

ANNUAL REPORT 2017
Year Ended March 31, 2017



Message from the President

Let me extend my wishes to you for your health and prosperity.

We respectfully appreciate for your continued support to our business.

We would like to present you an overall view of our company's 44th year of operations, the fiscal year from April 1st, 2016 to March 31st, 2017.

July 2017



Mayumi Kotani
President and
Representative Director



Business Results

In the fiscal year ended March 31, 2017, there was an uncertainty about economic and trading policies of the new US government as well as politics in Europe. However, the economy of the US remained steady against a background of improvements of the employment environment and expansion of the individual consumption. In Europe, the economy was on recovery trend since "Brexit" impact was temporary. In Asia, there were slowdown in Chinese economy and stagnation of the economic growth in emerging countries, but there was pickup in the second half of the year. On the whole, world economy made a mild recovery.

In these circumstances, Yushin Group has strived to expand operation in a new business area, to develop new products and to obtain new world-class customers. However, consolidated net sales decreased by 8.5% year on year to 19,346 million yen because sales in new business area fell below expectation and there was strong yen. As regards profit, in addition to decrease in net sales, there were cost occurred relating to the new

ERP system launched last November and the relocation of the HQ implemented last December. As a result, operating income decreased by 31.5% year on year to 2,112 million yen and ordinary income decreased by 29.6% year on year to 2,058 million yen, and net income attributable to shareholders of the parent company decreased by 27.7% year on year to 1,380 million yen.

Outlook for Fiscal Year 2018 (Year ending March 31, 2018)

The world economy is expected to show a recovery trend as a whole. However, there remains uncertainty such as effect from the economic and trading policy of new US government, the political trend in Europe and escalation of international tensions.

Under these circumstances, Yushin Group will extend the quality and scale of our business by strengthening our sales capabilities worldwide and developing and distributing products to meet customers' demands. Particularly

a new model of take-out robots with new functions has been launched in July, 2017 (please see Topics on page 13). We also expand sales of custom-ordered equipment in a medical and a new business area. For the purpose of enhancing these all efforts, Yushin Group aims to improve productivities and to promote operational efficiencies utilizing the new HQ, as well as to continue cost reducing activities.

Yushin forecasts its business performance for the fiscal year ending March 31, 2018, based on the current information available, as follows.

	(Millions of yen)
	Consolidated
Net sales	21,000 (Y/Y 8.5%)
Operating income	2,700 (Y/Y 27.8%)
Ordinary income	2,700 (Y/Y 31.2%)
Net income attributable to owners of the parent company	1,900 (Y/Y 37.7%)

Medium and Long-Term Management Strategies

Yushin has set the medium-term management targets of net sales of 30,000 million yen and ordinary income of 5,000 million yen.

Company strategy

Yushin strengthens and conducts business even more aggressively in the global market, and works on developing superior cost-effective products with its quality and performance to meet our customer needs. And Yushin will also attract new customer for the take-out robots while promoting receiving orders for custom-ordered equipment in a new business area. In addition, Yushin will improve productivities and promote operational efficiencies utilizing a new headquarters and factory which was opened in December 2016.

Market strategy

Yushin has developed a sales and service network for take-out robots in the U.S, Asia, and Europe. Yushin will continuously expand and strengthen the network in areas where business is expected to grow to develop a global business that can adequately respond to worldwide customer purchases. Especially, Yushin aims to develop new customers in emerging

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Impossible mark the starting point of a challenge.



Susumu Kotani, Yushin's Founder

countries where labor costs are highly rising and develop world-class human resources who can sustain for expanding our presence around the world.

Product strategy

Yushin will continuously offer the definitely-differentiated product by appealing the performance superiority such as high-speed motion, vibration suppression and power-saving. In order to establish multiple core businesses, Yushin must develop and bring new products to the market in the business area where Yushin can manifest technological and/or sales synergies.

Outline of Yushin Precision Equipment Co., Ltd.

Our name "Yushin", means to be both conscientious and trustworthy in Japanese. As these terms suggest, our goal is to be a company that earns and deserves the trust of customers. This is why we work constantly to develop products and systems based on what we call "Heartful Technology", that reaches heart to heart.

Since 1973, we have been striving to make the molding process more efficient, focusing on the development and manufacturing of take-out robots for plastic injection molding products. To us, the words "impossible" or "it can't be done" mark the starting point of a challenge.

To be successful, we must continue to introduce innovative products, for instance, ultra-high speed robots and factory automation systems for bringing new capabilities into the customers.

As an innovator in the plastic molding process, Yushin intends to continue developing equipment that will improve quality, and simplify the molding new types of products. Taking advance with automation for plastic molding plants, Yushin has been expanding its service network throughout the world.

Yushin also conducts its business so as to live up to the trust and expectations of its customers, shareholders, suppliers, employees, local communities and all other stakeholders.



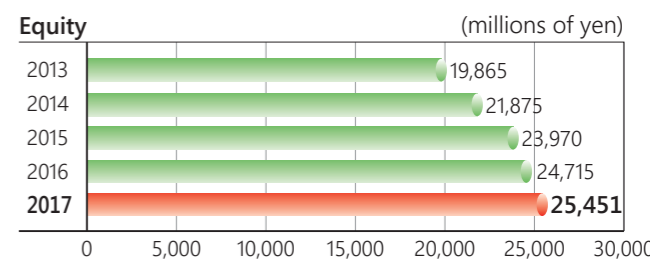
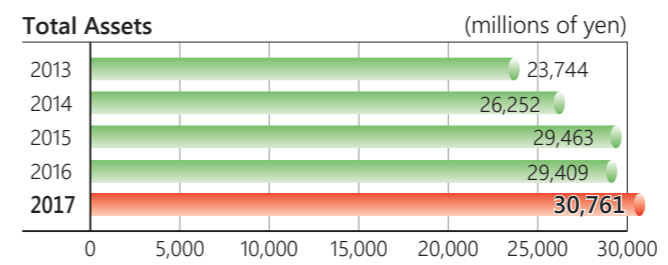
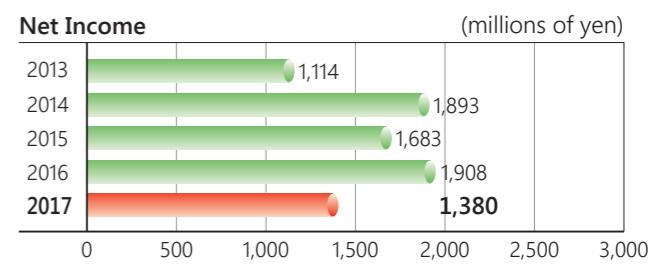
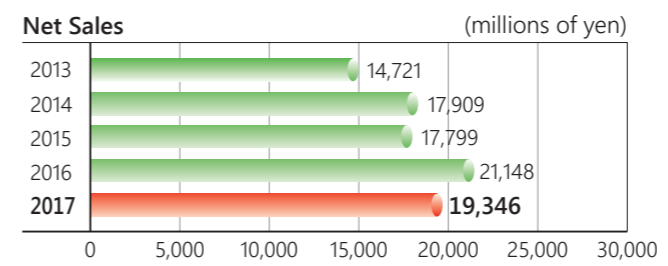
Serving society through developing plastics industry.

Consolidated Financial Highlights

YUSHIN PRECISION EQUIPMENT CO., LTD. and Subsidiaries
Years ended March 31

	Millions of Yen					Thousands of U.S. Dollars
	2017	2016	2015	2014	2013	2017
For the year:						
Net sales	¥ 19,346	¥ 21,148	¥ 17,799	¥ 17,909	¥ 14,721	\$ 172,735
Operating income	2,112	3,086	2,304	2,792	1,498	18,862
Income before income taxes	2,009	2,858	2,566	3,163	1,779	17,943
Net income attributable to owners of the parent company	1,380	1,908	1,683	1,893	1,114	12,323
R&D Expenses	619	510	472	448	591	5,531
At Year end:						
Total assets	30,761	29,409	29,463	26,252	23,744	274,658
Equity	25,451	24,715	23,970	21,875	19,865	227,247
Per share of common stock:						
	Yen					U.S. Dollars
Net income	¥ 78.93	¥ 109.14	¥ 96.26	¥ 108.24	¥ 63.74	\$ 0.70
Cash dividends	36.00	36.00	30.00	30.00	30.00	0.32
Equity	1,444.38	1,401.54	1,357.36	1,243.88	1,131.63	
Equity ratio:						
	%					
Return on assets	4.6%	6.5%	6.0%	7.6%	4.8%	
Return on equity	5.6	7.9	7.4	9.1	5.8	

Notes: The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each year, retroactively adjusted for stock splits, including those stock splits made after year-end.
Cash dividends per share are dividends applicable to the respective years including dividends to be paid after the end of the year.
The computation of equity per share is based on the number of shares of common stock outstanding each end of year, retroactively adjusted for stock splits, including those stock splits made after year-end.
Translations of Japanese Yen amounts into U.S. dollar amounts are made at the rate of ¥112 to \$1.

