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Security Code: 6482
June 12, 2012

Dear Shareholders,

**Notice of Convocation for the
39th Ordinary General Meeting of Shareholders**

Notice is hereby given that the 39th 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 26, 2012 at the latest.

Details

1. **Date and Time:** Wednesday, June 27, 2012 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 39th Fiscal Year (April 1, 2011 to March 31, 2012) 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 39th Fiscal Year (April 1, 2011 to March 31, 2012)

Agenda for resolution:

- Proposal 1:** Election of Five (5) Directors
Proposal 2: Election of One (1) Corporate Auditor

Sincerely Yours,

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

Notes:

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

(Submitted Documents)

Business Report

(For the fiscal year from April 1, 2011 to March 31, 2012)

1. Current Business Conditions of the Yushin Group

(1) Progress and achievements

In this fiscal year as for the world economy, although the U.S. economy was on the recovery trend, the prospects were vague due to the anxiety about debt in Europe which caused the economic growth of the emerging countries plateau. The domestic economy was on the recovery trend led by the restoration demand from the earthquake and yen's appreciation, which weighed on the earnings of export industry, is on easing trend. As for industries related to Yushin, demand from Asia and North America were strong. By industry, automotive, home appliance, medical and daily products were strong.

Under these circumstances, Yushin Group linked demand from Southeast Asia to order, and increased sales to the industries such as Automotive, electronic component, and optical and precision equipment. As a result, consolidated net sales increased by 13.3% from the previous FY to ¥14,240 million. By introducing new products, operating income increased by 15.9% from the previous FY to ¥1,272 million, ordinary income increased by 20.0% from the previous FY to ¥1,265 million and net income was by 6.6% from the previous FY to ¥778 million despite the effects of yen's appreciation.

Consolidated net sales per product

(Thousands of yen)

Years ended March 31,	2011		2012	
	Amount	%	Amount	%
Take-out robots	8,912,734	70.9	9,048,483	63.5
Custom-ordered equipment	1,670,074	13.3	3,085,576	21.7
Parts and maintenance service	1,984,839	15.8	2,105,948	14.8
Total	12,567,648	100.0	14,240,008	100.0

(2) Capital investment

The total amount of capital investment for the Group effectuated over the course of the period under review was ¥2,009 million mainly for the acquisition of the land for the factory of Head Quarters valued at ¥1,724 million, the mold building for the new robot valued at ¥ 73 million, the acquisition of the land for the factory of Yushin Korea Co., Ltd. valued at ¥ 72 million, and the capital investment related to R&D valued at ¥ 45 million.

(3) Financing activities

No material items to report.

(4) Assets and operating results 2009-2012

Years ended March 31,	2009	2010	2011	2012
Net sales (thousands of yen)	19,272,301	12,369,935	12,567,648	14,240,008
Ordinary income (thousands of yen)	2,805,258	872,400	1,055,101	1,265,740
Net income (thousands of yen)	1,468,190	487,509	729,833	778,283
Net income per share (yen)	82.71	27.87	41.73	44.50
Total assets (thousands of yen)	21,977,500	20,593,798	21,583,634	22,641,673
Net assets (thousands of yen)	17,864,104	18,115,226	18,495,803	18,787,344
Net assets per share (yen)	1,019.99	1,034.11	1,055.42	1,072.24

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, there is a recovery trend from the Great East Japan Earthquake and the floods in Thailand which caused great damages. In Japan demand is expected particularly for automotive industry, and the capital investment on power-saving equipment is anticipated to grow due to the anxiety about power supply. Globally, it is anticipated that North America, Korea and Southeast Asia will stay strong.

Under these circumstances, Yushin Group must reinforce its products including price competitiveness to further promote the differentiation and to strengthen its power of global marketing. Furthermore, aiming to establish multiple core business, Yushin must develop and launch new products that can manifest technological and sales synergies.

