed specifically for manufacturers, and the provision of time value. We will continue to achieve innovation in high quality (Q), low cost (C) and reliably short delivery time (T).

③ Organizational Evolution

The organizational philosophy of the MISUMI Group is based on two key concepts: a highly energized front-line organization, and strategic unity. As an organization that combines creation, production and selling, we energize our front-line staff while delegating authority, and we achieve strategic unity by using line-based guidance to integrating the strategies of individual organizations with top-level management strategies. We will continue to drive our organizational evolution under this philosophy while adapting to change in our business environment and the expansion of the MISUMI organization.

The past few years have been a time of major structural change for the world's manufacturing industries, leading to an increased focus on time strategies. We have created fully autonomous regional organizations in China, Asia, Europe and the Americas as the framework for a structure that will allow us to identify regional characteristics, respond effectively to expanding demand and expand our business. At the same time, we have made our product organization and our manufacturing, logistics, IT, and customer service platform organizations responsible for supplying customers in each region with competitive products and services as the basis for the accelerated realization of our group-level strategies.

(4) Assets, Income

Item	Period	52 nd Term (Year Ended March 2014)	53 rd Term (Year ended March 2015)	54 th Term (Year ended March 2016)	55 th Term (Year ended March 2017)
Net Sales	(Million yen)	173,904	208,562	240,139	259,015
Net Income attributable to owners of parent	(Million yen)	11,678	14,291	16,907	18,387
Basic Earnings per Share	(Yen)	42.94	52.28	61.65	66.94
Total assets	(Million yen)	163,201	184,784	194,186	212,041
Net assets	(Million yen)	116,577	132,883	142,333	155,658

Notes:

On July 1, 2015, the Company implemented a stock split at the rate of three new ordinary shares per one ordinary share held. Basic Earnings per share has been calculated as if that stock split was implemented at the beginning of the 52nd term (the year ended March 2014).

(5) Principal Business Operations

MISUMI Group companies are active in three business segments. The FA segment mainly supplies standardized components for automated equipment used in factory automation and other applications. The Die Components segment specializes primarily in die and mold parts used to make automobiles and electronic devices. VONA segment sells third-party brand products alongside the MISUMI brand products, including parts for production equipment, ancillary production materials, and maintenance, repair and operations (MRO) consumables, under a distribution business model.

(6) Status of Parent Company and Major Subsidiaries

1) Relation with the parent company:

Nothing to report.

2) Status of major subsidiaries

Company name	Capital	The Company's shareholding ratio (%)	Principal businesses
MISUMI Corporation	Million Yen 850	100.0%	FA Business Die Components Business VONA Business
SURUGA SEIKI CO., LTD.	Million Yen 100	100.0%	FA Business
SURUGA Production Platform Co., Ltd.	Million Yen 491	100.0%	FA Business Die Components Business VONA Business
MISHIMA SEIKI CO., LTD.	Million Yen 80	100.0% (100.0%)	Die Components Business
DAYTON PROGRESS CORPORATION OF JAPAN	Million Yen 60	100.0% (100.0%)	
DAISEKI Co., Ltd.	Million Yen 10	100.0% (100.0%)	FA Business
MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD.	Thousand RMB 368,242	100.0% (100.0%)	FA Business Die Components Business VONA Business
SURUGA SEIKI SALES & TRADING (SHANGHAI) CO., LTD.	Thousand RMB 25,325	100.0% (100.0%)	FA Business
MISUMI E.A.HK LIMITED	Thousand HKD 8,000	100.0% (100.0%)	FA Business Die Components Business VONA Business
SURUGA SEIKI (NANTONG) CO., LTD.	Thousand RMB 624,769	100.0% (100.0%)	FA Business
SURUGA SEIKI (SHANGHAI) CO., LTD.	Thousand RMB 112,992	100.0% (100.0%)	FA Business Die Components Business
SHANGHAI JOMBO PRECISION MACHINERY CO., LTD.	Thousand RMB 31,897	67.3% (67.3%)	Die Components Business
Wuhan Dong Feng Connell Die & Mold Standard Parts Co., Ltd.	Thousand RMB 13,117	63.0% (63.0%)	
MISUMI KOREA CORP.	Thousand KRW 700,000	100.0%	FA Business Die Components Business VONA Business

Company name	Capital	The Company's shareholding ratio (%)	Principal businesses
SURUGA KOREA CO., LTD.	Thousand KRW 2,502,840	100.0% (100.0%)	FA Business
MISUMI TAIWAN CORP.	Thousand NTD 15,000	100.0% (100.0%)	FA Business Die Components Business VONA Business
MISUMI Vietnam Co., LTD.	Million VND 40,131	100.0% (100.0%)	
SAIGON PRECISION CO., LTD.	Thousand USD 14,000	100.0% (100.0%)	FA Business Die Components Business
MISUMI (THAILAND) CO., LTD.	Thousand THB 37,701	100.0% (100.0%)	FA Business Die Components Business VONA Business
SURUGA (THAILAND) CO., LTD.	Thousand THB 107,000	100.0% (100.0%)	Die Components Business
MISUMI INDIA Pvt. Ltd.	Thousand INR 1,599,763	100.0% (100.0%)	FA Business Die Components Business VONA Business
SURUGA India Pvt. Ltd.	Thousand INR 350,460	100.0% (99.7%)	Die Components Business
MISUMI SOUTH EAST ASIA PTE.LTD.	Thousand SGD 1,000	100.0% (100.0%)	FA Business Die Components Business VONA Business
MISUMI MALAYSIA SDN. BHD.	Thousand MYR 2,500	100.0% (100.0%)	
PT.MISUMI INDONESIA	Million IDR 11,200	100.0% (100.0%)	
MISUMI USA, INC.	Thousand USD 4,900	100.0% (100.0%)	
MISUMI Investment USA Corporation	USD 100	100.0% (100.0%)	Holding company
Dayton Lamina Corporation	USD 1,000	100.0% (100.0%)	Die Components Business
Dayton Progress International Corporation	USD 2,500	100.0% (100.0%)	
Dayton Progress Corporation	Thousand USD 348	100.0% (100.0%)	
Dayton Progress Machinery LLC	USD 1	100.0% (100.0%)	
Anchor Lamina America, Inc.	USD 1	100.0% (100.0%)	

