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Security Code: 6482  
June 13, 2011

Dear Shareholders,

## Notice of Convocation for the 38th Ordinary General Meeting of Shareholders

We would like to express our deepest condolences and sympathies to all those who have suffered and are suffering as a result of 2011 Tohoku earthquake and tsunami.

Notice is hereby given that the 38th 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 Monday, June 27, 2011 at the latest.

### Details

1. **Date and Time:** Tuesday, June 28, 2011 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 38th Fiscal Year (April 1, 2010 to March 31, 2011) 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 38th Fiscal Year (April 1, 2010 to March 31, 2011)

#### 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

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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>)

(Submitted Documents)

## Business Report

(For the fiscal year from April 1, 2010 to March 31, 2011)

### 1. Current Business Conditions of the Yushin Group

#### (1) Progress and achievements

In this fiscal year as for the world economy, economic expansions in Asian countries, especially in China continued by strong domestic demand, while employment situation was hard to increase, considering the recovery of companies' results, and there were unstable factors of the financial crisis in the emerging countries in Europe and the rise of oil price by the political unrest in the Middle East. As for domestic economy, environment of employment and income was still hard, and the prospects of domestic economy was very vague by deflation and yen's appreciation since last summer. And what was ever worse that 2011 Tohoku earthquake and tsunami brought an unprecedented disaster and made the future economy more opaque.

As for industries related to Yushin Group, in Asia sales for digital appliance field was in good condition and in the United States the demand in the car industry showed a recovery trend and also the demand in the medical products and the sundry products field remained strong despite the effects of sharp yen's appreciation.

Under these circumstances, Yushin Group maintained good results in take-out robot sales by the remained strong demand in Asia and by the special automation needs in the background of elevated labor cost in Asian countries, while sales of the custom-ordered equipments have decreased from the corresponding period of previous year due to the decrease in backlog of orders in the end of last Fiscal Year.

As a result, consolidated net sales increased by 1.6% from the previous FY to ¥12,567 million. Operating income increased by 45.8% from the previous FY to ¥1,097 million by the effect of cost-down activity despite the effects of yen's appreciation. Ordinary income increased by 20.9% from the previous FY to ¥1,055 million and net income was by 49.7% from the previous FY to ¥729 million.

#### Consolidated net sales per product

(Thousands of yen)

Years ended March 31,	2010		2011	
	Amount	%	Amount	%
Take-out robots	6,029,684	48.7	8,912,734	70.9
Custom-ordered equipment	4,757,980	38.5	1,670,074	13.3
Parts and maintenance service	1,582,270	12.8	1,984,839	15.8
Total	12,369,935	100.0	12,567,648	100.0

Notes: From FY2010, the category will be integrated into three items. - Peripheral equipment will be split into Take-out robots, Custom-ordered equipment and Parts and Maintenance service. - Stock system will be integrated into Custom-ordered equipment.

#### (2) Capital investment

The total amount of capital investment for the Group effectuated over the course of the period under review was ¥239 million mainly for the deposit for the acquisition of the land for the factory of Head Quarters valued at ¥95 million, the building of the factory for Guang Zhou Yushin Precision Equipment Co., Ltd. valued at ¥ 40 million, and the capital investment related to R&D valued at ¥ 31 million.

#### (3) Financing activities

No material items to report.

**(4) Assets and operating results 2009-2011**

Years ended March 31,	2008	2009	2010	2011
Net sales (thousands of yen)	21,108,632	19,272,301	12,369,935	12,567,648
Ordinary income (thousands of yen)	3,578,444	2,805,258	872,400	1,055,101
Net income (thousands of yen)	2,023,693	1,468,190	487,509	729,833
Net income per share (yen)	125.04	82.71	27.87	41.73
Total assets (thousands of yen)	24,867,651	21,977,500	20,593,798	21,583,634
Net assets (thousands of yen)	17,997,691	17,864,104	18,115,226	18,495,803
Net assets per share (yen)	1,109.13	1,019.99	1,034.11	1,055.42

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, in Japan though the revival demand for the disaster is expected to be risen, demand for the equipment investment should be weak by unrest for the electricity service, while economic environment in the United States and Asia should keep good condition.