To this end, design optimization technology, which earned “Japan Society of Mechanical Engineering Technology Award”, will be applied to general purpose robot. Yushin will transmit information of the definitely-differentiated products by appealing the performance superiority such as high-speed, light weight and power-saving. Yushin will also develop business in the semiconductor-related and medical-related area as new domains that have technological synergies.

(6) Status of Major subsidiaries

Name	Location	Capital stock	Percentage of shareholding	Major operations
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 our post-process equipment
Yushin Korea Co., Ltd.	Siheung-Si, Gyeonggi-Do, South Korea	KRW350 million	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment (Singapore) Pte. Ltd.	Singapore	S\$370,000	100%	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 (Taiwan) Co., Ltd.	Taipei City, Taiwan (R.O.C.)	NT\$5 million	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment (Thailand) Co., Ltd.	Bangkok, Thailand	THB6 million	49%	Sales and maintenance & repair of our products
Yushin Automation Ltd.	West Midlands, U.K.	GBP150,000	95.6%	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
Yushin Precision Equipment Trading (Shanghai) Co., Ltd.	Shanghai, China	US\$200,000	100%	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
Guang Zhou Yushin Precision Equipment Co., Ltd.	Guangzhou, Guangdong, China	RMB13.7million	100%	Manufacturing of our products

Yushin Precision Equipment (Slovakia) s.r.o. was liquidated in October 2011, therefore, excluded from the scope of consolidation.

(7) Major operations (as of March 31, 2012)

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, 2012)

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
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

(9) Employees (as of March 31, 2012)

Number of employees	Increase from the end of previous FY
571 (55)	25

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, 2012)

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, 2012)

- (1) Number of shares authorized: 40,000,000
(2) Total number of issued shares: 17,819,033
(3) Number of shareholders: 5,021
(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	2,239	12.8
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
Japan Trustee Service Bank, Ltd. (Trust Accounts)	605	3.5
The Kyoto Chuo Shinkin Bank, Ltd.	544	3.1
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	424	2.4
RBC DEXIA INVESTOR SERVICES TRUST LONDON (Client Accounts)	423	2.4
The Chase Manhattan Bank NA, London SL, Omnibus Accounts	361	2.1
The Bank of Kyoto, Ltd.	352	2.0

Note: Percentage of shares held is calculated after deducting the number of treasury stock (328,960 shares).

3. Matters pertaining to officers of the Company

(1) Directors and Corporate Auditors (as of March 31, 2012)

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	Yuji Tsujimoto	Head of Administrative H.Q. and Head of General Affairs Dept.
Director	Yasushi Kitagawa	Head of Manufacturing Dept. and Head of Quality Assurance Dept.
Standing Corporate Auditor	Shujiro Sawada	
Corporate Auditor	Yasuhiro Orita	Lawyer
Corporate Auditor	Takao Yoshikawa	Professor emeritus at Osaka University

Notes:

1. Corporate Auditors Yasuhiro Orita and Takao Yoshikawa are outside Corporate Auditors stipulated in Item 2, Article 16 of the Company Law.
2. The following describes the activities of the two 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 4 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 10 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.
3. Change of Directors and Corporate Auditors during the period under review
No items to report.
4. 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	148,800
Corporate Auditors	3	30,300
Total	8	179,100

Notes:

1. The 35rd 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 per year and the upper limit of the total remuneration for all Auditors at ¥50,000 thousand 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: ¥16,950 thousand (Directors: ¥16,950 thousand)
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, 2010 (¥66,780 thousand) 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 2 outside Corporate Auditors is ¥4,800 thousand.

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	26,200
Total amount of monetary and other property benefits payable by the Company and its subsidiaries	33,062

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 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 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, improve its ROE and effectuate dividends based on the performance results of each respective fiscal year.

For this fiscal year, a full-year dividend is ¥20 per share, comprising an interim dividend of ¥10 per share and a year-end dividend of ¥10 per share.