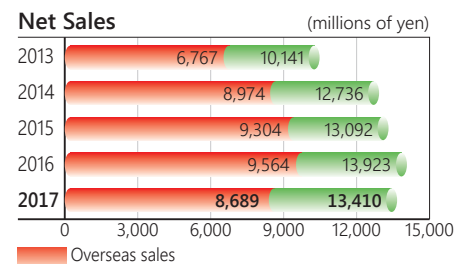
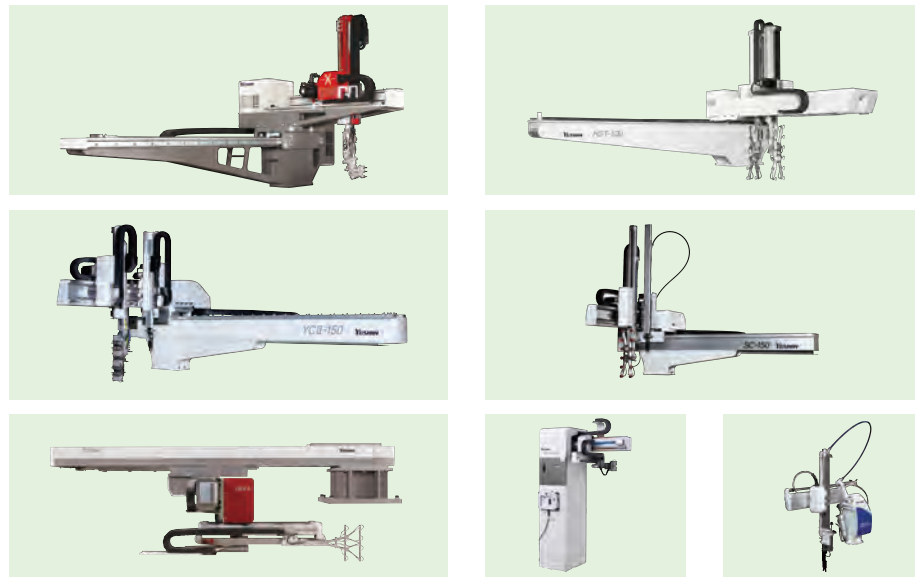


Estimates, Forecasts, and Plans
The performance estimates, forecasts of the business environment, and business plans contained in this publication are based on the information available at the time of compilation. Statements herein regarding these performance estimates, forecasts of the business environment, and business plans may contain inaccurate elements. In addition, there is a possibility of unknown risks, uncertainties, and contingencies emerging that may invalidate these performance estimates, forecasts of the business environment, and business plans. As a result, the reader is requested to understand that actual results / performance, the business environment and business plans in the future may differ materially from the content of this publication.

Review of Operations

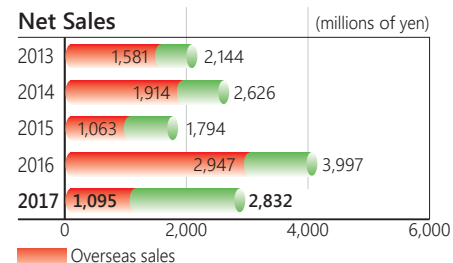
Take-out Robots

Net sales of take-out robots decreased by 512 million yen (3.7%) from the previous FY to 13,410 million yen due to slow sales in the first half of the year even there was a recovery trend in the second half.



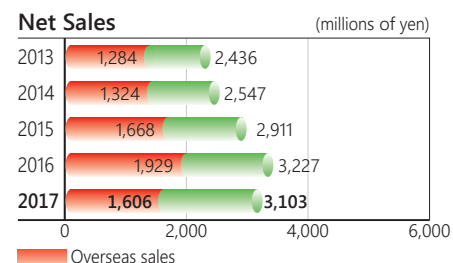
Custom-ordered Equipment

Net sales of custom-ordered equipment decreased by 1,165 million yen (29.1%) from the previous FY to 2,832 million yen.

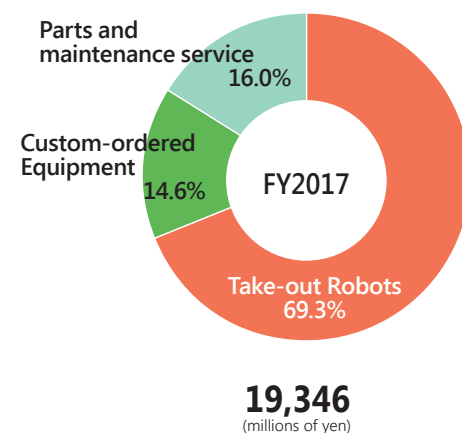


Parts and maintenance service

Net sales of parts and maintenance service decreased by 124 million yen (3.9%) from the previous FY to 3,103 million yen.



Sales composition by products



Performance of geographic segments

[Japan]

Net sales increased by 0.2% from the previous FY to 15,545 million yen and operating income decreased by 15.0% from the previous FY to 1,279 million yen.

[North America]

Net sales decreased by 8.3% from the previous FY to 3,285 million yen and operating income decreased by 21.4% to 348 million yen.

[Asia]

Net sales decreased by 8.3% from the previous FY to 4,776 million yen and operating income decreased by 41.3% to 469 million yen.

[Europe]

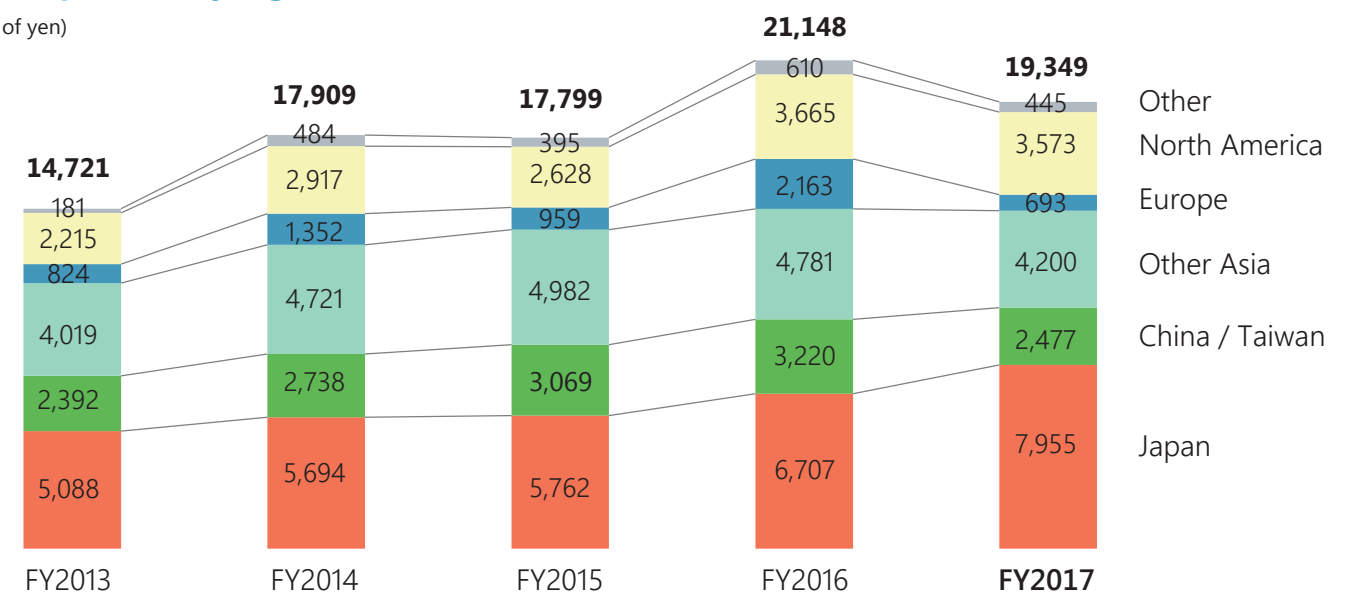
Net sales decreased by 78.9% from the previous FY to 396 million yen and operating income decreased by 97.0% from the previous FY to 6 million yen.

Overseas sales

Overseas sales simply indicate Yushin's world sales to countries and areas other than Japan. Overseas sales decreased by 21.1% year on year to 11,391 million yen from the previous fiscal year. And the ratio of overseas sales to the total net sales was 58.9%.

