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Securities Code: 6482  
June 11, 2013

Dear Shareholders,

**Notice of Convocation for  
the 40th Ordinary General Meeting of Shareholders**

Notice is hereby given that the 40th Ordinary General Meeting of Shareholders of Yushin Precision Equipment Co., Ltd. will be held as set out below:

If you do not expect to attend the meeting in person, you may exercise your voting rights in writing. Please refer to the enclosed Reference Documents for the General Meeting of Shareholders, use the Form for Exercising Voting Rights to indicate your vote on agenda proposals and return it by 5 p.m. on Tuesday, June 25, 2013 at the latest.

**Details**

1. **Date and Time:** Wednesday, June 26, 2013 at 10 a.m.
2. **Place:** 4F Conference Room, No. 2 Factory  
Head Office of Yushin Precision Equipment Co., Ltd.  
11-260 Kogahonmachi, Fushimi-ku, Kyoto
3. **Objectives of the Meeting:**  
**Matters to be reported:**
  - a) Business Report and Consolidated Financial Statements for the 40th Fiscal Year (from April 1, 2012 to March 31, 2013) as well as the audit reports from the Accounting Auditor and the Board of Corporate Auditors on the Consolidated Financial Statements
  - b) Report on the Non-Consolidated Financial Statements for the 40th Fiscal Year (from April 1, 2012 to March 31, 2013)

**Agenda for resolution:**

- Proposal 1:** Election of Five (5) Directors  
**Proposal 2:** Election of Two (2) Corporate Auditors

Sincerely Yours,

Mayumi Kotani  
President and Representative Director  
**Yushin Precision Equipment Co., Ltd.**  
11-260 Kogahonmachi, Fushimi-ku,  
Kyoto, Japan

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Notes:

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

**Business Report**

(From April 1, 2012 to March 31, 2013)

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

In this fiscal year, although economy in North America and Asia started to show strength in the latter half of the period, the world economy was faltering through the period due to the debt and financial instability in Europe and the deceleration of growth in Chinese economy. In Japan, although the economy turned upward toward the end of the period since the Japanese yen depreciated against other currencies and the stock prices rose, the real economy through the year was under severe conditions due to the deteriorating Japan-China relation and the electricity supply instability. As for industries related to the Yushin Group, demand was strong in the automotive industry but demand in the IT and Electronics device industry was weak.

Against this background, the Yushin Group increased sales of take-out robots, with customers recognizing the speed, weight and energy efficiency advantages of the YC Series. These robots were designed using Yushin's structural optimization technology, which has won a technology award from the Japan Society of Mechanical Engineers. Thus, consolidated net sales increased by 3.4% year on year to 14,721 million yen, although the sales in China and the sales of custom-ordered equipments were below the expectation. Meanwhile, operating income increased by 17.7% year on year to 1,498 million yen, ordinary income turned up by 38.0% to 1,746 million yen, and net income increased by 43.2% to 1,114 million yen.

**Consolidated net sales by product category**

(Thousands of yen)

Years ended March 31,	2012		2013	
	Amount	%	Amount	%
Take-out robots	9,048,483	63.5	10,141,284	68.9
Custom-ordered equipments	3,085,576	21.7	2,144,021	14.6
Parts and maintenance service	2,105,948	14.8	2,436,336	16.5
Total	14,240,008	100.0	14,721,643	100.0

**(2) Capital investment**

The total amount of capital investment for the Yushin Group effectuated over the course of the period under review was 1,225 million yen mainly for the construction of the Technical center of Head Quarters valued at 1,047 million yen, the purchase of measuring instrument valued at 29 million yen and the capital investment related to R&D valued at 13 million yen.

**(3) Financing activities**

No material items to report.

**(4) Assets and operating results 2010 - 2013**

Years ended March 31,	2010	2011	2012	2013
Net sales (thousands of yen)	12,369,935	12,567,648	14,240,008	14,721,643
Ordinary income (thousands of yen)	872,400	1,055,101	1,265,740	1,746,573
Net income (thousands of yen)	487,509	729,833	778,283	1,114,801
Net income per share (yen)	27.87	41.73	44.50	63.74
Total assets (thousands of yen)	20,593,798	21,583,634	22,641,673	23,744,465
Net assets (thousands of yen)	18,115,226	18,495,803	18,787,344	19,865,622
Net assets per share (yen)	1,034.11	1,055.42	1,072.24	1,131.63

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

**(5) Issues to be addressed**

As for the business environment surrounding the Yushin Group, although the economic recovery is expected, only a small increase in the capital investment is anticipated within Japan since manufacturing shifted to overseas due to the prolonged appreciation of the yen. However, overseas capital investment is expected to be strong particularly in North America and South East Asia.

Under these circumstances, Yushin will improve the product lineup by enhancing product development utilizing design optimization and quickly bringing the products and service responding to customers' needs. Yushin will also attract new customer for the take-out robots while promoting receiving orders for custom-ordered equipments from the area such as medical and semiconductor-related. Furthermore, Yushin will increase earnings by increasing overseas sales and promote cost-cutting including overseas procurement.

To accomplish this, Yushin developed high-speed take-out robots "HSA" and "TSXA" in 2010, utilizing optimum design technology which earned "Japan Society of Mechanical Engineering Technology Award" in 2010. This technology has been applied hereafter to general purpose take-out robot. It is the technology which can largely contribute to power-saving by reducing weight and power consumption. For this reason, take-out robot "YC" won "the Japan Machinery Federation's Energy Efficient Machine Award" in 2013. Yushin will offer this definitely-differentiated product by appealing the performance superiority such as high-speed, light weight and power-saving.

As for market strategy, Yushin has developed a sales and service network for take-out robots in Japan, the U.S, Asia and Europe. Yushin continues to expand and strengthen the network in areas where business is expected to grow, including South East Asia, Mexico and Turkey, to develop a global business that can adequately respond to worldwide customer purchases.

Furthermore, Yushin will develop and bring new products on the market in the semiconductor-related and medical-related area as new domains that have both technological and sales-related synergies. The production capacity of new facility, "Technical Center" opened in April 2013 will be maximally utilized to increase sales in semiconductor-related and medical-related area.