Consolidated Balance Sheets

(As of March 31, 2012)

(Thousands of yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	16,964,191	Current liabilities	3,728,298
Cash and cash equivalents	7,747,068	Trade notes and accounts payable	2,314,053
Trade notes and accounts receivable	4,670,510	Accounts payable – other	468,424
Securities	300,000	Expenses payable	97,287
Finished goods	898,193	Income tax payable	300,968
Work-in-process	856,105	Advances by customers	209,459
Raw material and Supplies	1,861,430	Accrued employees' bonuses	180,000
Prepaid expenses	56,813	Accrued bonuses to directors and corporate auditors	16,950
Deferred tax assets	365,173	Warranty reserve	104,897
Other	227,019	Deferred tax liabilities	3,465
Allowance for doubtful accounts	(18,123)	Other	32,791
Fixed assets	5,677,481	Long-term liabilities	126,030
Property, plant and equipment	5,105,195	Liability for retirement benefits to directors and corporate auditors	66,780
Buildings	977,399	Other	59,250
Structures	17,496		
Machinery and equipment	21,011	Total Liabilities	3,854,328
Vehicles	16,653		
Furniture and fixtures	131,065	NET ASSETS	
Land	3,935,369	Shareholders' equity	19,287,162
Leased assets	2,988	Common stock	1,985,666
Construction in progress	3,211	Capital surplus	2,023,903
Intangible assets	81,147	Retained earnings	15,625,496
Telephone subscription right	11,430	Treasury stock – at cost	(347,903)
Right of trademark	695	Cumulative total of consolidated other comprehensive income	(533,596)
Software	8,426	Unrealized gain on available-for-sale securities	47,576
Others	60,594	Foreign currency translation adjustments	(581,173)
Investments and other assets	491,139	Minority interests	33,778
Investment securities	241,443		
Deferred tax assets	16,865		
Other	271,419		
Allowance for doubtful accounts	(38,589)	Total Net Assets	18,787,344
Total Assets	22,641,673	Total Liabilities and Net Assets	22,641,673

Consolidated Statements of Income

(From April 1, 2011 to March 31, 2012)

(Thousands of yen)

Account	Amount	
Net sales		14,240,008
Cost of sales		8,810,071
Gross profit		5,429,937
Selling, general and administrative expenses		4,157,042
Operating income		1,272,895
Non-operating income		
Interest and dividend income	31,556	
Purchase discounts	10,077	
Other	27,223	68,856
Non-operating expenses		
Sales discounts	453	
Foreign exchange loss	71,910	
Other	3,647	76,011
Ordinary income		1,265,740
Extraordinary income		
Gain on sales of tangible fixed assets	1,662	
Gain on sales of investment in securities	627	2,290
Extraordinary expenses		
Loss on sales & disposal of tangible fixed assets	2,350	
Loss on revaluation of investment in securities	588	2,938
Income before income taxes and minority interests		1,265,092
Income taxes		
Current		504,481
Deferred		(20,135)
Income before minority interest		780,746
Minority interests		2,462
Net income		778,283

Consolidated Statements of Changes in Net Assets

(From April 1, 2011 to March 31, 2012)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock – at cost	Total shareholders' equity
Balance as of April 1, 2011	1,985,666	2,023,903	15,249,493	(347,208)	18,911,854
Changes in the current period					
Dividends of surplus			(402,280)		(402,280)
Net income			778,283		778,283
Acquisition of treasury stock				(694)	(694)
Changes in items other than shareholders' equity, net					
Total changes in the current period	-	-	376,002	(694)	375,308
Balance as of March 31, 2012	1,985,666	2,023,903	15,625,496	(347,903)	19,287,162

	Cumulative balance of consolidated other comprehensive income			Minority interests	Total net assets
	Net unrealized gain (loss) on available-for-sale securities	Foreign currency translation adjustments	Cumulative total of consolidated other comprehensive income		
Balance as of April 1, 2011	51,056	(503,005)	(451,949)	35,898	18,495,803
Changes in the current period					
Dividends of surplus					(402,280)
Net income					778,283
Acquisition of treasury stock					(694)
Changes in items other than shareholders' equity, net	(3,479)	(78,168)	(81,647)	(2,119)	(83,767)
Total changes in the current period	(3,479)	(78,168)	(81,647)	(2,119)	291,540
Balance as of March 31, 2012	47,576	(581,173)	(533,596)	33,778	18,787,344

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.