Under these circumstances, Yushin Group will develop competitive machines for the market in a great demand and progress the activity for receiving order of general-purpose machines and also take-out robots for the new business categories and custom-ordered equipments.

**(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.	Ansan-City, Kyunggi-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 (Slovakia) s.r.o.	Bratislava, Slovakia	EUR141,000	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, China	RMB13.7million	100%	Manufacturing of our products

**(7) Major operations (as of March 31, 2011)**

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, 2011)**

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
Tianjin Representative Office	Tianjin, China

**(9) Employees (as of March 31, 2011)**

Number of employees	Increase from the end of previous FY
546 (50)	24

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, 2011)**

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, 2011)**

- (1) Number of shares authorized: 40,000,000  
(2) Total number of issued shares: 17,819,033  
(3) Number of shareholders: 5,388  
(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	2,259	12.9
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)	576	3.3
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)	410	2.3
The Master Trust Bank of Japan, Ltd. (Trust Accounts)	401	2.3
The Nomura Trust and Banking Co., Ltd.(Trust Accounts)	381	2.2

Note: Percentage of shares held is calculated after deducting the number of treasury stock (328,497 shares).

### 3. Matters pertaining to officers of the Company

#### (1) Directors and Corporate Auditors (as of March 31, 2011)

Position	Name	Responsibilities and representation of other organization
President and Representative Director	Mayumi Kotani	
Executive Managing Director	Satoshi Kimura	
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:

- Corporate Auditors Yasuhiro Orita and Takao Yoshikawa are outside Corporate Auditors stipulated in Item 2, Article 16 of the Company Law.
- 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 all 12 Meetings of Board of Directors' and all 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 Board of Directors' Meetings and all 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.
- Change of Directors and Corporate Auditors during the period under review  
 At the 37th Ordinary General Meeting of Shareholders held on June 25, 2010, Yasushi Kitagawa was newly elected as a director.
- The Company has designated corporate auditor Takao Yoshikawa as an independent corporate officer as prescribed by the Tokyo Stock Exchange and Osaka Securities Exchange and submitted notices to this effect to both exchanges.

**(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	111,289
Corporate Auditors	3	34,800
Total	8	146,089

## 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 (this amount does not include remuneration for services as an employee received by Directors with concurrent employment positions) 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: ¥13,680 thousand (Directors: ¥13,680 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	28,000

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 decisions pertaining to 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.

The Company shall develop internal control systems to ensure the appropriateness of operations of the Company in accordance with the Company Law and the Enforcement Ordinance of the Company Law, as follows:

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

A compliance policy shall be established and diffused to all Directors and employees to ensure that the execution of duties on the part of Directors and employees conforms to laws and regulations and the Articles of Incorporation and that the Company fulfills its social responsibilities.

The Company shall create an internal whistleblower system and do its utmost to rapidly discover any actual or possible violation to laws and regulations or the Articles of Incorporation effectuating internal audits to manage compliance conditions.

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

The Company shall formulate document management regulations pertaining to the creation, preservation and disposal of documents regarding important decisions and reports by Directors. These documents shall be constantly available for inspection of all Directors and Corporate Auditors.

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

Each respective department shall establish regulations and guidelines for each respective Department, conduct training programs and create and distribute manuals with respect to types and degrees of risks of loss. The Administrative Department shall monitor cross-departmental risks and handle them on a company-wide basis.

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

Along with developing an organization for the appropriate assignment, allocation of duties and establishment of authority of Directors and employees, the Company shall define each Director's responsibility and authority and communalize information by periodically reporting to the Board of Directors concerning the progress of objectives and budgets approved by that body and realize the efficient execution of duties.

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

The Company shall assign a department in charge of subsidiary management, establish subsidiary management regulations and exert control over subsidiaries where necessary depending on their circumstances.

**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**

The Company shall assign employees where necessary to assist Corporate Auditors. The prior approval of the Board of Corporate Auditors is required concerning the transfer, evaluation and reprimand of employees.

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

**concerning reports to Corporate Auditors**

Directors and employees shall report to Corporate Auditors any matter that results, or would result, in a material loss for the Company, any unlawful or fraudulent act on the part of a Director or employee or any matter for which an obligation to report has been stipulated by the Board of Corporate Auditors.