Sales composition by region

(millions of yen)



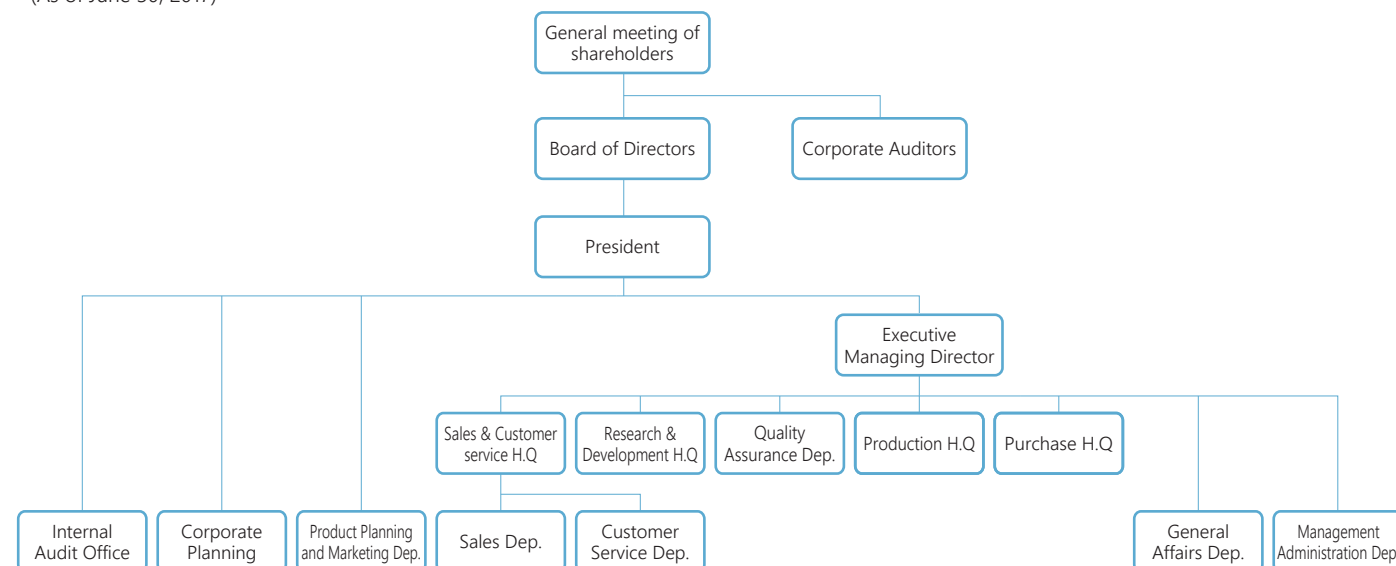
Board of Directors, Auditors and Officers

(As of June 30, 2017)



Organization Chart

(As of June 30, 2017)



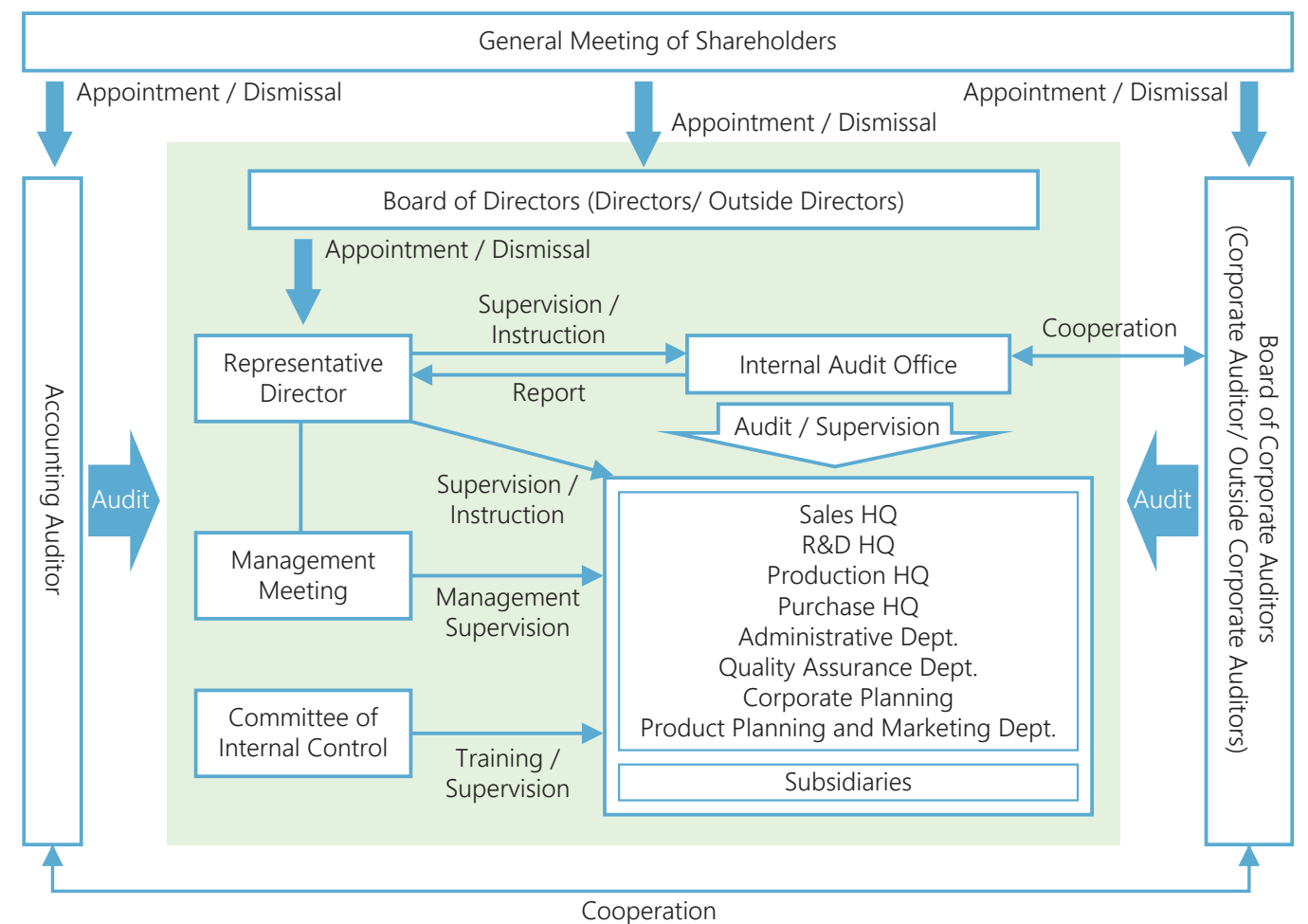
Corporate Governance System

Basic Views

The Company aims at achieving sustainable growth and maximizing the enterprise value for medium- and long-term under the management philosophy with obtaining credibility from all stakeholders surrounding Yushin including shareholders. We strive to strengthen corporate governance with the basic policy of following five items.

1. The Company respects the rights of shareholders and ensures equality, as well as strives to improve the environment for executing rights appropriately and protect rights.
2. The Company strives to sincerely cooperate with stakeholders excluding our shareholders with good sense.
3. The Company strives to ensure the transparency by appropriately making disclosure according to laws and regulations and voluntarily providing information excluding the disclosure.
4. The Board of Directors strives to execute its roles and duties appropriately for transparent/fair and flexible decision-making.
5. The Company strives to positively communicate with shareholders after sharing the direction of its stable growth for long-term.

Chart of Corporate Governance System



Global Network (As of June 30, 2017)



Headquarters & Factory



USA



Korea



Malaysia



Taiwan



Thailand



UK



China (Shenzhen)



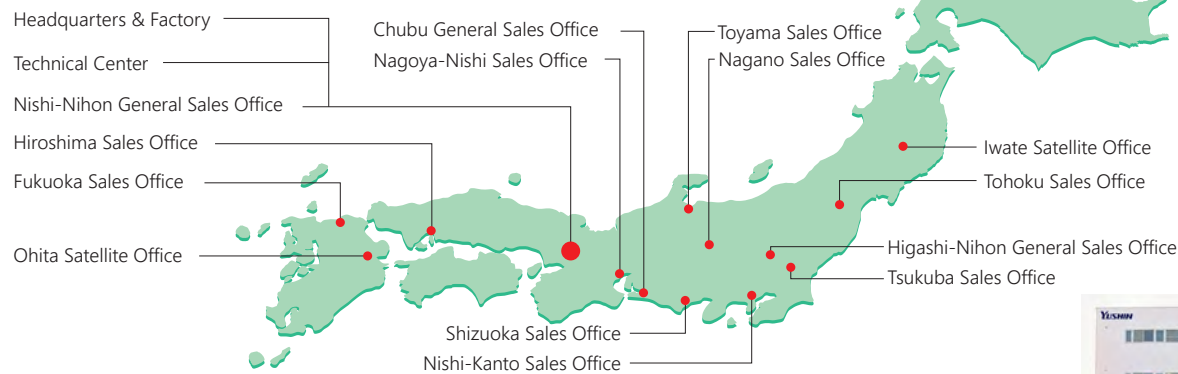
China (Shanghai)



Vietnam



China (Guangzhou)



Chubu General Sales Office



Higashi-Nihon General Sales Office

Headquarters & Factory

YUSHIN PRECISION EQUIPMENT CO., LTD.