Yushin Precision Equipment (Slovakia) s.r.o., which was a consolidated subsidiary at the end of previous fiscal year, was liquidated in October 2011, 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 (Singapore) Pte. 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.

(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) Derivatives: Fair value method
- iii) Inventories
 - Merchandise and finished goods, work-in-process
Principally carried at cost determined by the identified cost method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins)
 - Raw materials
Principally carried at cost determined by the periodic average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins)
 - Supplies
Carried by the last purchase price method

b. Depreciation

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

Buildings:	13-40 years
Machinery and equipment:	5-12 years
- ii) Intangible assets (excluding leased assets)
 - Software used internally: Straight-line method based on the expected useful lives
 - Other intangible assets: Straight-line method
- iii) Leased assets: For leased assets under non-ownership transfer finance lease transactions, the Company applies a straight-line method with the lease period as useful life and the residual value as 0. Out of leased assets under non-ownership transfer finance lease transactions, lease transactions which were started before March 31, 2008 are accounted for as operating lease.

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) Accrued employees' 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) Accrued bonuses to directors and corporate auditors:
The Company provides the projected payment amount to be allocated for the payment of bonuses to directors and corporate auditors.
- iv) Warranty reserve:
To provide for expenses incurred for free repairs related to product sales, an amount is accounted based on historical experience.
- v) Liability for retirement benefits to directors and corporate auditors:
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, 2012

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) Additional Information

(Application of Accounting Standard for Accounting Changes and Error Corrections)

With regard to any accounting changes or corrections to previous errors that are made after the beginning of the current fiscal year under review, the "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standard – ASBJ Statement No. 24 dated December 4, 2009) and the "Guidance on the Accounting Standard for Accounting Changes and Error Corrections" (Implementation Guidance – ASBJ Statement No. 24 dated December 4, 2009) have been applied.

2. Notes to Consolidated Balance Sheet

- (1) Accumulated depreciation of property, plant and equipment: ¥3,117,298 thousand
- (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.
- Trade notes receivable ¥94,219 thousand
- Trade notes payable ¥78,587 thousand

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	328,497	463	-	328,960

Note: The increase in the number of shares of treasury stock (463 shares) is due to the purchase of shares of less than one unit.

(3) Dividends of surplus

a. Payment of dividends

Resolution	Class of shares	Total dividend (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
The Board of Directors' Meeting on May 11, 2011	Common stock	227,376	13	March 31, 2011	June 14, 2011
The Board of Directors' Meeting on November 7, 2011	Common stock	174,903	10	September 30, 2011	December 5, 2011

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, 2012	Common stock	174,900	Retained earnings	10	March 31, 2012	June 13, 2012

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

Investment securities, which are available-for-sale securities, are exposed to risk associated with market price volatility.

Operating debt consisting of trade notes and accounts payable are largely due four months 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, 2012 are shown as follows.