Directors shall report on the risk management system of their respective departments in charge on a regular or irregular basis upon consultation with the Board of Corporate Auditors.

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

The Company shall deepen the understanding of Directors and employees with respect to audits by Corporate Auditors and develop an environment under which said audits by Corporate Auditors may be conducted. Corporate Auditors shall hold periodical meetings with Representative Directors to exchange opinions and work towards the coordination of tasks with the Internal Auditing Department and the execution of appropriate communication and effective audit tasks.

**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 ¥18 per share, comprising an interim dividend of ¥5 per share and a year-end dividend of ¥13 per share.

## Consolidated Balance Sheets

(As of March 31, 2011)

(Thousands of yen)

Account	Amount	Account	Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets</b>	<b>17,649,250</b>	<b>Current liabilities</b>	<b>2,965,436</b>
Cash and cash equivalents	9,653,652	Trade notes and accounts payable	1,918,405
Trade notes and accounts receivable	4,288,949	Accounts payable – other	371,087
Securities	300,000	Expenses payable	89,597
Finished goods	630,010	Income tax payable	154,462
Work-in-process	630,728	Advances by customers	100,679
Raw material and Supplies	1,483,591	Accrued employees' bonuses	179,000
Prepaid expenses	47,236	Accrued bonuses to directors and corporate auditors	13,680
Deferred tax assets	339,504	Warranty reserve	104,517
Other	293,338	Deferred tax liabilities	1,587
Allowance for doubtful accounts	(17,760)	Other	32,417
<b>Fixed assets</b>	<b>3,934,383</b>	<b>Long-term liabilities</b>	<b>122,393</b>
<b>Property, plant and equipment</b>	<b>3,328,129</b>	Liability for retirement benefits to directors and corporate auditors	66,780
Buildings	1,028,870	Other	55,613
Structures	17,745		
Machinery and equipment	24,275	<b>Total Liabilities</b>	<b>3,087,830</b>
Vehicles	15,818		
Furniture and fixtures	99,350	<b>NET ASSETS</b>	
Land	2,044,977	<b>Shareholders' equity</b>	<b>18,911,854</b>
Construction in progress	97,091	<b>Common stock</b>	<b>1,985,666</b>
		<b>Capital surplus</b>	<b>2,023,903</b>
<b>Intangible assets</b>	<b>91,450</b>	<b>Retained earnings</b>	<b>15,249,493</b>
Telephone subscription right	11,430	<b>Treasury stock – at cost</b>	<b>(347,208)</b>
Right of trademark	995	<b>Cumulative total of consolidated other comprehensive income</b>	<b>(451,949)</b>
Software	17,183	<b>Unrealized gain on available-for-sale securities</b>	<b>51,056</b>
Others	61,840	<b>Foreign currency translation adjustments</b>	<b>(503,005)</b>
<b>Investments and other assets</b>	<b>514,803</b>	<b>Minority interests</b>	<b>35,898</b>
Investment securities	250,994		
Deferred tax assets	19,525		
Other	282,446		
Allowance for doubtful accounts	(38,162)		
		<b>Total Net Assets</b>	<b>18,495,803</b>
<b>Total Assets</b>	<b>21,583,634</b>	<b>Total Liabilities and Net Assets</b>	<b>21,583,634</b>

## **Consolidated Statements of Income**

(From April 1, 2010 to March 31, 2011)

(Thousands of yen)

Account	Amount	
<b>Net sales</b>		<b>12,567,648</b>
<b>Cost of sales</b>		<b>7,709,299</b>
<b>Gross profit</b>		<b>4,858,348</b>
<b>Selling, general and administrative expenses</b>		<b>3,760,493</b>
<b>Operating income</b>		<b>1,097,855</b>
<b>Non-operating income</b>		
Interest and dividend income	45,761	
Purchase discounts	8,203	
Other	26,656	<b>80,621</b>
<b>Non-operating expenses</b>		
Sales discounts	589	
Foreign exchange loss	119,408	
Other	3,377	<b>123,375</b>
<b>Ordinary income</b>		<b>1,055,101</b>
<b>Extraordinary income</b>		
Gain on sales of tangible fixed assets	24	
Gain on sales of investment in securities	782	<b>806</b>
<b>Extraordinary expenses</b>		
Loss on sales & disposal of tangible fixed assets	418	<b>418</b>
<b>Income before income taxes and minority interests</b>		<b>1,055,488</b>
<b>Income taxes</b>		
Current		341,630
Deferred		(28,515)
<b>Income before minority interest</b>		<b>742,373</b>
Minority interests		12,539
<b>Net income</b>		<b>729,833</b>