Company name	Capital	The Company's shareholding ratio (%)	Principal businesses
P.C.S. Company	Thousand USD 500	100.0% (100.0%)	Die Components Business
Connell Asia Limited LLC	Thousand USD 1,000	100.0% (100.0%)	Holding company
Connell Anchor America, Inc.	USD 1	100.0% (100.0%)	
Dayton Progress Canada, Ltd.	CAD 100	100.0% (100.0%)	Die Components Business
Dayton Progress (Mexico), S.de R.L.de C.V.	Thousand MXN 77,461	100.0% (100.0%)	
Dayton Progress (Mexico) Services, S.de R.L.de C.V.	Thousand MXN 3	100.0% (100.0%)	
MISUMI Europa GmbH	Thousand EUR 6,500	100.0% (100.0%)	FA Business Die Components Business VONA Business
Dayton Progress GmbH	Thousand EUR 1,533	100.0% (100.0%)	Die Components Business
Dayton Progress SAS	Thousand EUR 440	100.0% (100.0%)	
Dayton Progress Ltd.	GBP 100	100.0% (100.0%)	
Dayton Progress-Perfuradores Lda	Thousand EUR 400	100.0% (100.0%)	
Dayton Progress s.r.o.	Thousand CZK 200	100.0% (100.0%)	

Notes:

1. The indirect shareholding ratios are included in parentheses under the Company's shareholdings.
2. Percentages of shares owned are rounded to the first decimal point.
3. MISUMI Vietnam Co., LTD. was established on July 22, 2016.

3) Status of designated wholly owned subsidiaries as of March 31, 2017

Name	Address	Total book value	Total assets
MISUMI Corporation	5-1, Koraku 2-chome, Bunkyo-ku, Tokyo	¥25,295 million	¥85,943 million

(7) Major Sales Offices and Business Sites

1) The Company

Name	Location	
Headquarters	Tokyo	Bunkyo-ku

2) Subsidiaries

• Japan

Name	Location	
MISUMI Corporation	Tokyo	Bunkyo-ku
SURUGA SEIKI CO., LTD.	Shizuoka Prefecture	Shizuoka-shi
SURUGA Production Platform Co., Ltd.	Shizuoka Prefecture	Shizuoka-shi
MISHIMA SEIKI CO., LTD.	Shizuoka Prefecture	Sunto-gun
DAYTON PROGRESS CORPORATION OF JAPAN	Kanagawa Prefecture	Sagamihara-shi
DAISEKI Co., Ltd.	Hyogo Prefecture	Akashi-shi

• Overseas

Name	Location	
MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD.	China	Shanghai
SURUGA SEIKI SALES & TRADING (SHANGHAI) CO., LTD.	China	Shanghai
MISUMI E.A.HK LIMITED	China	Hong Kong
SURUGA SEIKI (NANTONG) CO., LTD.	China	Nantong
SURUGA SEIKI (SHANGHAI) CO., LTD.	China	Shanghai
SHANGHAI JOMBO PRECISION MACHINERY CO., LTD.	China	Shanghai
Wuhan Dong Feng Connell Die & Mold Standard Parts Co., Ltd.	China	Wuhan
MISUMI KOREA CORP.	South Korea	Seoul

Name	Location	
SURUGA KOREA CO., LTD.	South Korea	Gyeonggi-do
MISUMI TAIWAN CORP.	Taiwan	Taipei
MISUMI Vietnam Co., LTD.	Vietnam	Bac Ninh
SAIGON PRECISION CO., LTD.	Vietnam	Ho Chi Minh
MISUMI (THAILAND) CO., LTD.	Thailand	Rayong
SURUGA (THAILAND) CO., LTD.	Thailand	Rayong
MISUMI INDIA Pvt. Ltd.	India	Gurgaon
SURUGA India Pvt. Ltd.	India	Gurgaon
MISUMI SOUTH EAST ASIA PTE. LTD.	Singapore	
MISUMI MALAYSIA SDN. BHD.	Malaysia	Selangor
PT. MISUMI INDONESIA	Indonesia	Jakarta
MISUMI USA, INC.	U.S.A.	Illinois
MISUMI Investment USA Corporation	U.S.A.	Delaware
Dayton Lamina Corporation	U.S.A.	Ohio
Dayton Progress International Corporation	U.S.A.	Ohio
Dayton Progress Corporation	U.S.A.	Ohio
Dayton Progress Machinery LLC	U.S.A.	Illinois
Anchor Lamina America, Inc.	U.S.A.	Michigan
P.C.S. Company	U.S.A.	Michigan
Dayton Progress Canada, Ltd.	Canada	Ontario
Dayton Progress (Mexico), S.de R.L.de C.V.	Mexico	Querétaro
Dayton Progress (Mexico) Services, S.de R.L.de C.V.	Mexico	Querétaro
MISUMI Europa GmbH	Germany	Schwalbach

Name	Location	
Dayton Progress GmbH	Germany	Oberursel
Dayton Progress SAS	France	Meaux
Dayton Progress Ltd.	U.K.	Warwickshire
Dayton Progress-Perfuradores Lda	Portugal	Alcobaça
Dayton Progress s.r.o.	Czech Republic	Benátky nad Jizerou

(8) Employees

Number of employees	Change from the end of the previous fiscal year
10,167	+539

Notes:

1. The number of employees stated above represents the number of people in regular employment.
2. The number of non-permanent workers, including temporary staff, as of March 31, 2017 was 11,799.

