

ANNUAL REPORT 2016

Year Ended March 31, 2016



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 43rd year of operations, the fiscal year from April 1st, 2015 to March 31st, 2016.

June 2016



Mayumi Kotani
President and
Representative Director



Business Results

In the fiscal year ended March 31, 2016, the economy of the United States remained steady along with a recovery of cooperate sector's performance as well as improvements of the employment environment and the individual consumption. However, geographical risks in Europe and Middle East were growing and the economic growth in China seemed as getting into a recession. The economy in some of South East Asian countries also slowed down. And then there were decline of crude oil prices and volatility of financial market. Due to those complex factors, the world economy was unstable during the period.

Regarding the industries relating to Yushin Precision Equipment Co., LTD. and its subsidiaries (Yushin), demands on the industry of automotive and IT devices were strong but in the last half of the period, some of IT device manufacturers took adjustments in the production and there was also a strong yen trend. Then these occasions influenced to the market.

In these circumstances, Yushin has strived to expand operation in a new business area, to develop new products and to obtain new world-class customers toward the medium-term management targets of net sales of 30,000 million yen and ordinary income of 5,000 million yen or more for the fiscal year ending March 31, 2019.

As the result, consolidated net sales increased by 18.8% year on year to 21,148 million yen which is a new record for Yushin. Meanwhile, Yushin decided to discontinue an unprofitable business, manufacturing and sales of semiconductor-related equipment, and devaluated inventories and disposed fixed assets relating to the business. Even after the disposition, Operating income increased by 33.9% year on year to 3,086 million yen and Ordinary income increased by 14.9% year on year to 2,921 million yen. And, Net income attributable to owners of the parent company increased by 13.4% year on year to 1,908 million yen.

Outlook for Fiscal Year 2017 (Year ending March 31, 2017)

As for the business environment surrounding Yushin, it is assumed to be a severe environment in Japan under a strong yen trend in a foreign exchange market and a diminishment in effectiveness of economic policies operated by Japanese government and monetary policies taken by Bank of Japan. And as for the overseas, the economic growth in China is concerned to slow down, although the economy of the United States is expected to remain strong. Therefore, the world business environment will continue uncertain situation.

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

in worldwide, and also develop new customers for the take-out robots while expanding sales of custom-ordered equipment in a medical and a new business area. For the purpose of enhancing these all efforts, Yushin aims to improve productivities and to promote operational efficiencies and cost reducing activities by construction and utilizing of a new headquarters and factory.

Yushin forecasts its business performance for the fiscal year ending March 31, 2017, based on the current information available, as follows.

(Millions of yen)

	Consolidated
Net sales	20,000 (Y/Y -5.4%)
Operating income	3,000 (Y/Y -2.8%)
Ordinary income	3,000 (Y/Y 2.7%)
Net income attributable to owners of the parent company	1,980 (Y/Y 3.7%)

できぬ・無理だ、は出発点

Impossible mark the starting point of a challenge.



Susumu Kotani, Yushin's Founder

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 or more for the fiscal year ending March 31, 2019.

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.

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, including South East Asia and Latin America, to develop a global business that can adequately respond to worldwide customer purchases. Especially, Yushin aims to develop new customers in emerging countries

where labor costs are highly rising and develop world-class human resources who can sustain for expanding our presence around the world. And Yushin maximally utilize the production and development capacity of Technical center to respond to the sales increase in medical-related business and a new business area.

Product strategy

Yushin developed a new take-out robot utilizing optimum design technology in 2010. This technology has been applied hereafter to general purpose take-out robots. It is the technology which can largely contribute to power-saving by reducing weight and power consumption. Yushin will continuously offer this 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.