555 Kuzetonoshiro-cho, Minami-ku, Kyoto, Japan 612-8205
TEL: +(81)75-933-9555

Subsidiaries (Sales office)

- Korea YUSHIN KOREA CO., LTD. <Seoul>
Tawon Techno-town F-101, 98 Okuchundong-Ro, Siheung-Shi, Gyeonggi-Do, 15097, Korea
TEL: +(82)31-433-9655~6
- China YUSHIN PRECISION EQUIPMENT TRADING (SHANGHAI) CO., LTD.
Unit J1, 17/Floor, No.1800 Zhongshan West Road, Shanghai, 200235 China
TEL: +(86)21-6440-1586~7
YUSHIN PRECISION EQUIPMENT TRADING (SHENZHEN) CO., LTD.
13F Tower 1, Yang Guang Hua Yi Building NO.3003, Nan Hai Ave, Nan Shan District, Shenzhen, 518052, China
TEL: +(86)755-8358-0139
- Taiwan YUSHIN PRECISION EQUIPMENT (TAIWAN) CO., LTD. <Taipei>
10F, No.45, Sec.1, Minquan E. Rd., Zhongshan District, Taipei City 10452, Taiwan (R.O.C.)
TEL: +(886)2-2585-0507
- Indonesia PT. YUSHIN PRECISION EQUIPMENT INDONESIA <Jakarta>
Ruko Kalimas Jl. Chairil Anwar No. A. 15 Rt 006 Rw 017, Margahayu, Bekasi Timur, Kota Bekasi, Jawa Barat 17112 Indonesia
TEL: +(62)21-8835-8185
- Vietnam YUSHIN PRECISION EQUIPMENT (VIETNAM) CO., LTD. <Hanoi>
Room No. 101, 1st Floor, HITC Building, 239 Xuan Thuy Street, Dich Vong Ward, Cau Giay Dist, Hanoi, Vietnam
TEL: +(84)43-767-3844
- Malaysia YUSHIN PRECISION EQUIPMENT SDN. BHD. <Kuala Lumpur>
Unit No. C-03A-5, Setiawalk, Persiaran Wawasan, Pusat Bandar Puchong 47610 Puchong, Selangor Darul Ehsan, Malaysia
TEL: +(60)3-5880-5445
- Thailand YUSHIN PRECISION EQUIPMENT (THAILAND) CO., LTD. <Bangkok>
179/346 Supalai Place, Soi, Sukhumvit 39 (Prompong), Sukhumvit Rd., Klongton Nua, Wattana, Bangkok 10110 Thailand
TEL: +(66)2-662-2580
- India YUSHIN PRECISION EQUIPMENT (INDIA) PVT. LTD. <Chennai>
Plot No.7, 4th Floor, Dr. Kannan Tower, Lakshmi Nagar, Extension, Arcot Road, Porur, Chennai 600116 Tamil Nadu, India
TEL: +(91)44-4231-8005
- UK YUSHIN AUTOMATION LIMITED <Birmingham>
Unit 15-16 Aston Fields Industrial Estate, Aston Road, Bromsgrove, Worcestershire B60 3EX, United Kingdom
TEL: +(44)1527-558-218
- USA YUSHIN AMERICA, INC. <Rhode Island>
35 Kenney Drive, Cranston, RI 02920 U.S.A.
TEL: +(1)401-463-1800

Technical Center

487 Kuzetsukiyama-cho, Minami-ku, Kyoto, Japan 601-8203
TEL: +(81)75-933-9555

Subsidiary (Factory)

- China GUANGZHOU YUSHIN PRECISION EQUIPMENT CO., LTD.
No.2 Chuangli Road, Xiangshan street, Zengcheng Economic & Technological Development District, Guangzhou City, Guangdong Province, China
TEL: +(86)20-8269-0091

Representative offices

- Philippines Representative Office <Manila>
2nd Floor RAHA Sulayman Building (Annex) 108, Benavidez Street, Legaspi Village, Makati City, 1229 Philippines
TEL: +(63)2-893-7546

Agents

- New Zealand TASMAN MACHINERY LTD. <Auckland>
14-16 Auburn St, Grafton, Auckland 1023 (New Zealand)
TEL: +(64)9-379-5716
- Australia TASMAN MACHINERY PTY. LTD. <Melbourne>
Unit 2, 84-90 Lakewood Blvd, Braeside, Victoria 3195 (Australia)
TEL: +(61)3-8587-8200
- Turkey MAR PLASTİK METAL KALIP SAN. VE TİC. LTD. ŞTİ. <Istanbul>
Istanbul Anadolu Yakası Organize Sanayi Bölgesi (İAYOSB) 9. Sk. No: 6, 34953 Tuzla-Istanbul / TÜRKİYE
TEL: +(90)216-593-20-01
- Italy MACAM S.r.l. <Torino>
Via Asti, 88/A 10098 Rivoli (TO), Italia
TEL: +(39)11-959-50-57
- The Netherlands POLYMAC-ROBOTICS B.V. <Ede>
Morsestraat 20 Ede 6716 AH EDE, The Netherlands
TEL: +(31)318-648615
- Canada EN-PLAS, INC. <Toronto>
1395 Morningside Avenue Scarborough, (Toronto) Ontario M1B 3J1, Canada
TEL: +(1)416-286-3030

New Company Headquarters and Factory



Yushin opened a new company headquarters and factory in December 2016. The new facility is in the 20,597sqm land along the Route 171 in Kyoto and consists of the 7-story office wing and the 4-story factory wing.

<Aims of the construction of new headquarters and factory>

1. Integrating the production area

To enhance productivity, the production area in our headquarters and factory site has been integrated to perform all processes seamlessly, from acceptance of parts, materials and equipment to assembly, inspection and shipping of products.

2. Responding to more orders for large machines

To meet more orders, the area for assembly and inspection of large take-out robots has been expanded, with an open ceiling space that extends through three floors to secure sufficient height.

3. Streamlining and sophisticating operations through better communication

The floor layout has been designed to foster internal communication. For example, sales, development, design and administration functions are grouped on the fourth floor of the headquarters building.

4. Creating an environment where employees can work together with a feeling of greater enrichment.



New Company Logotype

YUSHIN

A new company logotype was launched in December 2016 to emphasize our intention to further grow and develop globally.

The former logotype of Yushin that was familiar to our customers and business partners for over 30 years was created by outlining our founder Susumu Kotani's handwriting, representing his quest for "Innovation Next" (furthering technology innovation) and "Heartful Technology" (pursuing cooperation between human and machines). The new company logo design reflects our intention to maintain his vision and our aspiration to reach new heights.

The new Yushin logotype symbolizes our pursuit of speed, quality and strength, as well as relationships and bonds with people inside and outside the company. In particular, the initial "Y" in the logotype has a line that stretches upward to the right, representing Yushin's innovativeness. Where this soaring line reaches lies the ever-developing future to which Yushin will make contributions through its Heartful Technology.

FRA - New Series of High-end Take-out Robots

In July 2017, Yushin launched new FRA Series of high-end take-out robots equipped with newly developed vibration dampening technology.

Yushin has long contributed to the development of the plastic molding industry by offering newly featured take-out robots in a continuous pursuit of 'speed' and 'simple operation'. The new series of robots is carefully and meticulously redesigned every detail of our existing robots.



<Features of FRA>

1. New vibration dampening technology

Reducing vibrations is critical to insert molding and other methods of high-precision molding, as well as for shortening molding cycle time - a key factor for determining plastic molding productivity. Equipped with Yushin's proprietary 'Active Vibration Control', these robots deliver high dampening performance under various molding conditions.

2. New controller

The 'E-touch V' furthers the 'simple operation' concept that Yushin began with the industry's first standard configuration 'touch panel controller'. It employs 2 vertically arrayed displays - main and sub - that effectively shorten setup time by simultaneously presenting a lot of information in an easy-to-understand format.

3. IoT

Intu Line is Yushin's proprietary IoT service that visualizes information essential towards enhancing productivity and molding quality, preventing robot trouble. Anyone can start using the service the same day the robot is installed. Moreover, the benefits far outweigh the costs of introduction and usage.

4. Compliant with international safety standards

Alongside the 'high speed' and 'anyone-can-operate' concepts underlying the FRA Series, Yushin outpaces the industry with its 'safe usage' proposals. These robots offer the world's highest level of industrial safety, by incorporating redundant safety circuitry, speed monitoring and other safety features required under international standards.

1. Net Sales

Net sales decreased by 8.5% year on year to 19,346 million yen from the previous fiscal year because sales in new business area fell below expectation and there was strong yen, although sales in Japan and of subsidiaries in Vietnam, Malaysia and Indonesia increased.