(9) Major Lenders

Nothing to report.

(10) Policy on Decisions Concerning the Surplus Distribution, etc.

Nothing to report.

2. The Company's Stock

(1) **Total Number of Authorized Shares** 1,020,000,000 shares

(2) **Total Number of Shares Issued** 275,559,962 shares (excluding 129,178 treasury shares)

(3) **Number of Shareholders** 4,933

(4) Major Shareholders (Top 10)

Name of Shareholder	Number of Shares Held	Percentage of Shares Outstanding (%)
Japan Trustee Services Bank, Ltd.	44,279,400	16.1
The Master Trust Bank of Japan, Ltd.	22,309,200	8.1
STATE STREET BANK AND TRUST COMPANY	11,567,711	4.2
Trust & Custody Services Bank, Ltd. (as trustee for Mizuho Bank Ltd. Retirement Benefit Trusts Account re-entrusted by Mizuho Trust and Banking Co., Ltd.)	10,678,500	3.9
MSCO CUSTOMER SECURITIES	7,614,255	2.8
GOLDMAN, SACHS & CO. REG	6,396,375	2.3
STATE STREET BANK AND TRUST COMPANY 505223	6,112,410	2.2
THE BANK OF NEW YORK MELLON 140044	5,993,050	2.2
Hiroshi Taguchi	5,930,000	2.2
Trust & Custody Services Bank, Ltd.	4,729,300	1.7

Notes:

1. Treasury shares (129,178 shares) are excluded from calculations of shareholding percentages.
2. Percentages of shares owned are rounded to the first decimal point.

3. Matters Relating to Stock Acquisition Rights

(1) Stock acquisition rights (Stock Options) held by directors of the Company at the end of the fiscal year

	Stock Options Issue No. 16
Number of Holders	
Directors of the Company (excluding outside officers)	1
Outside Directors of the Company (outside officers only)	—
Corporate Auditors of the Company	—
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Shares to be Issued upon the Exercise of Stock Options	44,100 shares
Amount to be Paid for the Exercise of Stock Options	¥609 per share
Exercise Period for Stock Options	From August 1, 2012 to July 31, 2018
Major Conditions for the Exercise of Stock Options	<p>a. Company directors to whom the stock options are allotted must be employed as officers or employees of the Company or its subsidiaries or affiliates when they exercise the stock options. Provided, however, that the qualified individuals may exercise the stock options only for a period prior to the two-year anniversary date of reckoning from the day following the date of resignation/retirement, or until the expiration date of the exercise period, whichever comes earlier, even if the individual no longer has said employment status when exercising the stock options.</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors, and shall be as set forth in the “Stock Options Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Grounds for Acquiring Stock Options	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a holder of stock options is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	—

	Stock Options Issue No. 18
Number of Holders	
Directors of the Company (excluding outside officers)	1
Outside Directors of the Company (outside officers only)	—
Corporate Auditors of the Company	—
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Shares to be Issued upon the Exercise of Stock Options	94,500 shares
Amount to be Paid for the Exercise of Stock Options	¥ 631 per share
Exercise Period for Stock Options	From August 1, 2014 to July 31, 2021
Major Conditions for the Exercise of Stock Options	<p>a. Company directors to whom the stock options are allotted must be employed as officers or employees of the Company or its subsidiaries or affiliates when they exercise the stock options. Provided, however, that the qualified individuals may exercise the stock options only for a period prior to the two-year anniversary date of reckoning from the day following the date of resignation/retirement, or until the expiration date of the exercise period, whichever comes earlier, even if the individual no longer has said employment status when exercising the stock options.</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors, and shall be as set forth in the “Stock Options Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Grounds for Acquiring Stock Options	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a holder of stock options is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	—

	Stock Options Issue No. 20
Number of Holders	
Directors of the Company (excluding outside officers)	5
Outside Directors of the Company (outside officers only)	–
Corporate Auditors of the Company	–
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Share to be Issued upon the Exercise of Stock Options	39,000 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share
Exercise Period for Stock Options	From November 8, 2014 to November 7, 2044
Major Conditions for the Exercise of Stock Options	<p>a. Directors who have ceased to be officers or employees of the Company or its subsidiaries or affiliates may exercise their options within 10 days reckoning from the date on which they ceased to hold the status of officers or employees of the Company or its subsidiaries or affiliates.</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors, and shall be as set forth in the “Stock Options Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Grounds for Acquiring Stock Options	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a Company director is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options held by that director as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	–

	Stock Options Issue No. 21
Number of Holders	
Directors of the Company (excluding outside officers)	4
Outside Directors of the Company (outside officers only)	–
Corporate Auditors of the Company	–
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Shares to be Issued upon the Exercise of Stock Options	133,800 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share
Exercise Period for Stock Options	From November 7, 2017 to November 6, 2024
Major Conditions for the Exercise of Stock Options	<p>a. Directors must be employed as officers or employees of the Company or its subsidiaries or affiliates when they exercise the stock options. Provided, however, that the Company directors may exercise the stock options only for a period prior to the two-year anniversary date of reckoning from the day following the date of resignation/retirement, or until the expiration date of the exercise period, whichever comes earlier, even if the Company directors no longer have said employment status when exercising the stock options.</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors, and shall be as set forth in the “Stock Options Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Grounds for Acquiring Stock Options	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a Company director is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options held by that director as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	–