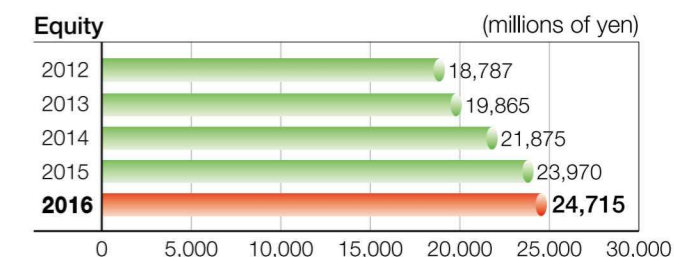
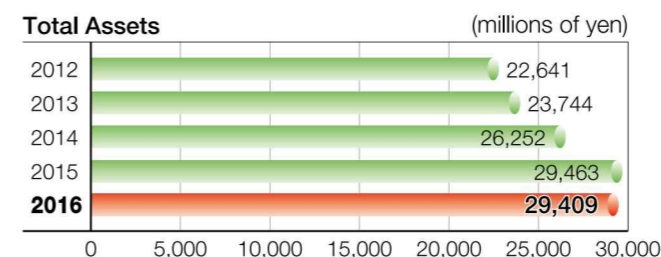
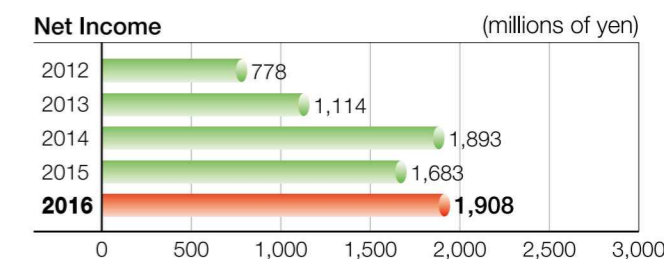
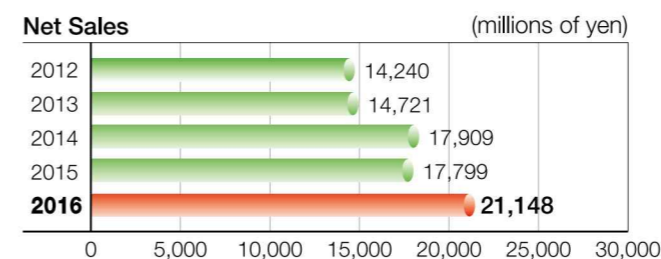
Serving society through developing plastics industry.

Consolidated Financial Highlights

Yushin Precision Equipment Co., Ltd. and Subsidiaries
Years ended March 31

	Millions of Yen					Thousands of U.S. Dollars
	2016	2015	2014	2013	2012	2016
For the year:						
Net sales	¥ 21,184	¥ 17,799	¥ 17,909	¥ 14,721	¥ 14,240	\$ 187,155
Operating income	3,086	2,304	2,792	1,498	1,272	27,310
Income before income taxes	2,858	2,566	3,163	1,779	1,265	25,300
Net income attributable to owners of the parent company	1,908	1,683	1,893	1,114	778	16,890
R&D Expenses	510	472	448	591	565	4,521
At Year end:						
Total assets	29,409	29,463	26,252	23,744	22,641	260,261
Equity	24,715	23,970	21,875	19,865	18,787	218,722
Per share of common stock:						
	Yen					U.S. Dollars
Net income	¥ 109.14	¥ 96.26	¥ 108.24	¥ 63.74	¥ 44.50	\$ 0.97
Cash dividends	36.00	30.00	30.00	30.00	20.00	0.32
Equity	1,401.54	1,357.36	1,243.88	1,131.63	1,072.24	
Equity ratio:						
	%					
Return on assets	6.5%	6.0%	7.6%	4.8%	3.5%	
Return on equity	7.9	7.4	9.1	5.8	4.2	

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 ¥113 to \$1.