2. Operating Income

In addition to decrease in net sales, there were cost occurred relating to the new ERP system launched in November, 2016 and the relocation of the HQ implemented in December, 2016. As a result, operating income decreased by 31.5% year on year to 2,112 million yen from the previous fiscal year.

3. Financial Condition

Total assets increased by 1,352 million yen from the end of the previous fiscal year to 30,761 million yen. This was mainly due to increase of 453 million yen in Notes and accounts receivable - trade, 413 million yen in Consumption taxes receivable and 393 million yen in Cash and deposits.

Total liabilities increased by 616 million yen from the end of the previous fiscal year to 5,310 million yen. This was mainly due to increase of 653 million yen in electronically recorded obligations - operating.

Net assets increased by 736 million yen from the end of the previous fiscal year to 25,451 million yen due to increase of Retained earnings by 771 million yen.

4. Cash Flow

The balance of cash and cash equivalents on March 31, 2017 increased by 392 million yen from the end of the previous fiscal year to 5,690 million yen. Main reasons are as follows.

【Cash flow from operating activities】

Income before income taxes was 2,009 million yen. After deducting 958 million yen in Income taxes paid, cash flow from operating activities for the fiscal year ended March 31, 2017 was a net inflow of 1,626 million yen (it was a net inflow of 2,218 million yen in the previous fiscal year).

【Cash flow from investment activities】

Due to 356 million yen in Purchase of property, plant and equipment, cash flow from investment activities for the fiscal year ended March 31, 2017 was a net outflow of 471 million yen (it was a net outflow of 5,105 million yen in the previous fiscal year).

【Cash flow from financing activities】

Due to Cash dividends paid of 629 million yen, cash flow from financing activities was a net outflow of 678 million yen (it was a net outflow of 677 million yen in the previous fiscal year).

Consolidated Balance Sheet

YUSHIN PRECISION EQUIPMENT CO., LTD. and Subsidiaries
March 31, 2017

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
CURRENT ASSETS:			
Cash and cash equivalents (Note 9)	¥ 5,690	¥ 5,297	\$ 50,809
Short-term investments (Notes 9)	43	43	391
Receivables (Note 9) :			
Trade notes	1,184	1,300	10,571
Trade accounts	5,295	4,725	47,283
Allowance for doubtful receivables	(21)	(30)	(190)
Inventories (Note 4)	3,833	3,673	34,230
Deferred tax assets (Note 7)	431	625	3,856
Other current assets	890	320	7,947
Total current assets	17,348	15,956	154,899
PROPERTY, PLANT AND EQUIPMENT:			
Land	5,784	5,779	51,644
Buildings and structures	8,816	4,442	78,719
Machinery and equipment	559	442	4,998
Furniture and fixtures	1,465	1,345	13,085
Construction in progress	5	4,587	51
Total	16,631	16,597	148,499
Accumulated depreciation	(4,376)	(4,160)	(39,072)
Net property, plant and equipment	12,255	12,436	109,426
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 9)	220	185	1,971
Insurance funds	119	142	1,069
Asset for retirement benefits (Note 5)	292	266	2,615
Deferred tax assets (Note 7)	20	9	182
Other assets	503	411	4,492
Total investments and other assets	1,157	1,015	10,332
TOTAL	¥ 30,761	¥ 29,409	\$ 274,658

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
CURRENT LIABILITIES:			
Payables (Note 9) :			
Trade notes	¥ 83	¥ 47	\$ 748
Trade accounts	2,908	2,121	25,968
Construction and other	750	776	6,705
Advances from customers	604	278	5,401
Income taxes payable (Note 9)	100	548	893
Accrued expenses	451	405	4,028
Warranty reserve	122	148	1,097
Other current liabilities (Note 7)	77	65	694
Total current liabilities	5,100	4,392	45,537
LONG-TERM LIABILITIES:			
Liability for retirement benefits to directors (Note 5)	66	66	596
Liability for retirement benefits (Note 5)	53	44	480
Deferred tax liabilities (Note 7)	29	123	265
Other	59	67	530
Total long-term liabilities	209	301	1,873
EQUITY (Notes 6 and 12):			
Common stock, authorized, 40,000,000 shares; issued, 17,819,033 shares in 2017 and 2016	1,985	1,985	17,729
Capital surplus	2,023	2,023	18,070
Retained earnings	21,273	20,502	189,940
Treasury stock - at cost: 331,715 shares in 2017 and 331,208 shares in 2016	(353)	(352)	(3,160)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	58	33	522
Foreign currency translation adjustments	203	266	1,815
Defined retirement benefit plan	67	50	604
Total	25,258	24,509	225,521
Noncontrolling interests	193	205	1,726
Total equity	25,451	24,715	227,247
TOTAL	¥ 30,761	¥ 29,409	\$ 274,658

Consolidated Statement of Income

YUSHIN PRECISION EQUIPMENT CO., LTD. and Subsidiaries
Year Ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
NET SALES	¥ 19,346	¥ 21,148	\$ 172,735
COST OF SALES	11,680	12,705	104,285
Gross profit	7,666	8,442	68,449
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 8)	5,553	5,356	49,586
Operating income	2,112	3,086	18,862
OTHER INCOME (EXPENSES):			
Interest and dividend income	10	17	96
Foreign exchange loss	(129)	(224)	(1,154)
Gain from the sale of investment securities	0	1	5
Other-net	14	(21)	133
Other income (expenses) - net	(103)	(227)	(919)
INCOME BEFORE INCOME TAXES	2,009	2,858	17,943
INCOME TAXES (Note 7):			
Current	503	955	4,494
Deferred	94	(72)	845
Total income taxes	598	883	5,339
NET INCOME	1,411	1,975	12,603
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	31	66	280
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	¥ 1,380	¥ 1,908	\$ 12,323

PER SHARE OF COMMON STOCK (Notes 2.p and 11):

	Yen	U.S. Dollars (Note 1)
Net income	¥ 78.93	\$ 0.70
Cash dividends applicable to the year	36.00	0.32

Consolidated Statement of Comprehensive Income

YUSHIN PRECISION EQUIPMENT CO., LTD. and Subsidiaries
Year Ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
NET INCOME	¥ 1,411	¥ 1,975	\$ 12,603
OTHER COMPREHENSIVE INCOME (LOSS) (Note 10) :			
Unrealized gain (loss) on available-for-sale securities	24	(73)	219
Foreign currency translation adjustments	(59)	(420)	(535)
Defined retirement benefit plan	17	(58)	155
Total other comprehensive income (loss)	(17)	(552)	(159)
COMPREHENSIVE INCOME	¥ 1,393	¥ 1,422	\$ 12,444
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :			
Owners of the parent	¥ 1,359	¥ 1,384	\$ 12,133
Noncontrolling interests	34	37	310

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

YUSHIN PRECISION EQUIPMENT CO., LTD. and Subsidiaries
Year Ended March 31, 2017

	Thousands	Millions of Yen							Total	Noncontrolling Interests	Total Equity
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for- Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plan			
BALANCE, APRIL 1, 2015	17,488	¥ 1,985	¥ 2,023	¥ 19,205	¥ (352)	¥ 107	¥ 658	¥ 108	¥ 23,737	¥ 232	¥ 23,970
Net income				1,908					1,908		1,908
Cash dividends, ¥ 35 per share				(612)					(612)		(612)
Purchase of treasury stock	(0)				(0)				(0)		(0)
Net change in the year						(73)	(392)	(58)	(523)	(26)	(550)
BALANCE, MARCH 31, 2016 (April 1, 2016, as previously reported)	17,487	1,985	2,023	20,502	(352)	33	266	50	24,509	205	24,715
Cumulative effect of accounting change				20					20		20
BALANCE, APRIL 1, 2016 (as restated)	17,487	1,985	2,023	20,522	(352)	33	266	50	24,530	205	24,736
Net income				1,380					1,380		1,380
Cash dividends, ¥ 36 per share				(629)					(629)		(629)
Purchase of treasury stock	(0)				(1)				(1)		(1)
Net change in the year						24	(63)	17	(21)	(12)	(33)
BALANCE, MARCH 31, 2017	17,488	¥ 1,985	¥ 2,023	¥ 21,273	¥ (353)	¥ 58	¥ 203	¥ 67	¥ 25,258	¥ 193	¥ 25,451

	Thousands of U.S. Dollars (Note 1)									
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for- Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plan	Total	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2016 (April 1, 2016, as previously reported)	\$ 17,729	\$ 18,070	\$ 183,055	\$ (3,149)	\$ 302	\$ 2,380	\$ 448	\$ 218,837	\$ 1,837	\$ 220,675
Cumulative effect of accounting change			181					181		181
BALANCE, APRIL 1, 2016 (as restated)	17,729	18,070	183,237	(3,149)	302	2,380	448	219,019	1,837	220,857
Net income			12,323					12,323		12,323
Cash dividends, \$0.32 per share			(5,621)					(5,621)		(5,621)
Purchase of treasury stock				(11)				(11)		(11)
Net change in the year					219	(565)	155	(189)	(111)	(301)
BALANCE, MARCH 31, 2017	\$ 17,729	\$ 18,070	\$ 189,940	\$ (3,160)	\$ 522	\$ 1,815	\$ 604	\$ 225,521	\$ 1,726	\$ 227,247