	Stock Options Issue No. 23
Number of Holders	
Directors of the Company (excluding outside officers)	5
Outside Directors of the Company (outside officers only)	–
Corporate Auditors of the Company	–
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Shares to be Issued upon the Exercise of Stock Options	31,400 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share
Exercise Period for Stock Options	From February 26, 2016 to February 25, 2046
Major Conditions for the Exercise of Stock Options	<p>a. Directors who have ceased to be officers or employees of the Company or its subsidiaries or affiliates may exercise their options within 10 days reckoning from the date on which they ceased to hold the status of officers or employees of the Company or its subsidiaries or affiliates.</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors, and stipulated in the “Stock Options Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Grounds for Acquiring Stock Options	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a Company director is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options held by that director as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	–

	Stock Options Issue No. 24
Number of Holders	
Directors of the Company (excluding outside officers)	5
Outside Directors of the Company (outside officers only)	–
Corporate Auditors of the Company	–
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Shares to be Issued upon the Exercise of Stock Options	170,500 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share
Exercise Period for Stock Options	From February 25, 2019 to February 24, 2026
Major Conditions for the Exercise of Stock Options	<p>a. Directors must be employed as officers or employees of the Company or its subsidiaries or affiliates when they exercise the stock options. Provided, however, that the Company directors may exercise the stock options only for a period prior to the two-year anniversary date of reckoning from the day following the date of resignation/retirement, or until the expiration date of the exercise period, whichever comes earlier, even if the Company directors no longer have said employment status when exercising the stock options.</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors, and shall be as set forth in the “Stock Options Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Grounds for Acquiring Stock Options	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a Company director is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options held by that director as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	–

	Stock Options Issue No. 26
Number of Holders	
Directors of the Company (excluding outside officers)	5
Outside Directors of the Company (outside officers only)	–
Corporate Auditors of the Company	–
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Shares to be Issued upon the Exercise of Stock Options	28,500 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share
Exercise Period for Stock Options	From October 4, 2016 to October 3, 2046
Major Conditions for the Exercise of Stock Options	<p>a. Directors who have ceased to be officers or employees of the Company or its subsidiaries or affiliates may exercise their options within 10 days reckoning from the date on which they ceased to hold the status of officers or employees of the Company or its subsidiaries or affiliates.</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors, and stipulated in the “Stock Options Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Grounds for Acquiring Stock Options	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a Company director is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options held by that director as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	–

	Stock Options Issue No. 27
Number of Holders	
Directors of the Company (excluding outside officers)	5
Outside Directors of the Company (outside officers only)	–
Corporate Auditors of the Company	–
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Shares to be Issued upon the Exercise of Stock Options	181,800 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share
Exercise Period for Stock Options	From October 3, 2019 to October 2, 2026
Major Conditions for the Exercise of Stock Options	<p>a. Directors must be employed as officers or employees of the Company or its subsidiaries or affiliates when they exercise the stock options. Provided, however, that the Company directors may exercise the stock options only for a period prior to the two-year anniversary date of reckoning from the day following the date of resignation/retirement, or until the expiration date of the exercise period, whichever comes earlier, even if the Company directors no longer have said employment status when exercising the stock options</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors, and shall be as set forth in the “Stock Options Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Grounds for Acquiring Stock Options	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a Company director is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options held by that director as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	–

(2) Stock acquisition rights (Stock Options) issued to certain employees of the Company, as well as to certain officers and employees of any subsidiaries during the fiscal year

	Stock Options Issue No. 28
Date of Resolution to Issue	September 15, 2016
Number of Individuals Granted Allotments	
Employees of the Company (excluding those who also serve as officers of the Company)	32
Officers and Employees of the Company's Subsidiaries (excluding those who also serve as officers or employees of the Company)	49
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Shares to be Issued upon the Exercise of Stock Options	176,900 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share
Exercise Period for Stock Options	From October 3, 2019 to October 2, 2026
Major Conditions for the Exercise of Stock Options	<p>a. Holders of stock options must be employed as officers or employees of the Company or its subsidiaries or affiliates when they exercise the stock options. Provided, however, that the qualified individuals may exercise the stock options only for a period prior to the two-year anniversary date of reckoning from the day following the date of resignation/retirement, or until the expiration date of the exercise period, whichever comes earlier, even if the individual no longer has said employment status when exercising the stock options.</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors, and shall be as set forth in the "Stock Options Allotment Agreement" to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Grounds for Acquiring Stock Options	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a holder of the stock options is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options held by that stock option holder as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	—

(3) Important Matters Relating to Other Stock Acquisition Rights

Stock acquisition rights attached to EURO-USD denominated convertible bonds with stock acquisition rights due 2018.

Number of Stock Acquisition Rights	926
Type of Shares Subject to the Stock Acquisition Rights	Common stock
Number of Shares Subject to the Stock Options	7,553,017 shares (See note)
Conversion Price	Initially USD 12.26 (If certain conditions are met, the conversion price may be amended or adjusted.)
Issuance Price of the Stock Acquisition Rights	0

Note: The type of shares covered by the stock acquisition rights shall be the Company's common stock (trading unit: 100 shares). The number of shares of the Company's common stock to be granted upon exercise is the total of par value amount of the Company's bonds to be exercised divided by the conversion price.