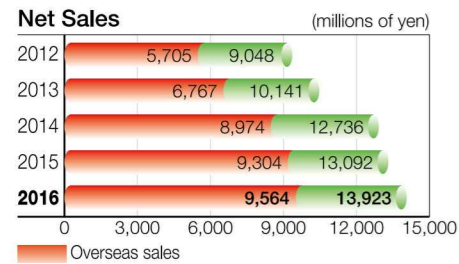
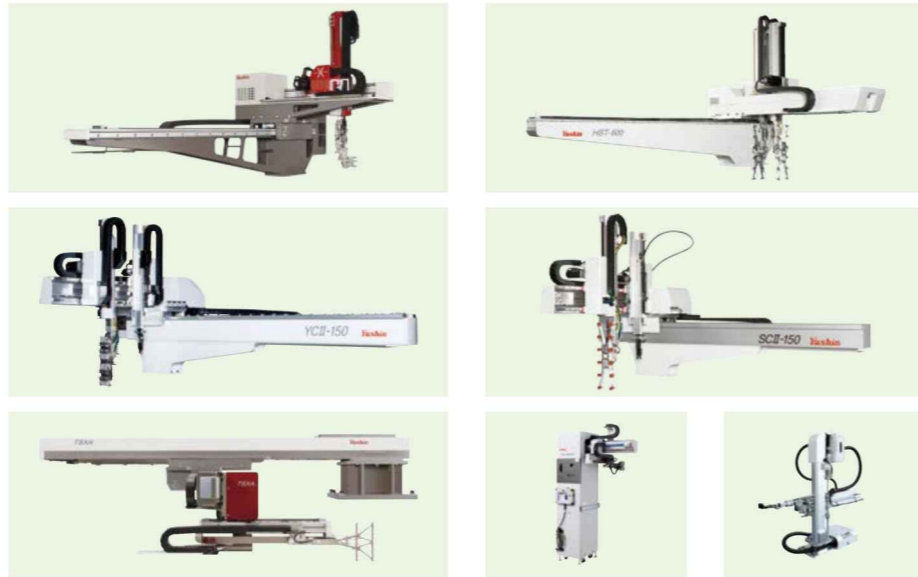
Estimates, Forecasts, and Plans

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

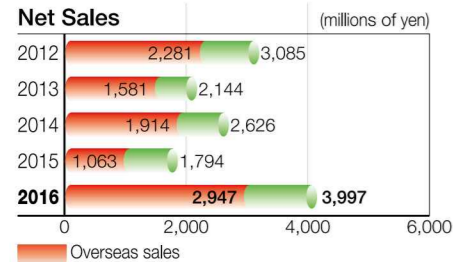
Take-out Robots

Net sales of take-out robots, which contribute to a labor-saving, increased by 830 million yen (6.3%) from the previous fiscal year to 13,923 million yen.



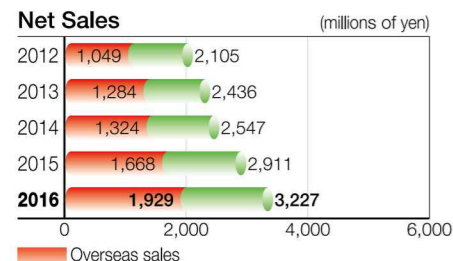
Custom-ordered Equipment

Net sales of custom-ordered equipment increased by 2,202 million yen (122.7%) from the previous fiscal year to 3,997 million yen.

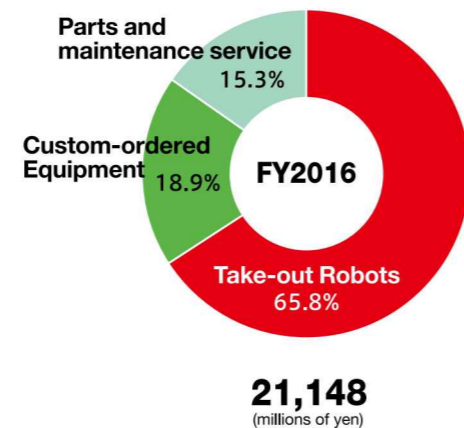


Parts and maintenance service

Net sales of parts and maintenance service increased by 315 million yen (10.8%) from the previous fiscal year to 3,227 million yen.



Sales composition by products



Performance of geographic segments

[Japan]

Net sales increased by 11.6% from the previous fiscal year to 15,520 million yen and operating income increased by 14.1% from the previous fiscal year to 1,505 million yen.

[North America]

Net sales increased by 28.4% from the previous fiscal year to 3,583 million yen and operating income increased by 61.8% from the previous fiscal year to 443 million yen.