		Carrying value (¥thousands)	Fair value (¥thousands)	Differences (¥thousands)
(1)	Cash and time deposits	7,747,068	7,747,068	-
(2)	Trade notes and accounts receivable	4,670,510	4,670,510	-
(3)	Securities and investment securities			
	Available for-sale securities			
	Other securities	541,443	541,443	-
	Assets total	12,959,022	12,959,022	-
(1)	Trade notes and accounts payable	2,314,053	2,314,053	-
(2)	Accounts payable-other	468,424	468,424	-
(3)	Income taxes payable	300,968	300,968	-
	Liabilities total	3,083,446	3,083,446	-

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

(1) Cash and time deposits, (2) Trade notes and accounts receivable,

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

(3) 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) Trade notes and accounts payable, (2) Accounts payable-other, (3) Income taxes payable

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

(3) The amount of money claims 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)	Due after one year through five years (¥thousands)	Due after five years through ten years (¥thousands)	Due after ten years (¥thousands)
Cash and time deposits	7,747,068	-	-	-
Trade notes and accounts receivable	4,670,510	-	-	-
Securities				
Of which available-for-sale securities with maturity	300,000	-	-	-
Total	12,717,579	-	-	-

5. Per share information

- Net assets per share:	¥1,072.24
- Net income per share:	¥44.50

Note: Amounts less than one thousand yen are truncated.

Balance Sheets
(As of March 31, 2012)

(Thousands of yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	15,605,091	Current liabilities	3,447,813
Cash and cash equivalents	6,637,411	Trade notes	428,584
Trade notes	851,215	Trade accounts payable	1,863,458
Trade accounts receivable	4,932,879	Lease obligations	801
Securities	300,000	Accounts payable – other	467,409
Finished products	526,833	Accrued expenses	67,655
Work in progress	809,915	Income tax payable	282,400
Raw materials and supplies	1,217,801	Advances by customers	37,567
Prepaid expenses	26,019	Deposits received	11,202
Consumption tax receivable	98,815	Accrued employees' bonuses	180,000
Deferred tax assets	191,109	Accrued bonuses to directors and corporate auditors	16,950
Other	24,590	Warranty reserve	91,200
Allowance for doubtful accounts	(11,500)	Notes payable-equipment	583
Fixed assets	6,363,061	Long-term liabilities	69,691
Property, plant and equipment	4,780,964	Lease obligations	2,371
Buildings	820,852	Liability for retirement benefits to directors and corporate auditors	66,780
Structures	17,496	Guarantee deposit	540
Machinery and equipment	10,879		
Vehicles	281		
Furniture and fixtures	93,824	Total Liabilities	3,517,504
Land	3,831,429		
Leased assets	2,988	NET ASSETS	
Construction in progress	3,211	Shareholders' equity	18,403,072
Intangible assets	19,803	Common stock	1,985,666
Telephone subscription right	11,430	Capital surplus	2,023,903
Trademark right	695	Legal capital surplus	2,023,903
Software	7,677	Retained earnings	14,741,405
Investments and other assets	1,562,293	Legal retained earnings	286,314
Investment securities	241,443	Other retained earnings	14,455,090
Stocks of subsidiaries and affiliates	767,878	Reserve for dividend equalization	1,000,000
Investments	170	General reserve	8,700,000
Investments in affiliates	267,132	Retained earnings brought forward	4,755,090
Long-term loans receivable	32	Treasury stock	(347,903)
Guarantee deposits	28,764	Valuation and translation adjustments	47,576
Reorganization claims	38,589	Net unrealized gain (loss) on available-for-sale securities	47,576
Deferred tax assets	67,291		
Other	189,580	Total Net Assets	18,450,648
Allowance for investments loss	(38,589)		
Total Assets	21,968,153	Total Liabilities and Net Assets	21,968,153

Statements of Income
(From April 1, 2011 to March 31, 2012)

(Thousands of yen)

Account	Amount	
Net sales		13,104,791
Cost of sales		8,668,905
Gross profit		4,435,886
Selling, general and administrative expenses		3,480,897
Operating income		954,988
Non-operating income		
Interest and dividend income	126,351	
Purchases discounts	10,077	
Other	20,045	156,473
Non-operating expenses		
Sales discounts	453	
Foreign exchange losses	3,443	
Other	8	3,905
Ordinary income		1,107,557
Extraordinary income		
Gain on sales of investment in securities	627	627
Extraordinary expenses		
Loss on disposal and sales of tangible fixed assets	2,318	
Loss on valuation of investments in securities	588	
Loss on valuation of affiliates' shares	8,079	10,986
Income before income taxes		1,097,198
Income taxes		
Current		399,791
Deferred		(2,517)
Net income		699,924