4. Officers of the Company

(1) Directors and Corporate Auditors

Position	Name	Areas of Responsibility and Important Posts Held Concurrently
Chairman of the Board of Directors	Tadashi Saegusa	
Representative Director, President and CEO	Ryusei Ono	Representative Director and President, MISUMI Corporation
Director and Executive Vice President	Masahiko Eguchi	
Senior Executive Director	Tokuya Ikeguchi	CEO, Europe Business Company, MISUMI Corporation CEO, Americas Business Company, MISUMI Corporation
Executive Director and CFO	Ichiro Otokozawa	Representative Corporate Officer, Corporate Service Platform, MISUMI Group Inc.
Director	Tsuyoshi Numagami	Professor, Graduate School of Commerce and Management, Hitotsubashi University Board Member and Vice President, Hitotsubashi University
Director	Takehiko Ogi	Representative Director and President, Japan Human Resources Co., Ltd. Outside Director, Seibu Holdings Inc. Advisor to the Financial Services Agency
Full-time Corporate Auditor	Hiroshi Miyamoto	Corporate Auditor, MISUMI Corporation Corporate Auditor, SURUGA Production Platform Co., Ltd. Corporate Auditor, SURUGA SEIKI CO., LTD.
Corporate Auditor	Juichi Nozue	Attorney at Law, Shizuoka Nozomi Law and Patent Office Outside Director, Shizuoka Gas Company Outside Director (Audit and Supervisory Committee Member), LEC, INC.
Corporate Auditor	Hidetada Hirai	

Notes:

1. Directors Tsuyoshi Numagami and Takehiko Ogi are outside directors as stipulated in Article 2, Paragraph 15 of the Companies Act.
2. Corporate Auditors Juichi Nozue and Hidetada Hirai are outside corporate auditors as stipulated in Article 2, Paragraph 16 of the Companies Act.
3. Corporate Auditor Juichi Nozue is qualified as an attorney at law.
4. Corporate Auditor Hidetada Hirai has extensive experience and knowledge in the field of financial accounting.
5. The Company has designated Directors Tsuyoshi Numagami and Takehiko Ogi and Corporate Auditors Juichi Nozue and Hidetada Hirai as independent officers as stipulated in the rules of the Tokyo Stock Exchange and submitted a notification to that effect to the Tokyo Stock Exchange.

6. Change in positions and posts of Director following the subject fiscal year are as follows.

(1)	Name	Former Post	New Post	Date of Change
	Tokuya Ikeguchi	Senior Executive Director , MISUMI Group Inc. CEO, Europe Business Company, MISUMI Corporation CEO, Americas Business Company, MISUMI Corporation	Director and Executive Vice President, MISUMI Group Inc. Chief Executive in charge of Europe and Americas Business, MISUMI Group Inc. CEO, Europe Business Company, MISUMI Corporation CEO, Americas Business Company, MISUMI Corporation	May 11, 2017

(2) Director Masahiko Eguchi, upon expiration of his current term, will retire from the office of Director and assume the office as an adviser as of the end of the 55th Annual General Meeting of Shareholders.

(2) Total Compensation, etc., Paid to Directors and Corporate Auditors

Category	Amount of compensation, etc. (Million yen)	Total amount of each type of compensation, etc. (Million yen)			Number of officers
		Base salary	Bonuses	Stock options	
Directors (Outside directors, subtotal)	766 (18)	286 (18)	239 (—)	240 (—)	7 (2)
Corporate Auditors (Outside corporate auditors, subtotal)	33 (13)	33 (13)	— (—)	— (—)	3 (2)
Total	799	319	239	240	10

Notes:

1. By resolution of the 52nd Annual General Meeting of Shareholders held on June 13, 2014, the total amount of compensation for directors shall not exceed ¥1,100 million per annum (including a maximum of ¥40 million for outside directors). This does not include directors' salaries as employees of the Company or stock acquisition rights issued as stock options.
2. By resolution of the of the 31st Annual General Meeting of Shareholders held on June 28, 1993, the total amount of compensation for corporate auditors shall not exceed ¥50 million per annum.
3. Among the total amount of each type of compensations, etc., the total amount of stock options represents the amount treated as the cost of stock options, which were issued as part of compensation in accordance with resolutions passed at the 52nd Annual General Meeting of Shareholders and previous Annual General Meetings.

(3) Matters Pertaining to Outside Officers

1) Relationships between the Company and Other Corporations in which Positions are Held

There are no significant business relationships, etc., between the Company and other corporations in which outside directors and outside corporate auditors concurrently hold important positions.

2) Main Activities in the Fiscal Year Ended March 31, 2017

Name	Main Activities
<p>Tsuyoshi Numagami (Outside Director)</p>	<ul style="list-style-type: none"> • Attendance and input at meetings of the Board of Directors Mr. Numagami attended 14 of the 14 meetings of the Board of Directors during the fiscal year under review and asked questions or provided advice concerning proposals and discussions, mainly from his professional perspective as a management expert. • Business policies changed as a result of input from Mr. Numagami: Nothing to report. • Summary of actions by Mr. Numagami in response to any misconduct, etc., involving the Company: Nothing to report.
<p>Takehiko Ogi (Outside Director)</p>	<ul style="list-style-type: none"> • Attendance and input at meetings of the Board of Directors Mr. Ogi attended 14 of the 14 meetings of the Board of Directors during the fiscal year under review and asked questions or provided advice concerning proposals and discussions, based mainly on his extensive experience in and knowledge of business management. • Business policies changed as a result of input from Mr. Ogi: Nothing to report. • Summary of actions by Mr. Ogi in response to any misconduct, etc., involving the Company: Nothing to report.
<p>Juichi Nozue (Outside Corporate Auditor)</p>	<ul style="list-style-type: none"> • Attendance and input at meetings of the Board of Directors and Board of Corporate Auditors: Mr. Nozue attended 14 of the 14 meetings of the Board of Directors and 20 of the 20 meetings of the Board of Corporate Auditors during the fiscal year under review and asked questions or provided advice concerning proposals and discussions, mainly from his professional perspective as an attorney at law. • Business policies changed as a result of input from Mr. Nozue: Nothing to report. • Summary of actions by Mr. Nozue in response to any misconduct, etc., involving the Company: Nothing to report.
<p>Hidetada Hirai (Outside Corporate Auditor)</p>	<ul style="list-style-type: none"> • Attendance and input at meetings of the Board of Directors and Board of Corporate Auditors: Mr. Hirai attended 14 of the 14 meetings of the Board of Directors and 20 of the 20 meetings of the Board of Corporate Auditors during the fiscal year under review and asked questions or provided advice concerning proposals and discussions, mainly on the basis of his extensive experience in and knowledge of financial accounting. • Business policies changed as a result of input from Mr. Hirai: Nothing to report. • Summary of actions by Mr. Hirai in response to any misconduct, etc., involving the Company: Nothing to report.