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

YUSHIN PRECISION EQUIPMENT CO., LTD. and Subsidiaries
Year Ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
OPERATING ACTIVITIES:			
Income before income taxes	¥ 2,009	¥ 2,858	\$ 17,943
Adjustments for:			
Income taxes - paid	(958)	(669)	(8,556)
Depreciation and amortization	479	394	4,282
Changes in assets and liabilities:			
Increase in trade receivables	(482)	(384)	(4,310)
(Increase) decrease in inventories	(213)	466	(1,907)
Increase in trade payables	890	27	7,947
(Decrease) increase in provision for doubtful receivables	(8)	6	(79)
Other - net	(89)	(482)	(795)
Total adjustments	(383)	(640)	(3,419)
Net cash provided by operating activities	1,626	2,218	14,523
INVESTING ACTIVITIES:			
Increase in short-term investments	(3)	(2)	(27)
Purchases of property, plant and equipment	(356)	(4,861)	(3,178)
Proceeds from sales of property, plant and equipment	4	0	41
Purchases of investment securities	(0)	(0)	(1)
Proceeds from sales of investment securities	0	1	6
Other - net	(117)	(244)	(1,047)
Net cash used in investing activities	(471)	(5,106)	(4,206)
FINANCING ACTIVITIES:			
Dividends paid	(629)	(612)	(5,624)
Dividends paid to noncontrolling interests	(50)	(64)	(450)
Purchase of treasury stock	(1)	(1)	(11)
Other - net	3		29
Net cash used in financing activities	(678)	(677)	(6,057)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(84)	(226)	(751)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	392	(3,791)	3,508
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,297	9,089	47,300
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 5,690	¥ 5,297	\$ 50,809

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

YUSHIN PRECISION EQUIPMENT CO., LTD. and Subsidiaries
Year Ended March 31, 2017

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2016 consolidated financial statements to conform to the classifications used in 2017.

The fiscal year end dates of all consolidated subsidiaries are different from that of the consolidated balance sheet date of March 31. They

are dated December 31, and the financial statements of these subsidiaries as of the provisional closing date of March 31 are used for consolidation purposes.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Yushin Precision Equipment Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥112 to \$1, the approximate rate of exchange at March 31, 2017. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts less than one million yen and one thousand U.S. dollars are rounded down, except for per-share data. Therefore, total or subtotal amounts may not correspond with the aggregation of such account balances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation - The consolidated financial statements as of March 31, 2017, include the accounts of the Company and all of its subsidiaries (together, the "Group").

Under the control concept, those companies in which the Company is able to directly exercise control over operations are fully consolidated.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements - Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification - "FASB ASC") tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting.

c. Business Combinations - Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer

shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

d. Cash Equivalents - Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value. Cash equivalents include time deposits which mature or become due within three months of the date of acquisition.

e. Inventories - Inventories are principally stated at the lower of cost, determined by the specific identification method for finished products and work in process, and by the average method for raw materials and supplies, or net selling value.

f. Securities - Securities are investment securities in the consolidated balance sheet. All investment securities are classified as available-for-sale securities, which are not classified as either trading securities or held-to-maturity debt securities, and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

g. Property, Plant and Equipment - Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Group is principally computed by the declining-balance method at rates based on the estimated useful lives of the assets. The range of useful lives is principally from 13 to 40 years for buildings and structures and from 5 to 12 years for machinery and equipment.

h. Long-Lived Assets - The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

i. Warranty Reserve - In order to provide for future warranty expenses for the Group's products, a warranty reserve is estimated and recorded principally on the basis of the Company's historical experience.

j. Retirement Benefits - The Company has a funded defined benefit pension plan and a funded defined contribution pension plan covering substantially all of its employees. Certain subsidiaries have an unfunded defined benefit pension plan or an unfunded defined contribution pension plan.

The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over 10 to 16 years, no longer than the expected average remaining service period of the employees. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

Retirement benefits to directors are provided at the estimated amount which would be required if all directors retired at the balance sheet date. The Company terminated its retirement benefit plan for directors on June 29, 2006, and no additional provisions have been recorded since then. As of March 31, 2017, the balance of the liability for retirement benefits to directors was ¥66 million (\$596 thousand), provided in proportion to the term that present directors had been in place before June 29, 2006.

k. Research and Development Costs - Research and development costs are charged to income as incurred.

l. Bonuses to Directors - Bonuses to directors are accrued at the year-end to which such bonuses are attributable.

m. Income Taxes - The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

The Company applied ASBJ Guidance No. 26, "Guidance on Recoverability of Deferred Tax Assets," effective April 1, 2016. As a result, deferred tax assets (investments and other assets) and retained earnings as of April 1, 2016 increased by ¥20 million (\$181 thousand).

n. Foreign Currency Transactions - All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange

contracts.

o. Foreign Currency Financial Statements - The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate.

p. Per-Share Information - Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share is not disclosed as there are no outstanding potentially dilutive securities.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

q. Accounting Changes and Error Corrections - Under ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections," accounting treatments are required as follows: (1) Changes in Accounting Policies - When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation - When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates - A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors - When an error in prior-period financial statements is discovered, those statements are restated.

3. SECURITIES

(1) Investment Securities

The costs and aggregate fair values of investment securities as of March 31, 2017 and 2016, were as follows:

Securities classified as:	Millions of Yen							
	2017				2016			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:								
Equity securities	¥ 136	¥ 84	¥ 0	¥ 220	¥ 136	¥ 48	¥ 0	¥ 185

Securities classified as:	Thousands of U.S. Dollars			
	2017			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	\$ 1,219	\$ 752	\$ 0	\$ 1,971

(2) The proceeds, realized gains and realized losses of the available-for-sale securities which were sold during the years ended March 31, 2017 and 2016, were as follows:

Available - for - sale :	Millions of Yen		
	Proceeds	Realized Gains	Realized Loss
Equity securities	¥ 0	¥ 0	

Available - for - sale :	Millions of Yen		
	Proceeds	Realized Gains	Realized Loss
Equity securities	¥ 1	¥ 1	

Available - for - sale :	Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Loss
Equity securities	\$ 6	\$ 5	

4. INVENTORIES

Inventories at March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Finished products	¥ 769	¥ 762	\$ 6,873
Work in process	884	625	7,900
Raw materials and supplies	2,179	2,286	19,456
Total	¥ 3,833	¥ 3,673	\$ 34,230

5. RETIREMENT AND PENSION PLANS

The Company has severance payment plans for employees.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment or annuity payments from a trustee.

The Company has a funded defined benefit pension plan and a funded defined contribution pension plan for employees which cover approximately 50% each of their benefits. Certain subsidiaries have an unfunded retirement benefit plan or a defined contribution pension plan. The Company recorded a liability for retirement benefit to directors in the amount of ¥66 million (\$596 thousand) and ¥66 million as of March 31, 2017 and 2016, respectively.

(1) The changes in defined benefit obligation for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Balance at beginning of year (as previously reported) ...	¥ 552	¥ 483	\$ 4,929
Current service cost	55	54	499
Interest cost	1	4	13
Actuarial (gains) losses	(3)	27	(34)
Benefits paid	(8)	(11)	(76)
Others	0	(7)	6
Balance at end of year	¥ 597	¥ 552	\$ 5,338

(2) The changes in plan assets for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Balance at beginning of year	¥ (774)	¥ (791)	\$ (6,919)
Expected return on plan assets	(7)	(7)	(69)
Actuarial (gains) losses	(21)	53	(190)
Contributions from the employer	(40)	(40)	(361)
Benefits paid	7	11	66
Balance at end of year	¥ (836)	¥ (774)	\$ (7,473)

(3) Reconciliations between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Funded defined benefit obligation	¥ 544	¥ 508	\$ 4,857
Plan assets	(836)	(774)	(7,473)
Unfunded defined benefit obligation	53	44	480
Net asset arising from defined benefit obligation	¥ (239)	¥ (222)	\$ (2,134)

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Liability for retirement benefits	¥ 53	¥ 44	\$ 480
Asset for retirement benefits	(292)	(266)	(2,615)
Net asset arising from defined benefit obligation	¥ (239)	¥ (222)	\$ (2,134)

(4) The components of net periodic benefit costs for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Service cost	¥ 55	¥ 54	\$ 499
Interest cost	1	4	13
Expected return on plan assets	(7)	(7)	(69)
Recognized actuarial gains	(0)	(6)	(0)
Net periodic benefit costs	¥ 49	¥ 44	\$ 442