## Consolidated Statements of Changes in Net Assets

(From April 1, 2010 to March 31, 2011)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock – at cost	Total shareholders' equity
Balance as of March 31, 2010	1,985,666	2,023,903	14,694,569	(346,098)	18,358,040
Changes in the current period					
Dividends of surplus			(174,909)		(174,909)
Net income			729,833		729,833
Acquisition of treasury stock				(1,110)	(1,110)
Changes in items other than shareholders' equity, net					
Total changes in the current period	-	-	554,924	(1,110)	553,813
Balance as of March 31, 2011	1,985,666	2,023,903	15,249,493	(347,208)	18,911,854

	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 March 31, 2010	68,374	(338,489)	(270,114)	27,300	18,115,226
Changes in the current period					
Dividends of surplus					(174,909)
Net income					729,833
Acquisition of treasury stock					(1,110)
Changes in items other than shareholders' equity, net	(17,318)	(164,516)	(181,834)	8,598	(173,236)
Total changes in the current period	(17,318)	(164,516)	(181,834)	8,598	380,577
Balance as of March 31, 2011	51,056	(503,005)	(451,949)	35,898	18,495,803

## 1. Basis of preparing Consolidated Financial Statements

### (1) Scope of consolidation

All 12 subsidiaries of the company, provided below, fall within the scope of consolidation.

<b>List of Subsidiaries</b>
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 (Slovakia) s.r.o.
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: Principally computed by the declining balance method  
The range of useful lives for major assets is as follows:

Buildings:	13-38 years
Machinery and equipment:	5-12 years
- ii) Intangible assets
  - Software used internally: Straight-line method based on the expected useful lives
  - Other intangible assets: Straight-line method

##### **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 for allocation of retirement benefit payments to directors and corporate auditors. This plan was terminated on June 29, 2006 and no additional provision has been recorded since then. Therefore, the balance as of March 31, 2011 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. Lease**

Except for finance leases that deem to transfer ownership of the leased property to the lessee, all finance leases are accounted for as operating leases.

**f. 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) Change in accounting principle**

(Accounting Standard for Asset Retirement Obligations)

Effective from the fiscal year ending March 31, 2011, the Company applied ASBJ Statement No. 18, “Accounting Standard for Asset Retirement Obligations” and ASBJ Guidance No. 21, “Guidance on Accounting Standard for Asset Retirement Obligations,” both issued on March 31, 2008.

The effect of this change on the accompanying consolidated financial statements was none.

**(6) Change of expression method**

(Consolidated statement of income and Consolidated statement of comprehensive income)

From this fiscal year, based on the “Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, issued on December 26, 2008), the Ordinance of the Ministry of Justice to the Partial Revision on the Ordinance for Enforcement of the Company Act and the Ordinance of the Accounting of Companies (Ordinance of the Ministry of Justice No.7 issued on 27 March, 2009) has been adopted. Accordingly, “Income (loss)before minority interests” is included in the consolidated financial statements for March 31, 2011.

‘Loss on lease cancellation’ to be reported in non-operating expense until the previous fiscal year should be changed to be included by others in non-operating expense from this fiscal year. Amount of ‘loss on lease cancellation’ in others of non-operating expense in this fiscal year is ¥211 thousand.