**(6) Status of Major subsidiaries**

Name	Location	Capital stock	Percentage of shareholding	Major operations
Yushin Korea Co., Ltd.	Siheung-Si, Gyeonggi-Do, South Korea	KRW350 million	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment (Taiwan) Co., Ltd.	Taipei City, Taiwan (R.O.C.)	NT\$5 million	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment Trading (Shanghai) Co., Ltd.	Shanghai, China	US\$200,000	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment Trading (Shenzhen) Co., Ltd.	Shenzhen, Guangdong, China	US\$400,000	100%	Sales and maintenance & repair of our products
PT. Yushin Precision Equipment Indonesia	Jakarta, Indonesia	IDR2,841million	99%	Sales and maintenance & repair of our products
Yushin Precision Equipment Sdn. Bhd.	Selangor, Malaysia	MYR500,000	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment (Thailand) Co., Ltd.	Bangkok, Thailand	THB6 million	49%	Sales and maintenance & repair of our products
Yushin Precision Equipment (India) Pvt. Ltd.	Chennai, India	INR7.4 million	95%	Sales and maintenance & repair of our products
Yushin Automation Ltd.	Worcestershire, U.K.	GBP150,000	95.6%	Sales and maintenance & repair of our products
Yushin America, Inc.	Rhode Island, U.S.A.	US\$8,000	100%	Sales and maintenance & repair of our products. Manufacturing & sales and maintenance & repair of custom-ordered equipments
Guangzhou Yushin Precision Equipment Co., Ltd.	Guangzhou, Guangdong, China	RMB13.7million	100%	Manufacturing of our products

PT. Yushin Precision Equipment Indonesia was established in November 2012 as a subsidiary of the Yushin Group and included in the scope of consolidation from the fiscal year under review. Yushin Precision Equipment (Singapore) Pte. Ltd. was liquidated in November 2012, therefore, excluded from the scope of consolidation.

**(7) Major operations (as of March 31, 2013)**

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

**(8) Main sales offices and factories (as of March 31, 2013)**

Name	Location
Kyoto Head Office & Factory No. 1, No. 2, No. 3, No. 5, No. 6 Factory at the Head site	Fushimi-ku, Kyoto-city
Technical Center	Minami-ku, Kyoto-city
Tokyo General Sales Office	Chuo-ku, Tokyo
Kita-Kanto General Sales Office	Kita-ku, Saitama-city
Chubu General Sales Office	Toyokawa-city, Aichi
Nishi-Nihon General Sales Office	Fushimi-ku, Kyoto-city
Tohoku Sales Office	Fukushima-city, Fukushima
Tsukuba Sales Office	Tsukuba-city, Ibaraki
Tochigi Sales Office	Sano-city, Tochigi
Nishi-Kanto Sales Office	Atsugi-city, Kanagawa
Nagano Sales Office	Shiojiri-city, Nagano
Shizuoka Sales Office	Suruga-ku, Shizuoka-city
Nagoya-Nishi Sales Office	Kuwana-city, Mie
Toyama Sales Office	Toyama-city, Toyama
Hiroshima Sales Office	Nishi-ku, Hiroshima-city
Fukuoka Sales Office	Hakata-ku, Fukuoka-city
Indonesia Representative Office	Jakarta, Indonesia
Vietnam Representative Office	Hanoi, Vietnam
Ho Chi Minh Representative Office	Ho Chi Minh, Vietnam
Philippines Representative Office	Makati-city, Philippines

Note: Tochigi Sales Office was integrated into Kita-Kanto General Sales Office on April 1, 2013.

**(9) Employees (as of March 31, 2013)**

Number of employees	Increase from the end of previous FY
588 (56)	17

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

**(10) Major creditors (as of March 31, 2013)**

No items to report.

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

No material items to report.

**2. Matters Pertaining to the Shares of the Company (as of March 31, 2013)**

- (1) Number of shares authorized: 40,000,000  
 (2) Total number of issued shares: 17,819,033  
 (3) Number of shareholders: 4,782  
 (4) Major shareholders:

Name	Investment in the Company	
	Number of shares held (thousand)	Percentage of shares held (%)
Yushin Industry Co., Ltd.	4,376	25.0
Mayumi Kotani	2,217	12.7
The Nomura Trust and Banking Co., Ltd. (Trust Account 3071019)	774	4.4
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 620021158)	774	4.4
The Kyoto Chuo Shinkin Bank, Ltd.	544	3.1
RBC IST LONDON-CLIENTS ACCOUNT	529	3.0
Japan Trustee Service Bank, Ltd. (Trust Accounts)	508	2.9
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	424	2.4
The Bank of Kyoto, Ltd.	352	2.0
BNP Paribas Sec Services Luxembourg, Jasdec, Aberdeen Global Client Assets	345	2.0

Note: Percentage of shares held is calculated after deducting the number of treasury stock (329,376 shares).

### 3. Matters Pertaining to Officers of the Company

#### (1) Directors and Corporate Auditors (as of March 31, 2013)

Position	Name	Responsibilities and representation of other organization
President and Representative Director	Mayumi Kotani	
Executive Managing Director	Satoshi Kimura	
Managing Director	Yasuharu Odachi	Head of Research & Development H.Q.
Director	Yasushi Kitagawa	Head of Manufacturing Dept. and Head of Quality Assurance Dept.
Director	Yuji Tsujimoto	Head of Administrative H.Q. and Head of General Affairs Dept.
Full-time Corporate Auditor	Shujiro Sawada	
Corporate Auditor	Yasuhiro Orita	Lawyer
Corporate Auditor	Takao Yoshikawa	Professor emeritus at Osaka University
Corporate Auditor	Hiroho Kamakura	Certified Public Accountant Corporate Auditor at Trusco Nakayama Corporation Corporate Auditor at Fujio Food System Co., Ltd.

#### Notes:

- Corporate Auditors Yasuhiro Orita, Takao Yoshikawa and Hiroho Kamakura are outside Corporate Auditors stipulated in Item 2, Article 16 of the Company Law.
- The following describes the activities of the three outside Corporate Auditors during the period under review.
 

Corporate Auditor, Yasuhiro Orita

In the period under review, Yasuhiro Orita attended 11 of 12 Meetings of Board of Directors and all of 5 Meetings of the Board of Auditors. At the Board of Directors' Meetings, from his background as a legal specialist and practitioner he asked pertinent questions to clarify ambiguities that arose with respect to matters reported or matters resolved, and provided opinions. Additionally, at the Meetings of the Board of Auditors, he perused the reports of the internal auditing results, exchanged opinions concerning auditing, and participated in joint discussions on important matters. In addition to receiving the Accounting Auditor's detailed report on regular basis, he also regularly exchanged opinions with top management.

Corporate Auditor, Takao Yoshikawa

In the period under review, Takao Yoshikawa attended 11 of 12 Meetings of Board of Directors and 4 of 5 Meetings of the Board of Auditors. At the Board of Directors' Meetings, from his background as an academic he asked pertinent questions to clarify ambiguities that arose with respect to matters reported or matters resolved, and provided opinions. Additionally, at the Meeting of the Board of Auditors, he perused the reports of the internal auditing results, exchanged opinions concerning auditing, and participated in joint discussions on important matters. In addition to receiving the Accounting Auditor's detailed report on regular basis, he also regularly exchanged opinions with top management.