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Actuarial gains (losses)	¥ 25	¥ (88)	\$ 224

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2017 and 2016 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unrecognized actuarial gains	¥ 97	¥ 72	\$ 869

(7) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2017 and 2016, consisted of the following:

	2017	2016
Domestic debt investments	0.1 %	17.8 %
Domestic equity investments	17.2	33.6
Foreign debt investments	7.8	10.3
Foreign equity investments	25.8	29.4
General accounts	3.2	3.7
Others	45.9	5.2
Total	100.0 %	100.0 %

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2017 and 2016, were set forth as follows:

	2017	2016
Discount rate	0.4 %	0.3 %
Expected rate of return on plan assets	1.0	1.0

6. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria and, accordingly, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year. The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

● 7. INCOME TAXES

The Company is subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.8% and 33.0% for the years ended March 31, 2017 and 2016, respectively. The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Deferred tax assets:			
Inventories	¥ 249	¥ 405	\$ 2,227
Building depreciation	94	81	839
Software	133	61	1,190
Enterprise tax payable	1	29	15
Advances received	40	39	364
Accrued bonuses	77	72	687
Warranty reserve	27	33	247
Retirement benefits to directors	20	20	181
Other	78	84	701
Less valuation allowance	0	(20)	0
Total	¥ 723	¥ 807	\$ 6,456
Deferred tax liabilities:			
Undistributed earnings of foreign subsidiaries	¥ 157	¥ 173	\$ 1,408
Asset for retirement benefits	59	59	532
Unrealized gain on available-for-sale securities	24	13	214
Defined retirement benefit plan	29	22	265
Other	37	31	332
Total	¥ 308	¥ 299	\$ 2,752
Net deferred tax assets	¥ 414	¥ 507	\$ 3,704

Deferred tax assets (liabilities) are included in the consolidated balance sheets as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Current assets - Deferred tax assets	¥ 431	¥ 625	\$ 3,856
Investments and other assets - Deferred tax assets	20	9	182
Current liabilities - Other current liabilities	(7)	(3)	(68)
Long-term liabilities - Deferred tax liabilities	(29)	(123)	(265)
Net deferred tax assets	¥ 414	¥ 507	\$ 3,704

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2017 and 2016, were as follows:

	2016
Normal effective statutory tax rate	33.0 %
Expenses not deductible for income tax purposes	0.4
Per capita inhabitant tax	0.6
Difference in income tax rates applicable to income	
in certain foreign countries	(2.7)
Undistributed earnings of foreign subsidiaries	(0.5)
Tax credit for research and development expenses	(1.9)
Adjustments to deferred tax assets due to tax rate changes ..	1.2
Other - net	0.8
Actual effective tax rate	30.9 %

For the year ended March 31, 2017, a reconciliation is not disclosed since the difference of the normal effective statutory tax rate and actual effective tax rate is less than 5.0% of the normal effective statutory tax rate.

● 8. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥619 million (\$5,531 thousand) and ¥510 million for the years ended March 31, 2017 and 2016, respectively.

● 9. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group policy for Financial Instruments

The Group does not use financial instruments for speculative purposes based on its capital financing plan. Cash surpluses, if any, are invested in low-risk financial assets, including short-term time deposits. Funds on hand are used to fund its ongoing operations. Derivatives are not used for speculative purposes, but to manage exposure to financial risks.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates. Investment securities are exposed to the risk of market price fluctuations. Payment terms of payables, such as trade notes and trade accounts, are primarily less than four months.

(3) Risk Management for Financial Instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers at an early stage. Investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

(4) Fair Value of Financial Instruments

	Millions of Yen			Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Loss	Carrying Amount	Fair Value	Unrealized Gain / Loss
March 31, 2017						
Cash and cash equivalents	¥ 5,690	¥ 5,690		\$ 50,809	\$ 50,809	
Short-term investments	43	43		391	391	
Receivables	6,479	6,479		57,854	57,854	
Investment securities	220	220		1,971	1,971	
Total	¥ 12,435	¥ 12,435		\$ 111,027	\$ 111,027	
Payables	¥ 3,743	¥ 3,743		\$ 33,422	\$ 33,422	
Income taxes payable	100	100		893	893	
Total	¥ 3,843	¥ 3,843		\$ 34,315	\$ 34,315	

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
March 31, 2016			
Cash and cash equivalents	¥ 5,297	¥ 5,297	
Short-term investments	43	43	
Receivables	6,026	6,026	
Investment securities	185	185	
Total	¥ 11,552	¥ 11,552	
Payables	¥ 2,945	¥ 2,945	
Income taxes payable	548	548	
Total	¥ 3,494	¥ 3,494	

Cash and Cash Equivalents, Short-Term Investments, Receivables and Payables and Income Taxes Payable

The carrying values of cash and cash equivalents, short-term investments, receivables and payables and income taxes payable approximate fair value because of their short maturities.

Investment Securities

The fair values of investment securities are measured at the quoted market price of the stock exchange for the equity instruments. Fair value information for the investment securities by classification is included in Note 3.

(5) Maturity Analysis for Financial Assets with Contractual Maturities

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
March 31, 2017				
Cash and cash equivalents	¥ 5,690			
Short-term investments	43			
Receivables	6,479			
Total	¥ 12,214			

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
March 31, 2016				
Cash and cash equivalents	¥ 5,297			
Short-term investments	43			
Receivables	6,026			
Total	¥ 11,367			

	Thousands of U.S. Dollars			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
March 31, 2017				
Cash and cash equivalents	\$ 50,809			
Short-term investments	391			
Receivables	57,854			
Total	\$ 109,055			

10. COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unrealized gain (loss) on available-for-sale securities:			
Amount arising during the year	¥ 36	¥ (107)	\$ 321
Reclassification adjustments to profit or loss	(0)	(1)	(5)
Amount before income tax effect	35	(109)	316
Income tax effect	(10)	35	(96)
Total	¥ 24	¥ (73)	\$ 219
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ (59)	¥ (420)	\$ (535)
Amount before income tax effect	(59)	(420)	(535)
Total	¥ (59)	¥ (420)	\$ (535)
Adjustments related to retirement benefits:			
Adjustments arising during the year	¥ 25	(81)	\$ 225
Reclassification adjustments to profit or loss	(0)	(6)	(0)
Amount before income tax effect	25	(88)	224
Income tax effect	(7)	29	(68)
Total	¥ 17	(58)	\$ 155
Total other comprehensive income (loss)	¥ (17)	¥ (552)	\$ (159)

11. NET INCOME PER SHARE

Details of the basic net income per share (EPS) for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted-Average Shares	EPS	
Year Ended March 31, 2017:				
Basic EPS				
Net income available to common shareholders	¥ 1,380	17,487	¥ 78.93	\$ 0.70
Year Ended March 31, 2016:				
Basic EPS				
Net income available to common shareholders	¥ 1,908	17,487	¥ 109.14	

Diluted net income per share is not disclosed because there are no outstanding potentially dilutive securities.

12. SUBSEQUENT EVENTS

Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2017, was approved at the Company's Board of Directors' meeting held on May 10, 2017:

	Millions of Yen	Thousands of U.S. Dollars
	Year-end cash dividends, ¥ 21 (\$ 0.18) per share	¥ 367	$ 3,278

13. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of reportable segments

Segments used for financial reporting are the Company's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Company carries out the development, production, sales and after-sales maintenance of take-out robots for injection-molded products and peripheral equipment, including labor-saving systems. In the domestic market, these operations are handled by the Company; overseas markets - U.S.A., Asia (South Korea, Taiwan, China, Indonesia, Vietnam, Malaysia, Thailand and India) and Europe (UK) - are serviced by local subsidiaries, including Yushin America Inc. (U.S.A.), Yushin Korea Co., Ltd. (Asia) and Yushin Automation Limited (Europe). The local subsidiaries are independently managed units, with separately drafted strategies and activities.

Accordingly, the Company's operations, based on its production, sales, and after-sales maintenance setups, are geographically grouped into four reportable segments: Japan, Asia, Europe and the U.S.A.

2. Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment

The accounting procedure for the reportable segments is described in Note 2, "Summary of significant accounting policies." Segment profit by reportable segment is calculated based on operating income. Intersegment sales and transfers are based on a realized market price basis.