[Asia]

Net sales decreased by 3.1% from the previous fiscal year to 5,208 million yen and operating income increased by 1.5% from the previous fiscal year to 799 million yen.

[Europe]

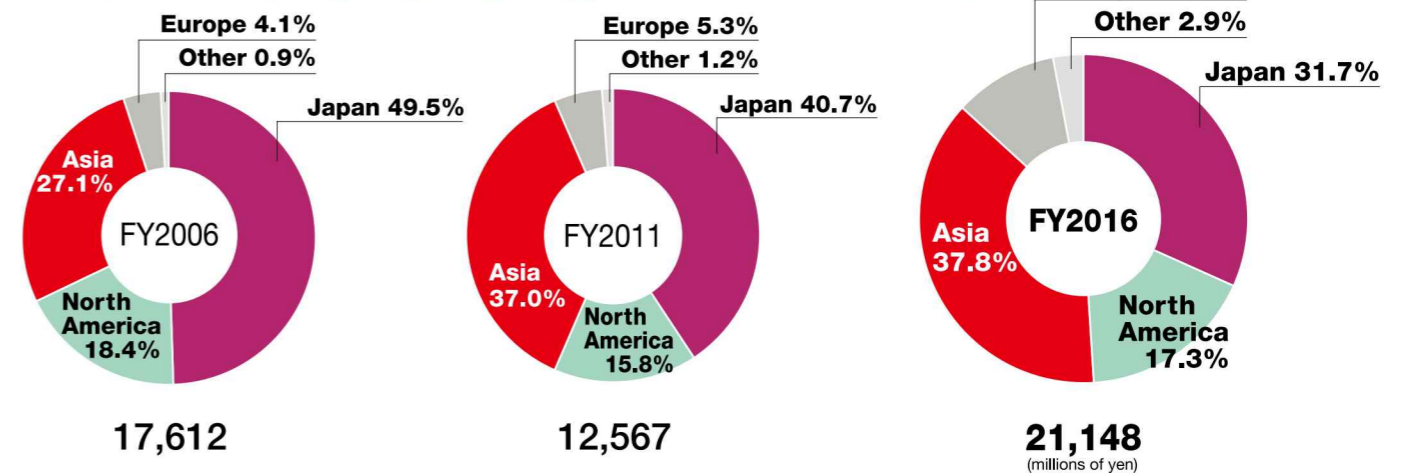
Net sales increased by 195.4% from the previous fiscal year to 1,884 million yen and operating income increased by 214.2% from the previous fiscal year to 229 million yen.

Overseas sales

Overseas sales simply indicate Yushin's world sales to countries and areas other than Japan. Overseas sales increased by 20.0% year on year to 14,441 million yen from the previous fiscal year. And the ratio of overseas sales to the total net sales was 68.3% which also increased by 0.7 points from the previous fiscal year. In comparison with 10 years ago, overseas sales increased by 17.8 points.

As for each region, net sales to North America increased by 39.5% to 3,665 million yen, net sales to Asia decreased by 0.6% to 8,001 million yen, net sales to Europe increased by 125.4% to 2,163 million yen and net sales to Other areas increased by 54.2% to 610 million yen.

Sales composition by region (Comparing to FY2006 and FY2011)



Board of Directors, Auditors and Officers

(As of June 30, 2016)



Organization Chart

(As of June 30, 2016)