Statements of Changes in Net Assets

(From April 1, 2011 to March 31, 2012)

(Thousands of yen)

	Shareholders' equity							
	Common stock	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Dividend equalization fund	Other reserve fund	Retained earnings brought forward	
Balance as of April 1, 2011	1,985,666	2,023,903	2,023,903	286,314	1,000,000	8,700,000	4,457,446	14,443,761
Changes in the current period								
Dividends of surplus							(402,280)	(402,280)
Net income							699,924	699,924
Acquisition of treasury stock								
Changes in items other than shareholders' equity, net								
Total changes in the current period	-	-	-	-	-	-	297,643	297,643
Balance as of March 31, 2012	1,985,666	2,023,903	2,023,903	286,314	1,000,000	8,700,000	4,755,090	14,741,405

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gain (loss) on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2011	(347,208)	18,106,122	51,056	51,056	18,157,178
Changes in the current period					
Dividends of surplus		(402,280)			(402,280)
Net income		699,924			699,924
Acquisition of treasury stock	(694)	(694)			(694)
Changes in items other than shareholders' equity, net			(3,479)	(3,479)	(3,479)
Total changes in the current period	(694)	296,949	(3,479)	(3,479)	293,469
Balance as of March 31, 2012	(347,903)	18,403,072	47,576	47,576	18,450,648

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
 - Finished products and work in process:
Carried at cost determined by the identified cost method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).
 - Raw materials:
Carried at cost determined by the periodic average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins)
 - Supplies:
Carried by the last purchase price method

(2) Depreciation

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

Buildings:	13-38 years
Machinery and equipment:	12 years
- b. Intangible assets (excluding leased assets)
 - Software used internally: Straight-line method based on the expected useful lives
 - Other intangible assets: Straight-line method
- c. Leased assets: For leased assets under non-ownership transfer finance lease transactions, the Company applies a straight-line method with the lease period as useful life and the residual value as 0. Out of leased assets under non-ownership transfer finance lease transactions, lease transactions which were started before March 31, 2008 are accounted for as operating lease.

(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. Accrued employees' 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. Accrued bonuses to directors and corporate auditors:
The Company provides the projected payment amount to be allocated for the payment of bonuses to directors and corporate auditors.
- d. Warranty reserve:
To provide for expenses incurred for free repairs related to product sales, an amount is accounted based on historical experience.
- e. Liability for retirement benefits to directors and corporate auditors:
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, 2012 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) Additional Information

(Application of Accounting Standard for Accounting Changes and Error Corrections)

With regard to any accounting changes or corrections to previous errors that are made after the beginning of the current fiscal year under review, the "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standard – ASBJ Statement No. 24 dated December 4, 2009) and the "Guidance on the Accounting Standard for Accounting Changes and Error Corrections"

(Implementation Guidance – ASBJ Statement No. 24 dated December 4, 2009) have been applied.

2. Notes to Balance Sheet

- (1) Accumulated depreciation of property, plant and equipment: ¥2,722,231 thousand
- (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.
- | | |
|------------------------|------------------|
| Trade notes receivable | ¥94,219 thousand |
| Trade notes payable | ¥78,587 thousand |
- (3) Monetary credit and debts to affiliates
- | | |
|--------------------------------|---------------------|
| a. Short-term monetary credit: | ¥1,985,653 thousand |
| b. Short-term monetary debts: | ¥53,942 thousand |

3. Notes to Statements of Income

Transactions with subsidiaries and affiliates

- | | |
|--|---------------------|
| a. Net sales: | ¥3,399,576 thousand |
| b. Purchases: | ¥11,847 thousand |
| c. Selling, general and administrative expenses: | ¥214,239 thousand |
| d. Non-operating transactions: | ¥107,726 thousand |

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	328,497	463	-	328,960

Note: The increase in the number of shares of treasury stock (463 shares) is due to the purchase of shares of less than one unit.