Corporate Auditor, Hiroho Kamakura

In the period after assuming the post, Hiroho Kamakura attended all of 9 Meetings of Board of Directors and all of 4 Meetings of the Board of Auditors. He is a Certified Public Accountant and has specialist knowledge in finance and accounting. At the Board of Directors' Meetings, from his background as a CPA he asked pertinent questions to clarify ambiguities that arose with respect to matters reported or matters resolved, and provided opinions. Additionally, at the Meeting of the Board of Auditors, he perused the reports of the internal auditing results, exchanged opinions concerning auditing, and participated in joint discussions on important matters. In addition to receiving the Accounting Auditor's detailed report on regular basis, he also regularly exchanged opinions with top management. He is also the Corporate Auditor at Trusco Nakayama Corporation and at Fujio Food System Co., Ltd. There is no special relationship between the Company and Trusco Nakayama Corporation and Fujio Food System Co., Ltd.
- Change of Directors and Corporate Auditors during the period under review
 

Hiroho Kamakura was newly appointed as a corporate Auditor at the 39<sup>th</sup> Ordinary General Meeting of Shareholders held on June 27, 2012 and assumed the post.
- The Company has designated corporate auditor Takao Yoshikawa as an independent corporate officer as prescribed by the Tokyo Stock Exchange and submitted notices to this effect to the exchange.

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

(Thousands of yen)

Classification	Number of Directors/ Corporate Auditors	Total amount
Directors	5	153,130
Corporate Auditors	4	27,000
Total	9	180,130

## Notes:

1. The 35th Ordinary General Meeting of Shareholders held on June 27, 2008 resolved to set the upper limit of the total remuneration for all Directors at 300,000 thousand yen per year and the upper limit of the total remuneration for all Auditors at 50,000 thousand yen per year.  
There are currently no directors who have concurrent employment positions.
2. Total remuneration amounts provided above include the following amount in addition to fixed monthly compensation amounts.  
- Provision for bonuses to Directors and Corporate Auditors: 19,720 thousand yen (Directors: 19,720 thousand yen)
3. With respect to the liability for retirement benefits to Directors and Corporate Auditors, the plan for retirement benefits for Directors and Corporate Auditors was terminated at the 33rd Ordinary General Meeting of Shareholders held on June 29, 2006, and no additional provision has been recorded since then. Therefore, the balance as of March 31, 2013 (66,780 thousand yen) is provided in proportion to the term that present Directors and Corporate Auditors had been in their respective positions before June 2006.
4. The total amount of remuneration for the 3 outside Corporate Auditors is 7,500 thousand yen.

#### 4. Matters Pertaining to Independent Auditors

(1) **Name of Independent Auditors:** Deloitte Touche Tohmatsu LLC

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

(Thousands of yen)

Item	Total payment
The amount of compensation and other payments payable to the Independent Auditors for the reporting year	27,200
Total amount of monetary and other property benefits payable by the Company and its subsidiaries	31,100

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

(3) **Non-audit services**

Advice and guidance on international operations.

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

The Board of Directors will include the dismissal or non-reappointment of the Independent Auditor in the agenda of the General Meeting of Shareholders, should the execution of the Independent Auditor's duties be impeded or its dismissal or non-reappointment is deemed necessary by the Board of Directors, with the consent of the Board of Corporate Auditors, or in the event of a request by the same.

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

(5) **Overview of limited liability contract**

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

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

The following is an overview of the development of an internal control system to ensure that the execution of duties by Directors conforms to laws and regulations and the Articles of Incorporation as well as other systems that ensure the properness of operations of the Company.

**a. System to ensure that the execution of duties of Directors and employees conforms to laws and regulations and the Articles of Incorporation**

The Company has established a code of conduct so that all employees comply with laws and regulations and accepted social guidelines for behavior by attending the morning meeting at each department. In addition, there is a system for handling matters involving compliance at meetings of the Board of Directors, Board of Corporate Auditors and Executive Meeting. Measures to improve internal controls primarily involve audits of business operations by the Internal Auditing Department.

**b. System for the preservation and management of information regarding the execution of duties by Directors**

Documents and other information concerning the execution of duties by Directors are properly stored and managed in accordance with the importance of each item as prescribed in Documents Management Regulations. Directors and Corporate Auditors can view these documents and other information as required.

**c. Regulations and other systems for the management of the risk of loss**

For compliance, environmental protection, responses to disasters, information security, export management and other items, the department responsible for risk management for each item prepares rules and manuals and conducts training programs. The system for confirming safe conditions of all the members of the Company is introduced to take control safety information quickly during an emergency. The Board of Directors and Executive Meeting receive information about these activities in a timely manner. There is a framework under the supervision of the President and Representative Director for taking quick and appropriate actions to avoid problems or reduce the likelihood that they will occur.

**d. System to ensure efficiency in the execution of duties by Directors**

The Board of Directors meets once each month in principle and aims to conduct highly transparent management. Duties include reaching decisions about important matters and managing and supervising the execution of business operations by directors. To improve the efficiency of the Company's management, the Board of Directors thoroughly examines important matters associated with all aspects of management. For the execution of business operations, annual budgets are established based on the business climate and targets for the entire company are established. Each department is responsible for determining and executing specific measures needed to achieve those targets.

**e. System to ensure a properness of operations in the business group comprised of the Company and its subsidiaries**

The Yushin Group uses close cooperation among group companies and measures to strengthen management systems for the purpose of ensuring proper corporate governance, compliance and financial reports for the entire group. The oversight and management of the entire group is performed in accordance with Subsidiary Management Regulations.

**f. Matters concerning a system for employees in cases where Corporate Auditors issue requests for the assignment of said employees to assist them with their duties as well as concerning the independence of said employees from Directors**

There are currently no employees who assist Corporate Auditors. However, the Corporate Auditors can ask employees of the Internal Auditing Department to perform auditing tasks as required. In addition, employees who receive the required order from a Corporate Auditor to perform auditing tasks will no longer be subject to instructions or orders from Directors and managers of the Internal Auditing Department.

**g. System for reporting to Corporate Auditors by Directors and employees and other systems concerning reports to Corporate Auditors**

Corporate Auditors attend important meetings and receive reports as needed to monitor the status of business operations. Directors and employees must promptly submit to the Corporate Auditors reports concerning legally required matters as well as reports about other items that can have a significant effect on

the Company or the Group.

**h. Other systems to ensure effective audits by Corporate Auditors**

The Board of Corporate Auditors holds separate meetings on a regular basis to exchange information with the President and Representative Director and with the Independent Auditor. The Board of Corporate Auditors also works closely with the Internal Auditing Department.

**6. Policy Concerning Decisions on the Dividends of Surplus**

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

To that effect, it is the basic policy of the Company to proactively return profits to shareholders by maintaining a stable operational base, improving its ROE and effectuating dividends based on the performance results of each respective fiscal year.