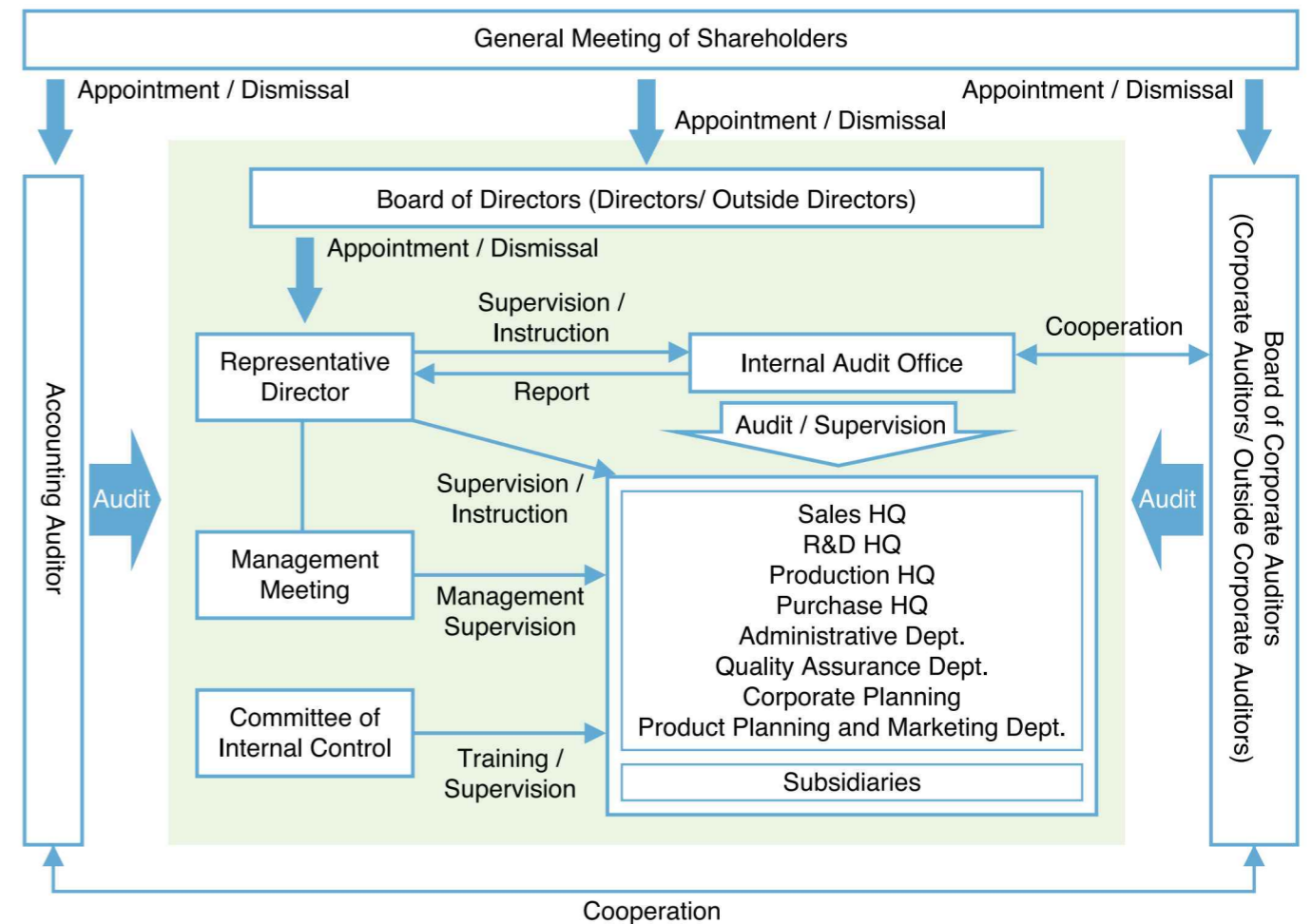
Corporate Governance System

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, 2016)



Headquarters & Factory



USA



Korea



Malaysia



Taiwan



Thailand



UK



China (Shenzhen)