3) Outline of Limited Liability Agreements

The Company has stipulated rules concerning limited liability agreements with Outside Directors and Outside Corporate Auditors in Article 29, Paragraph 2, and Article 39, Paragraph 2, of its Articles of Incorporation.

The following is an outline of the limited liability agreements that the Company concluded with all of the Outside Directors and Outside Corporate Auditors based on the provisions of the Articles of Incorporation.

Classification	Outline of Limited Liability Agreements
Outside Directors	The Company entered into an agreement with outside directors to limit their liability as stipulated in Article 423, Paragraph 1 of the Companies Act, to ¥10 million or the amount stipulated by law, whichever is higher, based on the provisions set forth under Article 427, Paragraph 1 of the Companies Act.
Outside Corporate Auditors	The Company entered into an agreement with outside corporate auditors to limit their liability as stipulated in Article 423, Paragraph 1 of the Companies Act, to ¥5 million or the amount stipulated by law, whichever is higher, based on the provisions set forth under Article 427, Paragraph 1 of the Companies Act.

4) Amounts of compensation, etc., received by officers from subsidiaries of the Company during the fiscal year ended March 31, 2017:

Nothing to report.

5. Independent Auditor

(1) Name of the Independent Auditor of the Company

Deloitte Touche Tohmatsu LLC

(2) Outline of the Limited Liability Agreement

Nothing to report.

(3) Amounts of Audit Fee, etc., to be Paid to the Independent Auditor for the Fiscal Year under Review

- | | |
|-----------------------------------------------------------------------------------|-------------|
| 1) Audit fee under Article 2, Paragraph 1 of the Certified Public Accountants Act | ¥77 million |
| 2) Sum of cash or other assets payable by the Company and/or its subsidiaries | ¥78 million |

The Company's major overseas subsidiaries were audited by Deloitte Touche Tohmatsu.

Notes:

1. Audit fee under Article 2, Paragraph 1 of the Certified Public Accountants Act is the sum of fee paid for the audit by the independent auditor under the Companies Act and fee paid for the audit under the Financial Instruments and Exchange Act.
2. The Board of Corporate Auditors has concluded that the amount of audit fee paid to the independent auditor is appropriate and approved the payment under the provisions Article 399 Paragraph 1 of the Companies Act, after checking and examining an outline of the audit plan, the performance of work by the independent auditor, and the basis for the calculation of the estimated amount of audit fee.

(4) Content of Any Non-audit Duties

Advice and guidance on internal controls regimes for overseas subsidiaries

(5) Policy on Decisions by the Company Concerning the Dismissal or Non-Reappointment of the Independent Auditor

The Company's Board of Corporate Auditors will deliberate concerning the dismissal or non-reappointment of the independent auditor if this becomes necessary due to the Company's circumstances, or if there is factual evidence that any of the items in Article 340 Paragraph 1 of the Companies Act applies to the independent auditor.

If as a result of these deliberations the Board of Corporate Auditors determines that dismissal or non-reappointment would be appropriate, the Board of Corporate Auditors will decide to submit a proposal for the dismissal or non-reappointment of the independent auditor to a General Meeting of Shareholders and determine the content of said proposal, in accordance with the Company's Board of Corporate Auditors Regulations.

6. The Company's Systems and Policies

(1) Systems to Ensure that the Company's Business Operations are Conducted in Compliance with Laws, Regulations and the Articles of Incorporation, Other Systems to Ensure that Company's Business Operations are Conducted in an Appropriate Manner

The Company's Board of Directors, at its meeting held on May 14, 2015, adopted a resolution on the Basic Policy on Internal Control Systems, as stipulated on Article 362, Paragraph 4, Item 6 of the Companies Act, and Article 100, Paragraphs 1 and 3 of the Companies Act Enforcement Ordinance. The content of that policy is as follows.

- 1) Systems for the retention and management of information concerning the execution of directors' duties
 - Minutes for meetings of the Board of Directors, the Group Officers' Committee and other important meetings will be compiled and retained appropriately, as stipulated by laws, regulations and rules.
- 2) Rules and other systems pertaining to management of risks that could cause losses to the Company or its subsidiaries
 - Various regulations, internal rules, manuals, and risk management systems will be formulated to address risks faced by MISUMI Group Inc. and its subsidiaries (hereinafter referred to collectively as the "MISUMI Group), including risks relating to regulatory compliance, the environment, information, export controls and natural disasters.
 - Task forces will be established to take timely action and report to the Board of Directors in the event of unforeseen contingencies affecting the MISUMI Group.
- 3) Systems to ensure the efficient execution of duties by directors of the Company and its subsidiaries
 - Management plans will be subject to final approval by the Board of Directors, and progress on such plans will be monitored at monthly meetings of the Group Officers' Committee.
 - Important issues identified through the monitoring of progress on management plans, or through other processes, will be discussed at meetings of the Board of Directors or the Group Officers' Committee, etc.
 - At its monthly meetings, the Board of Directors will hear reports, monitor business results, and provide advice and guidance on important matters.
- 4) Systems to ensure that the duties of directors and employees of the Company and its subsidiaries are performed in accordance with laws, regulations and the Articles of Incorporation
 - Directors and employees of the MISUMI Group will ensure observance of the MISUMI Group Code of Conduct and compliance with laws, regulations, and the Company's Articles of Incorporation.
 - Systems will be established to ensure that duties are carried out appropriately in accordance with the occupational authority rules and other decision-making rules of the MISUMI Group.
 - An internal reporting ("whistleblowing") system will be established for the entire MISUMI Group to ensure the early discovery of actual or suspected violations of laws, regulations and/or internal rules. Steps will be taken to guarantee that whistleblowers will not be disadvantaged.
- 5) Systems for ensuring that the business operations of the company and the subsidiaries that make up the group are conducted appropriately, including systems for reporting to the company on the execution of duties by directors, etc., of subsidiaries
 - MISUMI Group Inc. will require each subsidiary to submit a monthly report concerning its business execution and operations.