For this fiscal year, a full-year dividend is 30 yen per share, comprising an interim dividend of 10 yen per share, a year-end dividend of 10 yen per share and a 40th year commemorate dividend (at the year-end) of 10 yen per share.

## Consolidated Balance Sheets

(As of March 31, 2013)

(Thousands of yen)

Account	Amount	Account	Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets</b>	<b>17,022,868</b>	<b>Current liabilities</b>	<b>3,700,105</b>
Cash and deposits	7,345,829	Notes and accounts payable - trade	1,719,798
Notes and accounts receivable - trade	4,601,853	Accounts payable - other	487,228
Short-term investment securities	300,000	Accrued expenses	104,900
Merchandise and finished goods	1,077,587	Income taxes payable	280,914
Work in process	1,142,033	Advances received	264,646
Raw materials and supplies	1,808,738	Provision for bonuses	192,000
Prepaid expenses	73,772	Provision for directors' bonuses	19,720
Deferred tax assets	392,745	Provision for product warranties	127,013
Other	296,382	Accounts payable - facilities	419,833
Allowance for doubtful accounts	(16,073)	Deferred tax liabilities	4,363
<b>Noncurrent assets</b>	<b>6,721,597</b>	Other	79,686
<b>Property, plant and equipment</b>	<b>6,136,420</b>	<b>Long-term liabilities</b>	<b>178,737</b>
Buildings	1,870,463	Provision for directors' retirement benefits	66,780
Structures	84,398	Other	111,957
Machinery and equipment	42,531	<b>Total liabilities</b>	<b>3,878,843</b>
Vehicles	25,970	<b>NET ASSETS</b>	
Tools, furniture and fixtures	140,561	<b>Shareholders' equity</b>	<b>20,051,469</b>
Land	3,953,407	<b>Capital stock</b>	<b>1,985,666</b>
Leased assets	15,721	<b>Capital surplus</b>	<b>2,023,903</b>
Construction in progress	3,366	<b>Retained earnings</b>	<b>16,390,498</b>
<b>Intangible assets</b>	<b>100,007</b>	<b>Treasury stock</b>	<b>(348,598)</b>
Telephone subscription right	11,430	<b>Total accumulated other comprehensive income</b>	<b>(259,667)</b>
Right of trademark	395	<b>Valuation difference on available-for-sale securities</b>	<b>58,239</b>
Software	22,766	<b>Foreign currency translation adjustments</b>	<b>(317,906)</b>
Others	65,414	<b>Minority interests</b>	<b>73,819</b>
<b>Investments and other assets</b>	<b>485,169</b>	<b>Total net assets</b>	<b>19,865,622</b>
Investment securities	246,287	<b>Total liabilities and net assets</b>	<b>23,744,465</b>
Deferred tax assets	6,144		
Other	233,423		
Allowance for doubtful accounts	(686)		
<b>Total assets</b>	<b>23,744,465</b>		

## Consolidated Statements of Income

(From April 1, 2012 to March 31, 2013)

(Thousands of yen)

Account	Amount
<b>Net sales</b>	<b>14,721,643</b>
<b>Cost of sales</b>	<b>8,950,836</b>
<b>Gross profit</b>	<b>5,770,806</b>
<b>Selling, general and administrative expenses</b>	<b>4,272,083</b>
<b>Operating income</b>	<b>1,498,722</b>
<b>Non-operating income</b>	<b>252,449</b>
Interest and dividends income	23,429
Purchase discounts	10,777
Foreign exchange gains	195,020
Other	23,223
<b>Non-operating expenses</b>	<b>4,598</b>
Sales discounts	799
Other	3,799
<b>Ordinary income</b>	<b>1,746,573</b>
<b>Extraordinary income</b>	<b>35,566</b>
Gain on sales of noncurrent assets	821
Gain on sales of investment securities	34,745
<b>Extraordinary loss</b>	<b>2,460</b>
Loss on retirement of noncurrent assets	2,460
<b>Income before income taxes and minority interests</b>	<b>1,779,679</b>
Income taxes - current	571,920
Income taxes - deferred	21,574
<b>Income before minority interests</b>	<b>1,186,185</b>
Minority interests in income	71,384
<b>Net income</b>	<b>1,114,801</b>

## Consolidated Statements of Changes in Net Assets

(From April 1, 2012 to March 31, 2013)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2012	1,985,666	2,023,903	15,625,496	(347,903)	19,287,162
Changes in the current period					
Dividends of surplus			(349,799)		(349,799)
Net income			1,114,801		1,114,801
Acquisition of treasury stock				(694)	(694)
Changes in items other than shareholders' equity, net					
Total changes in the current period	-	-	765,001	(694)	764,307
Balance as of March 31, 2013	1,985,666	2,023,903	16,390,498	(348,598)	20,051,469

	Total accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2012	47,576	(581,173)	(533,596)	33,778	18,787,344
Changes in the current period					
Dividends of surplus					(349,799)
Net income					1,114,801
Acquisition of treasury stock					(694)
Changes in items other than shareholders' equity, net	10,662	263,266	273,929	40,041	313,970
Total changes in the current period	10,662	263,266	273,929	40,041	1,078,277
Balance as of March 31, 2013	58,239	(317,906)	(259,667)	73,819	19,865,622

## 1. Basis of Preparing Consolidated Financial Statements

### (1) Scope of consolidation

All 11 subsidiaries of the Company, provided below, fall within the scope of consolidation. PT. Yushin Precision Equipment Indonesia was established in November 2012 as a subsidiary of the Yushin Group and included in the scope of consolidation from the fiscal year under review. Yushin Precision Equipment (Singapore) Pte. Ltd., which was a consolidated subsidiary at the end of previous fiscal year, was liquidated in November 2012, therefore, excluded from the scope of consolidation. The statement of income up to its liquidation is consolidated.

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

### (2) Application of the equity method

There is no non-consolidated subsidiary or affiliate company.

### (3) Fiscal year of subsidiaries

The account closing date for all consolidated subsidiaries is December 31.

Financial statements as of said date are used in preparation of the Consolidated Financial Statements. However, adjustments considered necessary for consolidation are effectuated with respect to material transactions occurring during the period between the day after the account closing date of the subsidiaries and the consolidated account closing date.

#### **(4) Accounting policies**

##### **a. Valuation of important assets**

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

##### **b. Depreciation**

- i) Property, plant and equipment (excluding lease assets): Principally computed by the declining balance method  
The range of useful lives for major assets is as follows:

Buildings:	13 - 40 years
Machinery and equipment:	5 - 12 years
- ii) Intangible assets (excluding leased assets)
  - Software used internally: Straight-line method based on the expected useful lives
  - Other intangible assets: Straight-line method
- iii) Lease assets: For lease assets under non-ownership transfer finance lease transactions, the Company applies a straight-line method with the lease period as useful life and the residual value as 0.