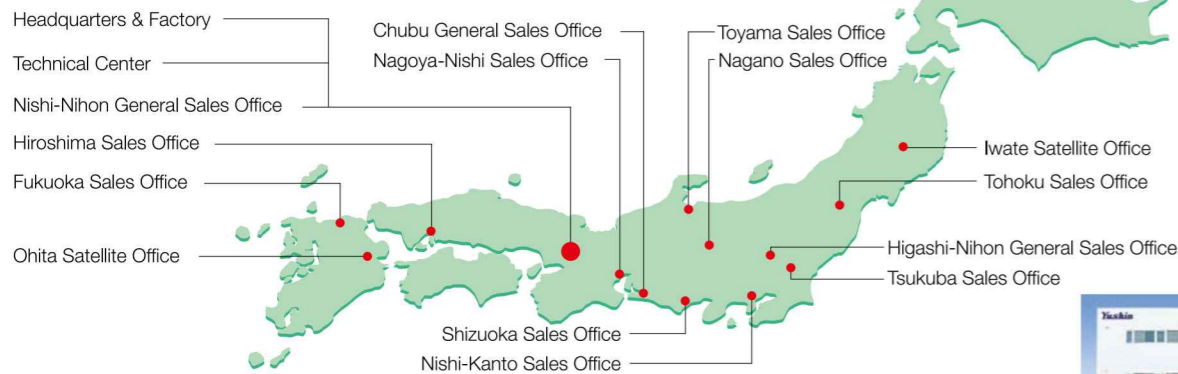
China (Shanghai)



Vietnam



China (Guangzhou)



Chubu General Sales Office



Higashi-Nihon General Sales Office

Headquarters & Factory

Yushin Precision Equipment Co., Ltd.

11-260 Kogahonmachi, Fushimi-ku, Kyoto, Japan 612-8492
 TEL: +(81)75-933-9555

Subsidiaries (Sales office)

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 TEL: +(82)31-433-9655-6
- 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
- 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
- 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. (Malaysia) <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>
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 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>
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 TEL: +(61)3-8587-8200
- Turkey Mar Plastik Metal Kalip San. ve Tic. Ltd. Şti. <Istanbul>
 Istanbul Anadolu Yakasi Organize Sanayi Bölgesi (IAYOSB) 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
- Spain Mecman Industrial, S.L. <Barcelona>
 Avenida. Principal, 41 Pol. Ind. Can Clapers 08181 Sentmenat (Barcelona) Apdo, correos, 98, Spain
 TEL: +(34)902-636-717
- Canada En-Plas, Inc. <Toronto>
 1395 Morningside Avenue Scarborough, (Toronto) Ontario M1B 3J1, Canada
 TEL: +(1)416-286-3030

Construction of New Company Headquarters and Factory

Yushin is now constructing a new company headquarters and factory in the 21,000sqm land along the Route 171, located in the neighborhood of current HQ. This project is scheduled for completion in November 2016. The new facility will have two wings, for office and factory. The office wing will be a distinctive 7-story structure with a stone façade. The sales, R&D, engineering, and administrative departments are all gathered into one floor for streamlining and sophistication of business processes by boosting in-house communications. And the 4-story factory wing will realize a layout designed for all-around production and to expand area for assembling and inspection processes. This is for the purpose of a preparation to receive further more orders of large size take-out robots. - Lot dimension 50m x 109m, Total floor square measure: around 21,000sqm



Chinaplas 2016 (April 2016)



The largest plastics and rubber trade fair in Asia, Chinaplas 2016 opened in Shanghai, China in April. Approximately 140 thousand visitors showed up the Fair from many countries in the world and were excited in the vibrancy.

At the Fair, Yushin exhibited several take-out robots including an RC and an SC model with NC servo wrist unit. Our high-end model, RC series with camera inspection system and NC servo wrist unit introduced an example for a way of labor cost reduction. Yushin believes that both RC and SC models contribute further automatization for a plastic injection molding factory. And Yushin unveiled new concept robot in China. The robot enables to work on complex operations by only one controller which can control several axes with synchronized motions of its arms.

Yushin attracted many visitors in discovering Yushin's technological capabilities all through the Fair.

1.Net Sales

Net sales increased by 18.8% year on year to 21,148 million yen from the previous fiscal year. This number is a new record for Yushin. Because of good sales in main models utilizing optimum technology, sales of Take-out robots increased by 6.3% year on year. And sales of Custom-ordered equipment increased 122.7% as well because of a growth in medical relating and a new business area. In addition, many of subsidiaries' performances contributed to the results. Especially, subsidiaries in the United States and England made large sales in the fiscal year.