**2. Notes to Consolidated Balance Sheet**

**Accumulated depreciation of property, plant and equipment: ¥2,971,517thousand**

**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	327,772	725	-	328,497

Note: The increase in the number of shares of treasury stock (725 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, 2010	Common stock	87,456	5	March 31, 2010	June 11, 2010
The Board of Directors' Meeting on November 9, 2010	Common stock	87,453	5	September 30, 2010	December 6, 2010

**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 11, 2011	Common stock	227,376	Retained earnings	13	March 31, 2011	June 14, 2011

#### 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, 2011 are shown as follows.

		Carrying value (¥thousands)	Fair value (¥thousands)	Differences (¥thousands)
(1)	Cash and time deposits	9,653,652	9,653,652	-
(2)	Trade notes and accounts receivable	4,288,949	4,288,949	-
(3)	Securities and investment securities			
	Available for-sale securities			
	Other securities	550,994	550,994	-
	Assets total	14,493,596	14,493,596	-
(1)	Trade notes and accounts payable	1,918,405	1,918,405	-
(2)	Accounts payable-other	371,087	371,087	-
(3)	Income taxes payable	154,462	154,462	-
	Liabilities total	2,443,956	2,443,956	-

(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.

Please see below for items regarding securities and investment securities categorized by holding purpose.

	Acquisition cost (¥thousands)	Carrying value (¥thousands)	Differences (¥thousands)
Securities whose fair value exceeds their carrying value			
Stock	114,319	203,759	89,440
Other	-	-	-
Subtotal	114,319	203,759	89,440
Securities whose fair value do not exceed their carrying value			
Stock	51,582	47,235	(4,346)
Other	300,000	300,000	-
Subtotal	351,582	347,235	(4,346)
Total	465,901	550,994	85,093

(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	9,653,652	-	-	-
Trade notes and accounts receivable	4,288,949	-	-	-
Securities Of which available-for-sale securities with maturity	300,000	-	-	-
Total	14,242,602	-	-	-

**5. Per share information**

- Net assets per share: ¥1,055.42  
- Net income per share: ¥41.73

Note: Amounts less than one thousand yen are truncated.

**Balance Sheets**  
(As of March 31, 2011)

(Thousands of yen)

Account	Amount	Account	Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets</b>	<b>16,569,145</b>	<b>Current liabilities</b>	<b>3,059,279</b>
Cash and cash equivalents	8,566,723	Trade notes	275,485
Trade notes	983,415	Trade accounts payable	1,907,572
Trade accounts receivable	4,140,107	Accounts payable – other	347,630
Securities	300,000	Accrued expenses	66,575
Finished products	401,674	Income tax payable	134,700
Work in progress	600,216	Advances by customers	37,642
Raw materials and supplies	1,130,821	Deposits received	12,446
Prepaid expenses	27,106	Accrued employees' bonuses	179,000
Consumption tax receivable	221,264	Accrued bonuses to directors and corporate auditors	13,680
Deferred tax assets	178,595	Warranty reserve	84,500
Other	30,219	Other	46
Allowance for doubtful accounts	(11,000)		
<b>Fixed assets</b>	<b>4,714,672</b>	<b>Long-term liabilities</b>	<b>67,360</b>
<b>Property, plant and equipment</b>	<b>3,091,592</b>	Liability for retirement benefits to directors and corporate auditors	66,780
Buildings	894,886	Guarantee deposit	580
Structures	17,745		
Machinery and equipment	14,025		
Vehicles	421		
Furniture and fixtures	55,855		
Land	2,011,566		
Construction in progress	97,091		
<b>Intangible assets</b>	<b>28,692</b>		
Telephone subscription right	11,430		
Trademark right	995		
Software	16,266		
<b>Investments and other assets</b>	<b>1,594,388</b>		
Investment securities	250,994		
Stocks of subsidiaries and affiliates	775,957		
Investments	170		
Investments in affiliates	267,132		
Long-term loans receivable	305		
Guarantee deposits	29,814		
Reorganization claims	38,162		
Deferred tax assets	71,075		
Other	198,938		
Allowance for investments loss	(38,162)		
		<b>Total Liabilities</b>	<b>3,126,639</b>
		<b>NET ASSETS</b>	
		<b>Shareholders' equity</b>	<b>18,106,122</b>
		<b>Common stock</b>	<b>1,985,666</b>
		<b>Capital surplus</b>	<b>2,023,903</b>
		Legal capital surplus	2,023,903
		<b>Retained earnings</b>	<b>14,443,761</b>
		Legal retained earnings	286,314
		Other retained earnings	14,157,446
		Reserve for dividend equalization	1,000,000
		General reserve	8,700,000
		Retained earnings brought forward	4,457,446
		<b>Treasury stock</b>	<b>(347,208)</b>
		<b>Valuation and translation adjustments</b>	<b>51,056</b>
		<b>Net unrealized gain (loss) on available-for-sale securities</b>	<b>51,056</b>
		<b>Total Net Assets</b>	<b>18,157,178</b>
<b>Total Assets</b>	<b>21,283,818</b>	<b>Total Liabilities and Net Assets</b>	<b>21,283,818</b>