##### **c. Estimation on important allowance and reserves**

- i) Allowance for doubtful accounts:  
To provide for possible bad debt losses, the amount deemed unrecoverable is accounted using the loan loss ratio based on past experience for general claims and by examining the possibility of recovery on an individual basis for specific claims with default possibility.
- ii) Provision for bonuses:  
In order to allocate the payment of employees' bonuses, the Company provides the amount subject to the fiscal year under review among the total estimated amount to be paid as employees' bonuses.
- iii) Provision for directors' bonuses:  
The Company provides the projected payment amount to be allocated for the payment of bonuses to directors and corporate auditors.
- iv) Provision for product warranties:  
To provide for expenses incurred for free repairs related to product sales, an amount is accounted based on historical experience.
- v) Provision for directors' retirement benefits:  
The Company provides the estimated amount of retirement benefits to directors and corporate auditors which would be required if all directors and corporate auditors retired at the balance sheet date according to internal regulations. This plan was terminated on June 29, 2006 and no additional provision has been recorded since then. Therefore, the balance as of March 31, 2013 is provided in proportion to the term that present directors had been in their respective positions before June 2006.

**d. Employees' retirement benefits**

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

**e. Other significant matter for the preparation of Consolidated Financial Statements**

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

**(5) Changes in presentation**

(Consolidated Balance Sheet)

"Accounts payable - facilities", which was included in "Accounts payable - other" until the previous fiscal year, is presented separately from the fiscal year under review, because its materiality increased. "Accounts payable - facilities" in the previous fiscal year was 19,089 thousand yen.

## 2. Notes to Consolidated Balance Sheet

- (1) Accumulated depreciation of property, plant and equipment: 3,332,174 thousand yen
- (2) Notes payable on the closing date handled for settlement on exchange dates. The closing day of this fiscal year was a day when financial institutions are closed, and therefore the following note payable on the closing date is included in the balance at the end of the period.
- |                          |                      |
|--------------------------|----------------------|
| Notes receivable - trade | 127,983 thousand yen |
| Notes payable - trade    | 11,963 thousand yen  |

## 3. Notes to Consolidated Statement of Changes in Net Assets

### (1) Total number of issued shares

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

### (2) Number of treasury stock

Class of shares	Number of shares at the end of previous FY	Number of increased shares of current FY	Number of decreased shares of current FY	Number of shares at the end of current FY
Common stock	328,960	416	-	329,376

Note: The increase in the number of shares of treasury stock (416 shares) is due to the purchase of shares of less than one unit.

### (3) Dividends of surplus

#### a. Payment of dividends

Resolution	Class of shares	Total dividend (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
The Board of Directors' Meeting on May 9, 2012	Common stock	174,900	10	March 31, 2012	June 13, 2012
The Board of Directors' Meeting on November 6, 2012	Common stock	174,898	10	September 30, 2012	December 3, 2012

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

Resolution	Class of shares	Total dividend (Thousands of yen)	Dividend funds	Dividend per share (Yen)	Record date	Effective date
The Board of Directors' Meeting on May 9, 2013	Common stock	349,793	Retained earnings	20	March 31, 2013	June 12, 2013

#### 4. Notes to Financial Instruments

##### (1) Conditions of financial instruments

###### a. Management policy

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

###### b. Details of financial instruments and their risks

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

Short-term investment securities and Investment securities, which are certificate of deposit and available-for-sale securities, are exposed to risk associated with market price volatility.

Operating debt consisting of Notes and accounts payable - trade are largely due four months or less. Accounts payable - other, Income taxes payable and Accounts payable - facilities are due one year or less.

###### c. Risk management system for financial instruments

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

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

##### (2) Fair value of financial instruments

The carrying value on the consolidated balance sheets, fair value, and their differences as of March 31, 2013 are shown as follows.

		Carrying value (thousands of yen)	Fair value (thousands of yen)	Differences (thousands of yen)
(1)	Cash and time deposits	7,345,829	7,345,829	-
(2)	Notes and accounts receivable - trade	4,601,853	4,601,853	-
(3)	Short-term investment securities and Investment securities Other securities	546,287	546,287	-
	Assets total	12,493,969	12,493,969	-
(1)	Trade notes and accounts payable	1,719,798	1,719,798	-
(2)	Accounts payable - other	487,228	487,228	-
(3)	Income taxes payable	280,914	280,914	-
(4)	Accounts payable - facilities	419,833	419,833	-
	Liabilities total	2,907,775	2,907,775	-

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

###### (Assets)

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

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

###### (3) Short-term investment securities and Investment securities

Fair value of the above financial instruments such as stocks are determined by prices at stock exchanges. Fair value of certificates of deposits is deemed to be equal to their carrying value because they are settled within a short period of time.

###### (Liabilities)

###### (1) Notes and accounts payable - trade, (2) Accounts payable - other, (3) Income taxes payable

###### (4) Accounts payable - facilities

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

**(3) The amount of money claims and mature marketable securities scheduled to be redeemed subsequent to the consolidated balance sheet date, and the scheduled repayment of interest-bearing debt**

	Due within one year (thousands of yen)	Due after one year through five years (thousands of yen)	Due after five years through ten years (thousands of yen)	Due after ten years (thousands of yen)
Cash and time deposits	7,345,829	-	-	-
Trade notes and accounts receivable	4,601,853	-	-	-
Short-term investment securities and Investment securities	300,000	-	-	-
Of which available-for-sale securities with maturity				
Total	12,247,682	-	-	-

**5. Per Share Information**

(1) Net assets per share:	1,131.63 yen
(2) Net income per share:	63.74 yen

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Note: Amounts less than one thousand yen are truncated.

**Balance Sheets**  
(As of March 31, 2013)

(Thousands of yen)