- MISUMI Group Inc will ensure the appropriateness of the business operations of each subsidiary by obtaining business reports and monitoring progress on management plans at Group Officers' Committee meetings.
 - The business operations of each subsidiary will be audited regularly by the Internal Audit Department.
 - Provisions will be included in the MISUMI Group Code of Conduct requiring the repudiation of relationships with antisocial forces, and resolute opposition to such forces by the entire MISUMI Group.
- 6) Matters pertaining to employees who assist the Company's Corporate Auditors
- Corporate auditors will be free to appoint audit assistants and will be involved in transfers and evaluations, etc., of audit assistants.
 - When assisting the Corporate Auditors in the performance of their activities, audit assistants will act in accordance with instructions from the Corporate Auditors.
- 7) Systems for reporting to the Company's Corporate Auditors
- The Corporate Auditors will attend important meetings, including meetings of the Board of Directors and the Group Officers' Committee. Directors and employees will inform the Corporate Auditors immediately of any situation that could have a serious impact on the MISUMI Group, or of the risk that such a situation might arise.
 - Officers and employees of the MISUMI Group will provide accurate reports about the execution of their duties at the request of the Corporate Auditors.
 - The Corporate Auditors will meet regularly with the independent auditor and the Internal Audit Department to share opinions and information. The corporate auditors will seek reports from the independent auditor whenever necessary.
 - The unit in charge of the internal reporting ("whistleblowing") system will report on a regular basis to the Corporate Auditors about the status of internal reporting within the MISUMI Group.
 - A guarantee will be provided to the effect that no officer or employee of the MISUMI Group who reports to the Corporate Auditors will be disadvantaged as a result of that action.
- 8) Matters pertaining to policies concerning the treatment of costs resulting from the execution of duties by Corporate Auditors of the Company
- A fixed budget will be provided each year for costs, etc., incurred in the execution of duties by the Corporate Auditors. Any other essential costs incurred by the Corporate Auditors in the execution of their duties will be either paid in advance or settled promptly on request from the Corporate Auditors.

(2) Administration of Systems to Ensure the Appropriateness of Business Operations

The Company has adopted a Basic Policy on Internal Control Systems and created systems to ensure that business operations are carried out appropriately. This Basic Policy is revised as necessary to reflect environmental changes within or beyond the Company. As noted above, the system was amended by a resolution of the Board of Directors at its meeting on May 14, 2015 to reflect the amendment of the Company Act.

The Company reviewed the administration of its Basic Policy on Internal Control Systems in the year ended March 31, 2017. This review confirmed that the policy is being implemented appropriately, and that there are no significant problems.

The main actions pertaining to internal control systems during the year ended March 31, 2017 were as follows.

- The Company's Board of Directors held 14 meetings during the fiscal year ended March 31, 2017. The Board of Directors and the Group Officers' Committee made important decisions and appropriately performed other functions, such as the monitoring, supervision and guidance of the operations of business units, divisions, service platforms and subsidiaries.
- Comprehensive risk assessments were carried out at key MISUMI Group sites. Where necessary, regulations and rules were established or improved and educational activities implemented based on the results of these assessments, which covered such aspects as the executions of business operations, information, financial management, human resource management, and legal affairs. In addition, the Internal Audit Department carried out prioritized audits at key business sites.
- Compliance and legal affairs training is carried out at all major sites of the MISUMI Group. During this training employees are made fully aware of the MISUMI Group's Code of Conduct and legal compliance.
- An internal reporting ("whistleblowing") system has been established and administered appropriately across the entire MISUMI Group.
- We plan to enhance the function of auditor assistants to strengthen the Corporate Auditors and Board of Corporate Auditors structure and collaborations with the two. In addition, we also aim to continue to improve the auditing environment, including providing more opportunities to interview board directors, including outside directors, and strengthening cooperation with group management departments.

(3) Basic Policy Concerning Control of the Joint-Stock Corporation

Nothing to report.

* Amounts or numbers of shares provided in this Business Report have been truncated if less than the indicated unit.

Consolidated Balance Sheet

(As of March 31, 2017)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	160,281	Current liabilities	37,246
Cash and deposits	63,179	Notes and accounts payable - trade	16,974
Notes and accounts receivable - trade	57,847	Accounts payable - other	9,033
Merchandise and finished goods	25,448	Income taxes payable	3,332
Work in process	2,215	Provision for bonuses	2,286
Raw materials and supplies	5,646	Provision for directors' bonuses	242
Deferred tax assets	3,010	Other	5,378
Income tax receivable	780	Long-term liabilities	19,135
Other	2,454	Bonds with subscription rights to shares	10,388
Allowance for doubtful accounts	-301	Deferred tax liabilities	2,663
Non-current assets	51,759	Liabilities for retirement benefits	4,509
Property, plant and equipment	27,874	Other	1,573
Buildings and structures	9,711	Total liabilities	56,382
Machinery, equipment and vehicles	11,454	(Net assets)	
Land	3,712	Shareholders' equity	153,724
Construction in progress	1,240	Common stock	7,593
Other	1,756	Capital surplus	17,982
Intangible assets	19,012	Retained earnings	128,226
Software	9,568	Treasury stock	-76
Goodwill	1,011	Accumulated other comprehensive income	805
Other	8,432	Foreign currency translation adjustments	863
Investments and other assets	4,873	Defined retirement benefit plans	-57
Investment securities	6	Stock acquisition rights	675
Deferred tax assets	1,924	Non-controlling interests	453
Other	3,138	Total net assets	155,658
Allowance for doubtful accounts	-195	Total liabilities and net assets	212,041
Total assets	212,041		