2.Operating Income

In the fiscal year, Yushin had to devalue inventories in semiconductor-related equipment business and labor costs increased comparing to the previous fiscal year. However, Operating income increased by 33.9% year on year to 3,086 million yen from the previous fiscal year. The profit was brought by mainly sales increase in units and amounts, and cost reduction activities.

3.Financial Condition

Total assets decreased by 54 million yen from the end of the previous fiscal year to 29,409 million yen. Cash and cash equivalents decreased by 3,793 million yen and Construction in progress increased by 4,426 million yen from the end of the previous fiscal year. These were mainly due to payments made for the construction of the new Headquarters and facility. Inventories also decreased by 685 million yen from the end of the previous fiscal year, which includes devaluations in inventories of semiconductor-related equipment.

Total liabilities decreased by 799 million yen from the end of the previous fiscal year to 4,693 million yen. This was mostly due to

decrease of 1,003 million yen in Advances from customers and increase of 283 million yen in Income taxes payable.

Net assets increased by 745 million yen from the end of the previous fiscal year to 24,715 million yen. Main reason for the increase was a rise of Retained earnings by 1,296 million yen and a fall of Foreign currency translation adjustments by 392 million yen.

4.Cash Flow

The balance of cash and cash equivalents on March 31, 2016 decreased by 3,791 million yen from the end of the previous fiscal year to 5,297 million yen. Main reasons for the result are as follows.

【Cash flow from operating activities】

Income before income taxes was 2,858 million yen. After deducting 669 million yen in Income taxes paid, cash flow from operating activities for the fiscal year ended March 31, 2016 was a net inflow of 2,218 million yen (it was a net inflow of 2,104 million yen in the previous fiscal year).

【Cash flow from investment activities】

Due to 4,861 million yen in Purchase of property, plant and equipment, cash flow from investment activities for the fiscal year ended March 31, 2016 was a net outflow of 5,105 million yen (it was a net outflow of 256 million yen in the previous fiscal year).

【Cash flow from financing activities】

Due to Cash dividends paid of 612 million yen, cash flow from financing activities was a net outflow of 677 million yen (it was a net outflow of 560 million yen in the previous fiscal year).

Consolidated Balance Sheet

Yushin Precision Equipment Co., Ltd. and Subsidiaries
March 31, 2016

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
CURRENT ASSETS:			
Cash and cash equivalents (Note 10)	¥ 5,297	¥ 9,089	\$ 46,882
Short-term investments (Notes 3 and 10)	43	45	384
Receivables (Note 10) :			
Trade notes	1,300	1,159	11,511
Trade accounts	4,725	4,689	41,817
Allowance for doubtful receivables	(30)	(25)	(269)
Inventories (Note 4)	3,673	4,358	32,511
Deferred tax assets (Note 7)	625	602	5,534
Other current assets	320	455	2,840
Total current assets	15,956	20,373	141,212
PROPERTY, PLANT AND EQUIPMENT:			
Land	5,779	5,807	51,149
Buildings and structures	4,442	4,156	39,314
Machinery and equipment	442	430	3,915
Furniture and fixtures	1,345	1,647	11,907
Construction in progress	4,587	161	40,597
Total	16,597	12,204	146,884
Accumulated depreciation	(4,160)	(4,109)	(36,822)
Net property, plant and equipment	12,436	8,094	110,061
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 10)	185	294	1,641
Insurance funds	142	132	1,260
Asset for retirement benefits (Note 5)	266	346	2,361
Deferred tax assets (Note 7)	9	11	79
Other assets	411	208	3,645
Total investments and other assets	1,015	994	8,988
TOTAL	¥ 29,409	¥ 29,463	\$ 260,261