Account	Amount	Account	Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets</b>	<b>15,340,255</b>	<b>Current liabilities</b>	<b>3,565,651</b>
Cash and deposits	6,103,188	Notes payable - trade	72,486
Notes receivable - trade	924,303	Accounts payable - trade	1,965,231
Accounts receivable - trade	4,367,120	Lease obligations	2,849
Short-term investment securities	300,000	Accounts payable - other	426,694
Merchandise and finished goods	788,952	Accrued expenses	72,507
Work in process	1,076,456	Income taxes payable	188,974
Raw materials and supplies	1,247,618	Advances received	92,599
Prepaid expenses	43,704	Deposits received	13,327
Consumption taxes receivable	161,842	Provision for bonuses	192,000
Deferred taxes assets	195,949	Provision for directors' bonuses	19,720
Other	141,618	Provision for product warranties	67,500
Allowance for doubtful accounts	(10,500)	Notes payable - facilities	31,925
<b>Noncurrent assets</b>	<b>7,359,231</b>	Accounts payable - facilities	419,833
<b>Property, plant and equipment</b>	<b>5,760,878</b>	<b>Noncurrent liabilities</b>	<b>81,092</b>
Buildings	1,698,244	Lease obligations	13,692
Structures	84,398	Provision for directors' retirement benefits	66,780
Machinery and equipment	31,099	Long-term guarantee deposited	620
Vehicles	215	<b>Total liabilities</b>	<b>3,646,744</b>
Tools, furniture and fixtures	96,402	<b>NET ASSETS</b>	
Land	3,831,429	<b>Shareholders' equity</b>	<b>18,994,503</b>
Lease assets	15,721	<b>Capital stock</b>	<b>1,985,666</b>
Construction in progress	3,366	<b>Capital surplus</b>	<b>2,023,903</b>
<b>Intangible assets</b>	<b>24,760</b>	Legal capital surplus	2,023,903
Telephone subscription right	11,430	<b>Retained earnings</b>	<b>15,333,531</b>
Right of trademark	395	Legal retained earnings	286,314
Software	12,934	Other retained earnings	15,047,216
<b>Investments and other assets</b>	<b>1,573,592</b>	Reserve for dividend equalization	1,000,000
Investment securities	246,287	General reserve	8,700,000
Stocks of subsidiaries and affiliates	789,460	Retained earnings brought forward	5,347,216
Investments in capital	170	<b>Treasury stock</b>	<b>(348,598)</b>
Investments in capital of subsidiaries and affiliates	267,132	<b>Valuation and translation adjustments</b>	<b>58,239</b>
Guarantee deposits	29,184	<b>Valuation difference on available-for-sale securities</b>	<b>58,239</b>
Claims provable in bankruptcy, claims provable in rehabilitation and other	686	<b>Total net assets</b>	<b>19,052,742</b>
Deferred tax assets	51,840	<b>Total liabilities and net assets</b>	<b>22,699,486</b>
Other	189,517		
Allowance for doubtful accounts	(686)		
<b>Total assets</b>	<b>23,744,465</b>		

**Statements of Income**  
(From April 1, 2012 to March 31, 2013)

(Thousands of yen)

Account	Amount
<b>Net sales</b>	<b>12,393,875</b>
<b>Cost of sales</b>	<b>8,026,110</b>
<b>Gross profit</b>	<b>4,367,764</b>
<b>Selling, general and administrative expenses</b>	<b>3,440,084</b>
<b>Operating income</b>	<b>927,680</b>
<b>Non-operating income</b>	<b>362,521</b>
Interest and dividend income	283,881
Purchases discounts	10,777
Foreign exchange gains	40,213
Other	27,649
<b>Non-operating expenses</b>	<b>1,390</b>
Sales discounts	799
Other	591
<b>Ordinary income</b>	<b>1,288,811</b>
<b>Extraordinary income</b>	<b>34,745</b>
Gain on sales of investment in securities	34,745
<b>Extraordinary loss</b>	<b>1,938</b>
Loss on sales and retirement of noncurrent assets	1,645
Loss on liquidation of subsidiaries and affiliates	292
<b>Income before income taxes</b>	<b>1,321,618</b>
Income taxes - current	373,660
Income taxes - deferred	6,032
<b>Net income</b>	<b>941,925</b>

## Statements of Changes in Net Assets

(From April 1, 2012 to March 31, 2013)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
					Reserve for dividend equalization	General reserve	Retained earnings brought forward	
Balance as of April 1, 2012	1,985,666	2,023,903	2,023,903	286,314	1,000,000	8,700,000	4,755,090	14,741,405
Changes in the current period								
Dividends of surplus							(349,799)	(349,799)
Net income							941,925	941,925
Acquisition of treasury stock								
Changes in items other than shareholders' equity, net								
Total changes in the current period	-	-	-	-	-	-	592,125	592,125
Balance as of March 31, 2013	1,985,666	2,023,903	2,023,903	286,314	1,000,000	8,700,000	5,347,216	15,333,531

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2012	(347,903)	18,403,072	47,576	47,576	18,450,648
Changes in the current period					
Dividends of surplus		(349,799)			(349,799)
Net income		941,925			941,925
Acquisition of treasury stock	(694)	(694)			(694)
Changes in items other than shareholders' equity, net			10,662	10,662	10,662
Total changes in the current period	(694)	591,431	10,662	10,662	602,093
Balance as of March 31, 2013	(348,598)	18,994,503	58,239	58,239	19,052,742

## 1. Summary of Significant Accounting Policies

### (1) Valuation of important assets

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

### (2) Depreciation

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

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

### (3) Estimation on allowance and reserves

- a. Allowance for doubtful accounts:  
To provide for possible bad debt losses, the amount deemed unrecoverable is accounted using the loan loss ratio based on past experience for general claims and by examining the possibility of recovery on an individual basis for specific claims with default possibility.
- b. Provision for bonuses:  
In order to allocate the payment of employees' bonuses, the Company provides the amount subject to the fiscal year under review among the total estimated amount to be paid as employees' bonuses.
- c. Provision for directors' bonuses:  
The Company provides the projected payment amount to be allocated for the payment of bonuses to directors and corporate auditors.
- d. Provision for product Warranties:  
To provide for expenses incurred for free repairs related to product sales, an amount is accounted based on historical experience.
- e. Provision for directors' retirement benefits:  
The Company provides the estimated amount of retirement benefits to directors and corporate auditors which would be required if all directors and corporate auditors retired at the balance sheet date according to internal regulations. This plan was terminated on June 29, 2006 and no additional provision has been recorded since then. Therefore, the balance as of March 31, 2013 is provided in proportion to the term that present directors had been in their respective positions before June 2006.

**(4) Employees' retirement benefits**

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

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

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

**(6) Changes in presentation**

(Balance Sheet)

"Accounts payable - facilities", which was included in "Accounts payable - other" until the previous fiscal year, is presented separately from the fiscal year under review, because its materiality increased. "Accounts payable - facilities" in the previous fiscal year was 19,089 thousand yen.

**2. Notes to Balance Sheet**

- (1) Accumulated depreciation of property, plant and equipment: 2,867,301 thousand yen
- (2) Notes payable on the closing date handled for settlement on exchange dates. The closing day of this fiscal year was a day when financial institutions are closed, and therefore the following note payable on the closing date is included in the balance at the end of the period.
- |                          |                      |
|--------------------------|----------------------|
| Notes receivable - trade | 127,983 thousand yen |
| Notes payable - trade    | 11,963 thousand yen  |
- (3) Monetary credit and debts to affiliates
- |                                |                        |
|--------------------------------|------------------------|
| a. Short-term monetary credit: | 1,817,875 thousand yen |
| b. Short-term monetary debts:  | 56,838 thousand yen    |

**3. Notes to Statements of Income**

Transactions with subsidiaries and affiliates

- |  |                        |
|--|------------------------|
| a. Net sales:                                    | 3,660,060 thousand yen |
| b. Purchases:                                    | 14,441 thousand yen    |
| c. Selling, general and administrative expenses: | 263,207 thousand yen   |
| d. Non-operating transactions:                   | 278,305 thousand yen   |

**4. Notes to Statement of Changes in Net Assets**

Number of treasury stock

Class of shares	Number of shares at the end of previous FY	Number of increased shares of current FY	Number of decreased shares of current FY	Number of shares at the end of current FY
Common stock	328,960	416	-	329,376

Note: The increase in the number of shares of treasury stock (416 shares) is due to the purchase of shares of less than one unit.