3. Information about sales, profit, assets and other items is as follows.

		Millions of Yen						
		2017					Reconciliations	Consolidated
		Reportable Segment						
		Japan	Asia	Europe	U.S.A.	Total		
Sales:								
Sales to external customers	.....	¥ 11,163	¥ 4,512	¥ 395	¥ 3,274	¥ 19,346		¥ 19,346
Intersegment sales or transfers	.....	4,381	264	1	10	4,658	¥ (4,658)	
Total	.....	¥ 15,545	¥ 4,776	¥ 396	¥ 3,285	¥ 24,004	¥ (4,658)	¥ 19,346
Segment profit	.....	¥ 1,279	¥ 469	¥ 6	¥ 348	¥ 2,104	¥ 8	¥ 2,112
Segment assets	.....	21,654	3,758	943	2,122	28,479	2,282	30,761
Other:								
Depreciation	.....	404	19	12	37	474	5	479
Increase in property, plant and equipment and intangible assets	.....	459	16	45	25	546		546

		Millions of Yen						
		2016					Reconciliations	Consolidated
		Reportable Segment						
		Japan	Asia	Europe	U.S.A.	Total		
Sales:								
Sales to external customers	.....	¥ 10,818	¥ 4,885	¥ 1,880	¥ 3,564	¥ 21,148		¥ 21,148
Intersegment sales or transfers	.....	4,701	323	4	19	5,048	¥ (5,048)	
Total	.....	¥ 15,520	¥ 5,208	¥ 1,884	¥ 3,583	¥ 26,197	¥ (5,048)	¥ 21,148
Segment profit	.....	¥ 1,505	¥ 799	¥ 229	¥ 443	¥ 2,978	¥ 107	¥ 3,086
Segment assets	.....	21,275	3,851	851	2,183	28,161	1,247	29,409
Other:								
Depreciation	.....	196	25	11	34	268	125	394
Increase in property, plant and equipment and intangible assets	.....	4,892	49	12	156	5,110		5,110

		Thousands of U.S. Dollars						
		2017					Reconciliations	Consolidated
		Reportable Segment						
		Japan	Asia	Europe	U.S.A.	Total		
Sales:								
Sales to external customers	.....	\$ 99,677	\$ 40,286	\$ 3,531	\$ 29,240	\$ 172,735		\$ 172,735
Intersegment sales or transfers	.....	39,118	2,361	12	96	41,589	\$ (41,589)	
Total	.....	\$ 138,795	\$ 42,648	\$ 3,543	\$ 29,337	\$ 214,325	\$ (41,589)	\$ 172,735
Segment profit	.....	\$ 11,420	\$ 4,194	\$ 61	\$ 3,111	\$ 18,787	\$ 75	\$ 18,862
Segment assets	.....	193,340	33,562	8,422	18,954	254,279	20,378	274,658
Other:								
Depreciation	.....	3,610	177	114	331	4,233	48	4,282
Increase in property, plant and equipment and intangible assets	.....	4,101	147	405	225	4,880		4,880

Note 1: Reconciliations for the year ended March 31, 2017, are as follows:

- (1) The ¥8 million (\$75 thousand) reconciliation to segment profit includes eliminations for intersegment transactions of ¥26 million (\$234 thousand) and inventory reconciliation of ¥(17) million (\$158 thousand).
- (2) The ¥2,282 million (\$20,378 thousand) reconciliation to segment assets includes eliminations for intersegment transactions of ¥(2,504) million (\$22,358 thousand), operating funds of surplus assets held by the Company (cash and deposits and others) of ¥4,786 million (\$42,737 thousand) and others.
- (3) The ¥5 million (\$48 thousand) reconciliation to depreciation includes eliminations for equipment related to administrative divisions that do not belong to the reportable segments.

Note 2: Segment profit is reconciled to be consistent with operating income shown in the consolidated statements of income.

4. Information about products and services

		Millions of Yen			
		2017			
		Take-Out Robots	Custom-Ordered Equipment	Parts and Maintenance Services	Total
Sales to external customers	¥ 13,410	¥ 2,832	¥ 3,103	¥ 19,346

Independent Auditor's Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of Yushin Precision Equipment Co., Ltd. and its subsidiaries as of March 31, 2017, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yushin Precision Equipment Co., Ltd. and its subsidiaries as of March 31, 2017, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC
June 12, 2017

Millions of Yen

		2016			
		Take-Out Robots	Custom-Ordered Equipment	Parts and Maintenance Services	Total
Sales to external customers	.....	¥ 13,923	¥ 3,997	¥ 3,227	¥ 21,148

Thousands of U.S. Dollars

		2017			
		Take-Out Robots	Custom-Ordered Equipment	Parts and Maintenance Services	Total
Sales to external customers	.....	\$ 119,737	\$ 25,290	\$ 27,707	\$ 172,735

5. Information about geographical areas

(1) Sales

Millions of Yen

2017						
Japan	China Taiwan	Other Asia	Europe	North America	Other	Total
¥ 7,955	¥ 2,477	¥ 4,200	¥ 693	¥ 3,573	¥ 445	¥ 19,346

Millions of Yen

2016						
Japan	China Taiwan	Other Asia	Europe	North America	Other	Total
¥ 6,707	¥ 3,220	¥ 4,781	¥ 2,163	¥ 3,665	¥ 610	¥ 21,148

Thousands of U.S. Dollars

2017						
Japan	China Taiwan	Other Asia	Europe	North America	Other	Total
\$ 71,027	\$ 22,122	\$ 37,502	\$ 6,191	\$ 31,910	\$ 3,980	\$ 172,735

Note: Sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

Information is omitted because property, plant, and equipment in Japan accounted for over 90% of property, plant, and equipment on the consolidated balance sheet.

6. Information about major customers

Information is omitted because there were no customers that accounted for 10% or more of total net sales recorded in the consolidated statements of income included in net sales to external customers.

Company Profile



(As of March 31, 2017)

Company Name : YUSHIN PRECISION EQUIPMENT CO., LTD.

Establishment : October 1973

Capital : 1,985 million yen

Head Office : 555 Kuzetonoshiro-cho, Minami-ku, Kyoto, Japan 601-8205

Phone : +(81)75-933-9555 Fax : +(81)75-934-4033

Number of Employees : 663 (Including consolidated subsidiaries) and 388 (Yushin Precision Equipment Co., Ltd. only)

Number of Shareholders : 3,483

Listed Stock Exchange : First Section, Tokyo

Securities Identification Code : 6482

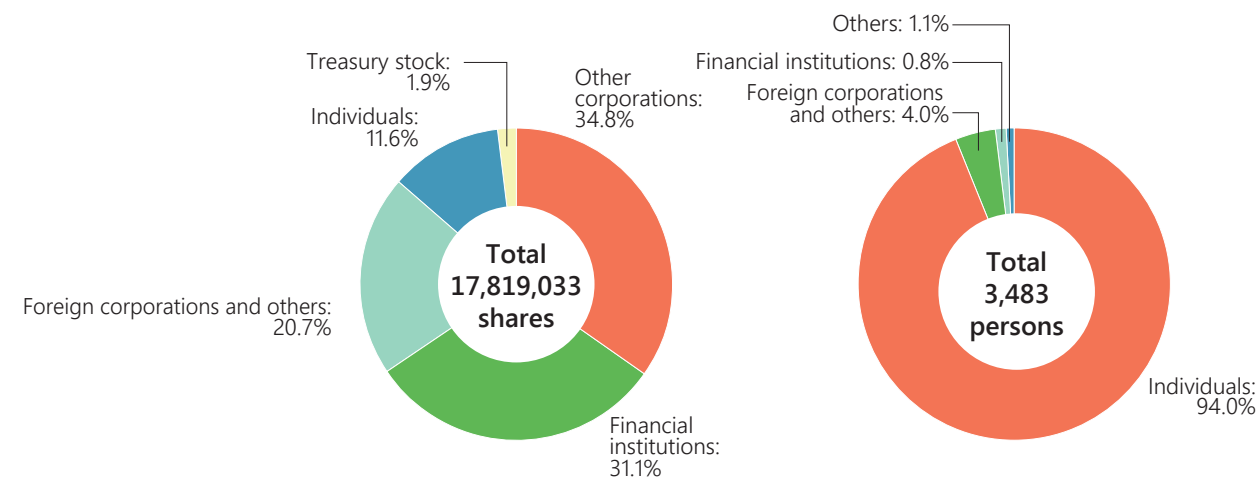
Major Shareholders

(As of March 31, 2017)

	Number of Shares held (thousand)	Percentage of Shares held (%)
Yushin Industry Co., Ltd.	5,996	34.3
The Nomura Trust and Banking Co., Ltd. (Trust Account 3071019)	774	4.4
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 620021158)	774	4.4
The Kyoto Chuo Shinkin Bank, Ltd.	544	3.1
Mayumi Kotani	531	3.0
The Master Trust Bank of Japan, Ltd. (Trust Account)	455	2.6
Japan Trustee Service Bank, Ltd. (Trust Accounts 9)	455	2.6
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	424	2.4
BNP Paribas Sec Services Luxembourg, Jasdec, Aberdeen Global Client Assets	418	2.4
RBC IST 15 PCT Non Lending Account - Client Account	383	2.2

Note: "Percentage of Shares held (%)" is calculated after deducting the number of treasury stock (331,715 shares).

Distribution of ownership among shareholders



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