**Statements of Income**  
(From April 1, 2010 to March 31, 2011)

(Thousands of yen)

Account	Amount	
<b>Net sales</b>		<b>11,703,060</b>
<b>Cost of sales</b>		<b>7,751,145</b>
<b>Gross profit</b>		<b>3,951,914</b>
<b>Selling, general and administrative expenses</b>		<b>3,181,619</b>
<b>Operating income</b>		<b>770,295</b>
<b>Non-operating income</b>		
Interest and dividend income	138,552	
Purchases discounts	8,203	
Other	24,118	<b>170,874</b>
<b>Non-operating expenses</b>		
Sales discounts	589	
Foreign exchange losses	50,697	
Other	212	<b>51,499</b>
<b>Ordinary income</b>		<b>889,671</b>
<b>Extraordinary income</b>		
Gain on sales of investment in securities	782	<b>782</b>
<b>Extraordinary expenses</b>		
Loss on disposal and sales of tangible fixed assets	398	<b>398</b>
<b>Income before income taxes and minority interests</b>		<b>890,054</b>
<b>Income taxes</b>		
Current		250,459
Deferred		30,310
<b>Net income</b>		<b>609,284</b>

## Statements of Changes in Net Assets

(From April 1, 2010 to March 31, 2011)

(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 March 31, 2010	1,985,666	2,023,903	2,023,903	286,314	1,000,000	8,700,000	4,023,071	14,009,386
Changes in the current period								
Dividends of surplus							(174,909)	(174,909)
Net income							609,284	609,284
Acquisition of treasury stock								
Changes in items other than shareholders' equity, net								
Total changes in the current period	-	-	-	-	-	-	434,375	434,375
Balance as of March 31, 2011	1,985,666	2,023,903	2,023,903	286,314	1,000,000	8,700,000	4,457,446	14,443,761

	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 March 31, 2010	( 346,098)	17,672,858	68,374	68,374	17,741,233
Changes in the current period					
Dividends of surplus		(174,909)			(174,909)
Net income		609,284			609,284
Acquisition of treasury stock	(1,110)	(1,110)			(1,110)
Changes in items other than shareholders' equity, net			(17,318)	(17,318)	(17,318)
Total changes in the current period	(1,110)	433,264	(17,318)	(17,318)	415,945
Balance as of March 31, 2011	(347,208)	18,106,122	51,056	51,056	18,157,178

## **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: 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
  - Software used internally: Straight-line method based on the expected useful lives
  - Other intangible assets: Straight-line method
- c. Long-term prepaid expenses: Straight-line method

### **(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 for allocation of retirement benefit payments to directors and corporate auditors. This plan was terminated on June 29, 2006 and no additional provision has been recorded since then. Therefore, the balance as of March 31, 2011 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) Lease**

Except for finance leases that deem to transfer ownership of the leased property to the lessee, all finance leases are accounted for as operating leases.

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

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

**(7) Change in accounting principle**

(Accounting Standard for Asset Retirement Obligations)

Effective from the fiscal year ending March 31, 2011, the Company applied ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations," both issued on March 31, 2008.

The effect of this change on the accompanying consolidated financial statements was none.

**(8) Change of expression method**

'Loss on termination of lease' to be reported in non-operating expense until the previous fiscal year should be changed to be included by others in non-operating expense from this fiscal year. Amount of which in others of non-operating expense in this fiscal year is ¥211 thousand.