## 5. Notes on Tax-effect Accounting

Breakdown by cause of deferred tax assets and liabilities

	(Thousands of yen)
Deferred tax assets	
Inventories	59,066
Depreciation of Buildings	41,932
Software	55,113
Provision for bonuses	73,152
Accrued enterprise taxes	18,716
Provision for product warranties	25,717
Provision for directors' retirement benefit	23,706
Other	28,829
Subtotal deferred tax assets	<u>326,234</u>
Valuation reserve	<u>(23,706)</u>
Total deferred tax assets	<u>302,527</u>
Deferred tax liabilities	
Prepaid pension costs	<u>18,883</u>
Valuation difference on available-for-sale securities	<u>29,348</u>
Other	<u>6,505</u>
Total deferred tax liabilities	<u>54,738</u>
Net deferred tax assets	<u>247,789</u>

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

	(Thousands of yen)
Current assets	195,949
Fixed assets	51,840

**6. Transactions with Related Parties**  
Subsidiaries, etc.

Type	Name	% of voting rights held	Relationship		Type of transactions	Transaction amount (thousands of yen)	Account	Year-end balance (thousands of yen)
			Concurrent directors, etc.	Business relationship				
Subsidiary	Yushin America, Inc.	100% Directly held by the Company	Concurrent directors: 2	Sale of Company products and manufacture and sale of labor saving machines	Sale of products	1,151,860	Accounts receivable - trade	312,400
	Yushin Korea Co., Ltd.	100% Directly held by the Company	Concurrent directors: 2	Sale of Company products and manufacture and sale of labor saving machines	Sale of products	792,704	Accounts receivable - trade	411,084
	Yushin Precision Equipment (Thailand) Co., Ltd.	49% Directly held by the Company	Concurrent directors: 1	Sale of Company products and maintenance service	Sale of products	568,802	Accounts receivable - trade	221,825
	Guangzhou Yushin Precision Equipment Co., Ltd.	100% Directly held by the Company	Concurrent directors: 3	Manufacture of Company products	Sale of products	399,103	Accounts receivable - trade	507,084

Transaction terms or method of determining transaction terms

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

**7. Per Share Information**

(1) Net assets per share:	1,089.37 yen
(2) Net income per share:	53.86 yen

Note: Amounts less than one thousand yen are truncated.

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

## **Independent Auditors' Report**

May 17, 2013

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

Deloitte Touche Tohmatsu LLC

Takeshi Nishimura, CPA [SEAL]  
Limited, Designated and Engagement  
Partner

Hiroyuki Kobayashi, CPA [SEAL]  
Limited, Designated and Engagement  
Partner

We have audited the consolidated statutory report, namely, the Consolidated Balance Sheets, the Consolidated Statements of Income, the Consolidated Statements of Changes in Net Assets and its supporting schedule and notes, of Yushin Precision Equipment Co., Ltd. (the "Company") for the fiscal year from April 1, 2012 to March 31, 2013 in accordance with Paragraph 4, Article 444 of the Company Law.

### Management's responsibility for the consolidated statutory report

Management is responsible for the preparation and fair presentation of these Consolidated financial statements in accordance with auditing standards generally accepted in Japan. This includes the development and implementation of internal control deemed necessary by management for the preparation and fair presentation of Consolidated financial statements that is free from material misstatement, whether due to fraud or error.

### Independent auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated financial statements. The audit procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the Consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated financial statements.

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

### Audit opinion

In our opinion, the consolidated statutory report referred to above presents fairly, in all material respects, the consolidated financial position and the results of operations of Yushin Precision Equipment Co., Ltd. and its consolidated subsidiaries for the period for which the consolidated statutory report is prepared, in conformity with accounting principles generally accepted in Japan.

### Interests in the Company

Our firm and engagement partners have no interest in Yushin Precision Equipment Co., Ltd., which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

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

**Independent Auditors' Report**

May 17, 2013

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

Deloitte Touche Tohmatsu LLC

Takeshi Nishimura, CPA [SEAL]  
Limited, Designated and Engagement  
Partner

Hiroyuki Kobayashi, CPA [SEAL]  
Limited, Designated and Engagement  
Partner

We have audited the statutory report, namely, the Balance Sheets, the Statements of Income, the Statements of Changes in Net Assets and its supporting schedule of Yushin Precision Equipment Co., Ltd. (the "Company") for the fiscal year from April 1, 2012 to March 31, 2013 in accordance with Item 1, Paragraph 2, Article 436 of the Company Law.

**Management's responsibility for the statutory report**

Management is responsible for the preparation and fair presentation of these financial statements and its supporting schedule in accordance with auditing standards generally accepted in Japan. This includes the development and implementation of internal control deemed necessary by management for the preparation and fair presentation of financial statements and its supporting schedule that is free from material misstatement, whether due to fraud or error.

**Independent auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and its supporting schedule. The audit procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and its supporting schedule, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and its supporting schedule in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and its supporting schedule.

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

**Audit opinion**

In our opinion, the financial statements and its supporting schedule referred to above presents fairly, in all material respects, the financial position and the results of operations of Yushin Precision Equipment Co., Ltd. for the period for which the financial statements and its supporting schedule is prepared, in conformity with accounting principles generally accepted in Japan.

**Interests in the Company**

Our firm and engagement partners have no interest in Yushin Precision Equipment Co., Ltd., which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

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

## **Audit Report**

Regarding the performance of duties by the Directors for the fiscal year from April 1, 2012 to March 31, 2013, the Board of Corporate Auditors hereby submits its audit report, which has been prepared through discussions based on the audit report prepared by each Corporate Auditor.

1. **Auditing Methods adopted by the Corporate Auditors and Board of Corporate Auditors and Details of Such Methods**

The Board of Corporate Auditors established auditing policies, allocation of duties, and other relevant matters, and received reports from each Corporate Auditor regarding his or her audits and results thereof, as well as received reports from the Directors, other relevant personnel, and independent auditors regarding performance of their duties, and requested explanations as necessary.