5. Notes on tax-effect accounting

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

	(Thousands of yen)
Deferred tax assets	
Inventories	52,093
Depreciation of Buildings	37,223
Software	64,057
Accrued employees' bonuses	68,580
Accrued enterprise taxes	23,093
Warranty reserve	34,747
Liability for retirement benefits to directors and corporate auditors	23,706
Other	23,936
Subtotal deferred tax assets	<u>327,438</u>
Valuation reserve	<u>(23,706)</u>
Total deferred tax assets	<u>303,731</u>
Deferred tax liabilities	
Prepaid pension costs	<u>23,174</u>
Marketable securities valuation difference - other	<u>22,155</u>
Total deferred tax liabilities	<u>45,329</u>
Net deferred tax assets	<u>258,401</u>

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

	(Thousands of yen)
Current assets	191,109
Fixed assets	67,291

(2) Change in deferred tax assets and income taxes-deferred due to the change in corporate tax rates.

Following the promulgation on December 2, 2011 of the "Act for Partial Revision of the Income Tax Act etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No.114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No.117 of 2011), corporate income tax rates will be reduced and special corporate tax for funding the recovery from the disaster will be imposed for the fiscal year beginning on or after April 1, 2012.

With this change of tax rates, the amount of deferred tax assets (the amount minus deferred tax liabilities) decreased by ¥13,735 thousand and the amount of income taxes-deferred increased by ¥16,072 thousand.

6. Notes on fixed assets leased by the Company

(1) In addition to the fixed assets accounted in the Balance Sheet, some business machines are used under finance lease agreements where the transfer of ownership of the leased property to the lessee is not effectuated.

a. Acquisition cost equivalent on the closing date, accumulated depreciation equivalent and year-end balance equivalent

(Thousands of yen)

	Acquisition cost equivalent	Accumulated depreciation equivalent	Year-end balance equivalent
Furniture and Fixtures	3,813	3,609	203
Total	3,813	3,609	203

b. Future leasing expense equivalents on the closing date

Year-end balance equivalents of future leasing expense (Thousands of yen)

Within 1 year 203

Total 203

(2) Operating leases

Year-end balance equivalents of future leasing expense (Thousands of yen)

Within 1 year 1,528

Total 1,528

7. Transactions with related parties

Subsidiaries, etc.

Type	Name	% of voting rights held	Relationship		Type of transactions	Transaction amount (¥thousands)	Account	Year-end balance (¥thousands)
			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	1,039,341	Accounts receivable -trade	366,207
	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	513,005	Accounts receivable -trade	299,831
	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	734,829	Accounts receivable -trade	461,074
	Guang Zhou Yushin Precision Equipment Co., Ltd.	100% Directly held by the Company	Concurrent directors: 3	Manufacture of Company products	Sale of products	589,452	Accounts receivable -trade	587,525

Transaction terms or method of determining transaction terms

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

8. Per share information

- (1) Net assets per share:	¥1,054.92
- (2) Net income per share:	¥40.02

Note: Amounts less than one thousand yen are truncated.

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

Independent Auditors' Report

May 18, 2012

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, 2011 to March 31, 2012 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 18, 2012

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, 2011 to March 31, 2012 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, 2011 to March 31, 2012, 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 21, 2012

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

Standing Corporate Auditor Shujiro Sawada [SEAL]

Outside Corporate Auditor Yasuhiro Orita [SEAL]

Outside Corporate Auditor Takao Yoshikawa [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, for the purpose of strengthening the Company's management foundation, shareholders are asked to vote for these five candidates for director.