Consolidated Statement of Income
(From April 1, 2016 to March 31, 2017)

(Millions of yen)

Item	Amount	
Net Sales		259,015
Cost of sales		151,564
Gross profit		107,451
Selling, general and administrative expenses		80,323
Operating income		27,127
Non-operating income		
Interest income	192	
Share of profit of entities accounted for using equity method	52	
Subsidy income	49	
Miscellaneous income	217	511
Non-operating expenses		
Interest expenses	4	
Sales discounts	69	
Foreign exchange losses	909	
Contribution for establishing an educational institute	100	
Miscellaneous losses	93	1,176
Ordinary income		26,462
Extraordinary losses		
Loss on business restructuring	391	391
Income before income taxes		26,071
Income taxes - current	8,601	
Income taxes - deferred	-888	7,713
Net income		18,357
Net loss attributable to non-controlling interests		-29
Net income attributable to owners of parent		18,387

Consolidated Statements of Changes in Equity

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

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2016	6,996	17,385	114,169	-76	138,475
Changes of items during the consolidated fiscal year					
Issuance of new shares	596	596	—	—	1,193
Dividends of surplus	—	—	-4,299	—	-4,299
Net income attributable to owners of parent	—	—	18,387	—	18,387
Effect resulting from change of accounting period of certain consolidated subsidiaries	—	—	-30	—	-30
Purchase of treasury stock	—	—	—	-0	-0
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the consolidated fiscal year	596	596	14,056	-0	15,249
Balance as of March 31, 2017	7,593	17,982	128,226	-76	153,724

(Millions of yen)

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gain (loss) on available-for-sale securities	Foreign currency translation adjustment	Defined retirement benefit plans	Total accumulated other comprehensive income			
Balance as of April 1, 2016	-6	3,065	-72	2,986	342	527	142,333
Changes of items during the consolidated fiscal year							
Issuance of new shares	—	—	—	—	—	—	1,193
Dividends of surplus	—	—	—	—	—	—	-4,299
Net income attributable to owners of parent	—	—	—	—	—	—	18,387
Effect resulting from change of accounting period of certain consolidated subsidiaries	—	—	—	—	—	—	-30
Purchase of treasury stock	—	—	—	—	—	—	-0
Net changes of items other than shareholders' equity	6	-2,201	14	-2,181	332	-74	-1,923
Total changes of items during the consolidated fiscal year	6	-2,201	14	-2,181	332	-74	13,325
Balance as of March 31, 2017	—	863	-57	805	675	453	155,658

Non-consolidated Balance Sheet

(As of March 31, 2017)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	31,870	Current liabilities	19,572
Cash and deposits	25,568	Accounts payable - other	2,325
Deferred tax assets	108	Income taxes payable	162
Other	6,194	Provision for bonuses	235
		Provision for directors' bonuses	242
		Deposits received from subsidiaries and affiliates	15,346
		Other	1,260
		Long-term liabilities	12,414
		Bonds with subscription rights to shares	10,388
		Provision for retirement benefits	1,030
		Other	995
Non-current assets	54,073	Total liabilities	31,987
Investments and other assets	54,073	(Net assets)	
Stocks of subsidiaries and affiliates	32,320	Shareholders' equity	53,281
Long-term loans receivable from subsidiaries and affiliates	20,851	Common stock	7,593
Deferred tax assets	792	Capital surplus	14,848
Other	110	Legal capital surplus	14,291
		Other capital surplus	557
		Retained earnings	30,917
		Legal retained earnings	402
		Other retained earnings	30,515
		General reserve	27,400
		Retained earnings brought forward	3,115
		Treasury stock	-78
		Stock acquisition rights	675
		Total net assets	53,956
Total assets	85,943	Total liabilities and net assets	85,943

Non-consolidated Statement of Income

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

(Millions of yen)

Item	Amount	
Operating revenue		16,869
Operating expenses		12,180
Operating income		4,689
Non-operating income		
Interest income	409	
Miscellaneous income	1	411
Non-operating expenses		
Interest expenses	0	
Foreign exchange losses	2	
Miscellaneous losses	5	8
Ordinary income		5,091
Income before income taxes		5,091
Income taxes - current	377	
Income taxes - deferred	-360	16
Net income		5,075

Non-consolidated Statements of Changes in Equity

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

(Millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance as of April 1, 2016	6,996	13,695	557	14,252	402	27,400	2,339	30,142
Changes of items during the fiscal year								
Issuance of new shares	596	596	—	596	—	—	—	—
Dividends of surplus	—	—	—	—	—	—	-4,299	-4,299
Net income	—	—	—	—	—	—	5,075	5,075
Purchase of treasury stock	—	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—
Total changes of items during the fiscal year	596	596	—	596	—	—	775	775
Balance as of March 31, 2017	7,593	14,291	557	14,848	402	27,400	3,115	30,917

(Millions of yen)

	Shareholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity		
Balance as of April 1, 2016	-78	51,313	342	51,656
Changes of items during the fiscal year				
Issuance of new shares	—	1,193	—	1,193
Dividends of surplus	—	-4,299	—	-4,299
Net income	—	5,075	—	5,075
Purchase of treasury stock	-0	-0	—	-0
Net changes of items other than shareholders' equity	—	—	332	332
Total changes of items during the fiscal year	-0	1,967	332	2,300
Balance as of March 31, 2017	-78	53,281	675	53,956