Each Corporate Auditor complied with the auditing standards of Corporate Auditors established by the Board of Corporate Auditors, followed the auditing policies, allocation of duties, and other relevant matters, communicated with the Directors, the internal audit department, other employees, and any other relevant personnel, and made efforts to optimize the environment for information collection and audit, and participated in the Board of Directors' Meetings and other important meetings, received reports from the Directors, employees, and other relevant personnel regarding performance of their duties, requested explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal offices.

In addition, we received periodic reports and requested explanations as necessary from the Directors, other relevant personnel and expressed our opinion about conditions of construction and application on the content of the resolution of the Board of directors and system actually placed as "internal control system" in accordance to this resolution, which is stipulated in Paragraphs 1 and 3 of Article 100 of the Enforcement Regulation of Corporate Act as a system required to ensure the compliance of laws and the Articles of Associations in the execution of businesses by directors written in the business report.

With respect to subsidiaries, we communicated and exchanged information with Directors, Corporate Auditors, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary. Based on the above methods, we examined the business report and supporting schedules related to the relevant business year.

Furthermore, we monitored and verified whether the independent auditors maintained their independence and implemented appropriate audits, and we received reports from the independent auditors regarding the performance of their duties and requested explanations as necessary. In addition, we received notice from the independent auditors that "the system for ensuring that duties are performed properly" (matters set forth in each Item of Article 131 of the Company Accounting Rules) is appropriately established in accordance with "Quality Control Standard on Audit" (Business Accounting Council, October 28, 2005) and requested explanations as necessary.

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

2. Audit Results

a. Results of Audit of Business Report and Other Relevant Documents

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

b. Results of Audit of Financial Statements and Supporting Schedules

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

c. Results of Audit of Consolidated Financial Statements

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

May 20, 2013

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

Full-time Corporate Auditor      Shujiro Sawada [SEAL]

Outside Corporate Auditor      Yasuhiro Orita [SEAL]

Outside Corporate Auditor      Takao Yoshikawa [SEAL]

Outside Corporate Auditor      Hiroho Kamakura [SEAL]

## Reference Documents for the General Meeting of Shareholders

### Proposal 1: Election of Five (5) Directors

The terms of office of all the currently serving five (5) Directors will expire at the conclusion of this Meeting. Consequently, shareholders are asked to vote for these five candidates for director.

The candidates for the position of Directors are as follows:

No.	Name (Date of birth)	Career summary, position, areas of responsibility, and representation of other organizations	Number of shares held
1	Mayumi Kotani (January 12, 1947)	<p>October 1973    Joined the Company</p> <p>October 1982    Director</p> <p>February 1989    Executive Vice President and Director</p> <p>March 1993    Executive Vice President and Director, Head of Sales H.Q.</p> <p>December 2002    President and Representative Director</p> <p>April 2006    President and Head of Sales and Customer Service H.Q.</p> <p>March 2011    President and Representative Director</p> <p>To the present</p>	2,217,901 shares
2	Satoshi Kimura (April 1, 1954)	<p>April 2005    Joined the Company as Executive Officer and General Manager of Purchase Dept.</p> <p>October 2005    Executive Officer and Head of Purchase Dept.</p> <p>April 2006    Senior Executive Officer and Head of Purchase H.Q.</p> <p>June 2006    Managing Director and Head of Purchase H.Q.</p> <p>June 2008    Executive Managing Director and Head of Purchase H.Q.</p> <p>March 2010    Executive Managing Director</p> <p>To the present</p>	1,100 shares
3	Yasuharu Odachi (July 31, 1958)	<p>December 2004    Joined the Company</p> <p>February 2005    General Manager of Production Technology Dept.</p> <p>March 2005    General Manager of Research &amp; Development Dept.</p> <p>October 2005    Head of Research &amp; Development Dept. and Quality Assurance Dept.</p> <p>April 2006    Executive Officer and Head of Research &amp; Development H.Q. and Quality Assurance Dept.</p> <p>April 2008    Executive Officer and Head of Research &amp; Development H.Q.</p> <p>June 2008    Director and Head of Research &amp; Development H.Q.</p> <p>June 2011    Managing Director and Head of Research &amp; Development H.Q.</p> <p>To the present</p>	2,100 shares
4	Yasushi Kitagawa (August 12, 1958)	<p>September 2007    Joined the Company</p> <p>November 2007    Deputy Head of Manufacturing Dept.</p> <p>April 2008    Deputy Head of Manufacturing Dept. and Head of Quality Assurance Dept.</p> <p>April 2009    Executive Officer, Deputy Head of Manufacturing Dept. and Head of Quality Assurance Dept.</p> <p>August 2009    Executive Officer, Head of Manufacturing Dept. and Head of Quality Assurance Dept.</p> <p>June 2010    Director and Head of Manufacturing Dept. and Head of Quality Assurance Dept.</p> <p>To the present</p>	1,200 shares
5	Yuji Tsujimoto (March 25, 1952)	<p>April 2008    Joined the Company</p> <p>June 2008    Full-time Corporate Auditor</p> <p>June 2009    Director and Head of General Affairs Dept.</p> <p>June 2010    Director and Head of Administrative H.Q. and General Affairs Dept.</p> <p>To the present</p>	1,000 shares

Note: Candidates for Directors have no special interests in the Company.

## Proposal 2: Election of Two (2) Corporate Auditors

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

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

The Board of Corporate Auditors has consented to this proposition.

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

No.	Name (Date of birth)	Career summary, position, areas of responsibility, and representation of other organizations	Number of shares held
1	Shujiro Sawada (November 27, 1946)	December 1977    Joined the Company March 1988      Executive Director June 1991       Executive Director and Head of Production H.Q. July 1999        Managing Director and Head of Production H.Q. April 2003      Managing Director and Head of Sales and Customer Service H.Q. April 2006      Managing Director and Head of Production H.Q. January 2008    Managing Director June 2009       Full-time Corporate Auditor To the present	19,250 shares
2	Takao Yoshikawa (July 31, 1941)	September 1985   Professor of School of Engineering Science at Osaka university March 2005       Professor emeritus at Osaka university June 2005        Corporate Auditor To the present	- shares

Notes: 1. The candidates for Corporate Auditors have no special interests in the Company.

2. Takao Yoshikawa is a candidate for outside corporate auditor. Mr. Yoshikawa is currently an outside Corporate Auditor of the Company and will have served in this role for eight years at the close of this General Meeting of Shareholders. We would like to request the nomination of Mr. Yoshikawa in expectation of his opinion on the audit of the Company with his specialized knowledge from his academic background. The Company judges he has an ability to act as an outside Corporate Auditor appropriately with the above reason although he has no direct experience in corporate management.
3. The Company has designated Mr. Yoshikawa as an independent auditor as provided in the rules of the Tokyo Stock Exchange and submitted notices to this effect to the exchange. The Company will continue to designate him as an independent auditor upon his election as an outside Corporate Auditor.