The candidates for the position of Directors are as follows: five

No.	Name (Date of birth)	Career summary, position, areas of responsibility, and representation of other organizations	Number of shares held
	Mayumi Kotani (January 12, 1947)	October 1973 Joined the Company October 1982 Director February 1989 Executive Vice President and Director March 1993 Executive Vice President and Director, Head of Sales H.Q. December 2002 President and Representative Director April 2006 President and Head of Sales and Customer Service H.Q. March 2011 President and Representative Director To the present	2,239,901 shares
2	Satoshi Kimura (April 1, 1954)	April 2005 Joined the Company as Executive Officer and General Manager of Purchase Dept. October 2005 Executive Officer and Head of Purchase Dept. April 2006 Senior Executive Officer and Head of Purchase H.Q. June 2006 Managing Director and Head of Purchase H.Q. June 2008 Executive Managing Director and Head of Purchase H.Q. March 2010 Executive Managing Director To the present	1,100 shares
3	Yasuharu Odachi (July 31, 1958)	December 2004 Joined the Company February 2005 General Manager of Production Technology Dept. March 2005 General Manager of Research & Development Dept. October 2005 Head of Research & Development Dept. and Quality Assurance Dept. April 2006 Executive Officer and Head of Research & Development H.Q. and Quality Assurance Dept. April 2008 Executive Officer and Head of Research & Development H.Q. June 2008 Director and Head of Research & Development H.Q. June 2011 Managing Director and Head of Research & Development H.Q. To the present	2,100 shares
4	Yuji Tsujimoto (March 25, 1952)	April 2008 Joined the Company June 2008 Standing Corporate Auditor June 2009 Director and Head of General Affairs Dept. June 2010 Director and Head of Administrative H.Q. and General Affairs Dept. To the present	1,000 shares
5	Yasushi Kitagawa (August 12, 1958)	September 2007 Joined the Company November 2007 Deputy Head of Manufacturing Dept. April 2008 Deputy Head of Manufacturing Dept. and Head of Quality Assurance Dept. April 2009 Executive Officer, Deputy Head of Manufacturing Dept. and Head of Quality Assurance Dept. August 2009 Executive Officer, Head of Manufacturing Dept. and Head of Quality Assurance Dept. June 2010 Director and Head of Manufacturing Dept. and Head of Quality Assurance Dept. To the present	1,200 shares

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

Proposal 2 : Election of One (1) Corporate Auditor

To enhance the auditing system, we would like to increase one (1) Corporate Auditor in addition to currently serving three (3) Corporate Auditors.

Accordingly, we propose to elect one (1) Corporate Auditor.

The Board of Corporate Auditors has consented to this proposition.

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

No.	Name (Date of birth)	Career summary, position, areas of responsibility, and representation of other organizations	Number of shares held
1	Hiroho Kamakura (January 27, 1947)	November 1971 Joined Tohmatsu Aoki & Co. (currently "Deloitte Touche Tohmatsu LLC") May 1973 Registered as CPA To the present	- shares

Notes: 1. Mr. Kamakura was involved in the accounting audit of the Company as a CPA of Deloitte Touche Tohmatsu LLC from April 1992 to March 2001 and from April 2003 to March 2005. Currently, he retired from the operation and has no special interests in the Company.

2. Mr. Kamakura is the candidate of outside Corporate Auditor. The reason for the nomination is that he has wide knowledge and depthful insight in business administration which he gained from long experience as a CPA and also has specialist knowledge in accounting. We would like to request the nomination of Mr. Kamakura in expectation of his neutral and fair opinion on the management of the Company with his knowledge and view and his objective stance as an outside Corporate Auditor.

3. Mr. Kamakura will retire from Deloitte Touche Tohmatsu LLC on June 30, 2012 and plans to become an outside Corporate Auditor on July 1, 2012.

4. Mr. Kamakura plans to become an outside corporate auditor of Trusco Nakayama Corporation on July 1, 2012 by the approval of the ordinary general meeting of shareholders of Trusco Nakayama Corporation held on June 8, 2012.