**2. Notes to Balance Sheet**

<b>(1) Accumulated depreciation of property, plant and equipment:</b>	¥2,559,645 thousand
<b>(2) Monetary credit and debts to affiliates</b>	
a. Short-term monetary credit:	¥1,658,456 thousand
b. Short-term monetary debts:	¥16,551 thousand

**3. Notes to Statements of Income**

Transactions with subsidiaries and affiliates

a. Net sales:	¥3,070,914 thousand
b. Purchases:	¥1,948 thousand
c. Selling, general and administrative expenses:	¥246,240 thousand
d. Non-operating transactions:	¥105,084 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	327,772	725	-	328,497

Note: The increase in the number of shares of treasury stock (725 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	46,846
Buildings	38,509
Software	83,893
Accrued employees' bonuses	71,600
Accrued enterprise taxes	13,567
Warranty reserve	33,800
Liability for retirement benefits to directors and corporate auditors	26,712
Other	29,578
Subtotal deferred tax assets	344,505
Valuation reserve	(32,672)
Total deferred tax assets	311,833
Deferred tax liabilities	
Prepaid pension costs	34,120
Marketable securities valuation difference - other	28,041
Total deferred tax liabilities	62,162
Net deferred tax assets	249,670

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

	(Thousands of yen)
Current assets	178,595
Fixed assets	71,075

## 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	9,562	8,010	1,552
Total	9,562	8,010	1,552

b. Future leasing expense equivalents on the closing date

Year-end balance equivalents of future leasing expense

(Thousands of yen)

Within 1 year	1,348
Over 1 year	203
Total	1,552

(2) Operating leases

Year-end balance equivalents of future leasing expense

(Thousands of yen)

Within 1 year	10,224
Over 1 year	1,528
Total	11,753

**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	1,130,150	Accounts receivable -trade	431,416
	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	529,531	Accounts receivable -trade	289,474
	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	435,300	Accounts receivable -trade	230,883
					Subscription of share allotment	2,665	-	-
	Guang Zhou Yushin Precision Equipment Co., Ltd.	100% Directly held by the Company	Concurrent directors: 3	Manufacture of Company products	Sale of products	470,286	Accounts receivable -trade	448,321

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:** ¥1,038.11

**-(2)Net income per share:** ¥34.83

Note: Amounts less than one thousand yen are truncated.

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

**Independent Auditors' Report**

May 20, 2011

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

Deloitte Touche Tohmatsu LLC

Yoshiki Yamada, 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 and the Consolidated Statements of Changes in Net Assets, of Yushin Precision Equipment Co., Ltd. (the "Company") for the fiscal year from April 1, 2010 to March 31, 2011 in accordance with Paragraph 4, Article 444 of the Company Law. The preparation of the consolidated statutory report is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated statutory report based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the consolidated statutory report is free of material misstatement. An audit is performed on a test basis and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the consolidated statutory report. We believe that our audit provides a reasonable basis for our 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.

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 20, 2011

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

Deloitte Touche Tohmatsu LLC

Yoshiki Yamada, 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 schedules of Yushin Precision Equipment Co., Ltd. for the business year from April 1, 2010 to March 31, 2011 in accordance with Item 1, Paragraph 2, Article 436 of the Company Law. The preparation of the statutory report and its supporting schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the statutory report and its supporting schedules based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the statutory report and its supporting schedules are free of material misstatement. An audit is performed on a test basis and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the statutory report and its supporting schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statutory report and its supporting schedules referred to above present 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 statutory report and its supporting schedules are prepared, in conformity with accounting principles generally accepted in Japan.

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, 2010 to March 31, 2011, 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 23, 2011

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 To the present	2,259,901 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        Executive Director and Head of Purchase H.Q. June 2008        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. 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

Corporate Auditor Yasuhiro Orita's term of office will end at the closing of this General Meeting of Shareholders. 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	Yasuhiro Orita (September 30,1944)	April 1975 Registered at Attorney at Law May 1985 Established Orita Law Office (current Keyaki Law Office) To the present June 1994 Corporate Auditor To the present	5,420ares

Notes:1. The candidate for Corporate Auditor has no special interests in the Company.

2. Mr. Orita is the candidate of outside Corporate Auditor. He is the present outside Corporate Auditor of the Company, and his term of office as Corporate Auditor of the Company is 17 years at the closing of this General Meeting of Shareholders. We would like to request the nomination of Mr. Orita to the candidate of outside Corporate Auditor in expectation of his special view as the lawyer to be reflected to the audit of the Company.

3.Mr. Orita has no experience for business administration directly, but we judge he has the ability to execute business properly as outside Corporate Auditor of the Company as mentioned above Note2.