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
CURRENT LIABILITIES:			
Payables (Note 10) :			
Trade notes	¥ 47	¥ 56	\$ 418
Trade accounts	2,121	2,306	18,777
Construction and other	776	529	6,874
Advances from customers	278	1,282	2,467
Income taxes payable (Note 10)	548	265	4,858
Accrued expenses	405	374	3,588
Warranty reserve	148	179	1,313
Other current liabilities (Note 7)	65	77	576
Total current liabilities	4,392	5,072	38,873
LONG-TERM LIABILITIES:			
Liability for retirement benefits to directors (Note 5)	66	66	590
Liability for retirement benefits (Note 5)	44	38	389
Deferred tax liabilities (Note 7)	123	237	1,091
Other	67	77	593
Total long-term liabilities	301	421	2,665
EQUITY (Notes 6 and 13):			
Common stock, authorized, 40,000,000 shares; issued, 17,819,033 shares in 2016 and 2015	1,985	1,985	17,572
Capital surplus	2,023	2,023	17,910
Retained earnings	20,502	19,205	181,435
Treasury stock - at cost: 331,208 shares in 2016 and 330,904 shares in 2015	(352)	(352)	(3,121)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	33	107	300
Foreign currency translation adjustments	266	658	2,359
Defined retirement benefit plan	50	108	444
Total	24,509	23,737	216,901
Noncontrolling interests	205	232	1,821
Total equity	24,715	23,970	218,722
TOTAL	¥ 29,409	¥ 29,463	\$ 260,261

Consolidated Statement of Income

Yushin Precision Equipment Co., Ltd. and Subsidiaries
Year Ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
NET SALES	¥ 21,148	¥ 17,799	\$ 187,155
COST OF SALES (Note 9)	12,705	10,521	112,440
Gross profit	8,442	7,277	74,714
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 8 and 9)	5,356	4,973	47,404
Operating income	3,086	2,304	27,310
OTHER INCOME (EXPENSES):			
Interest and dividend income	17	25	155
Foreign exchange gain	(224)	183	(1,983)
Gain from the sale of investment securities	1	19	9
Other-net	(21)	33	(191)
Other income (expenses) - net	(227)	262	(2,010)
INCOME BEFORE INCOME TAXES	2,858	2,566	25,300
INCOME TAXES (Note 7):			
Current	955	863	8,459
Deferred	(72)	(52)	(640)
Total income taxes	883	811	7,819
NET INCOME	1,975	1,755	17,480
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	66	71	590
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	¥ 1,908	¥ 1,683	\$ 16,890
	Yen		U.S. Dollars (Note 1)
PER SHARE OF COMMON STOCK (Notes 2.p and 12):			
Net income	¥ 109.14	¥ 96.26	\$ 0.97
Cash dividends applicable to the year	36.00	30.00	0.32

Consolidated Statement of Comprehensive Income

Yushin Precision Equipment Co., Ltd. and Subsidiaries
Year Ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
NET INCOME	¥ 1,975	¥ 1,755	\$ 17,480
OTHER COMPREHENSIVE INCOME (Note 11) :			
Unrealized gain (loss) on available-for-sale securities	(73)	53	(646)
Foreign currency translation adjustments	(420)	443	(3,725)
Defined retirement benefit plan	(58)	68	(517)
Total other comprehensive income	(552)	565	(4,889)
COMPREHENSIVE INCOME	¥ 1,422	¥ 2,320	\$ 12,590
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :			
Owners of the parent	¥ 1,384	¥ 2,222	\$ 12,255
Noncontrolling interests	37	98	335

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Yushin Precision Equipment Co., Ltd. and Subsidiaries
Year Ended March 31, 2016

	Millions of Yen										
	Thousands	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, APRIL 1, 2014 (as previously reported)	17,488	¥ 1,985	¥ 2,023	¥ 17,758	¥ (350)	¥ 53	¥ 242	¥ 40	¥ 21,753	¥ 121	¥ 21,875
Cumulative effect of accounting change (Note 2.) ..				91					91		91
BALANCE, APRIL 1, 2014 (as restated)	17,488	1,985	2,023	17,850	(350)	53	242	40	21,845	121	21,967
Net income				1,683					1,683		1,683
Cash dividends, ¥ 30 per share				(524)					(524)		(524)
Purchase of treasury stock	(0)				(1)				(1)		(1)
Increase accompanying unification of financial reporting date of consolidated subsidiaries				196					196		196
Net change in the year						53	416	68	538	110	649
BALANCE, MARCH 31, 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)
Increase accompanying unification of financial reporting date of consolidated subsidiaries											
Net change in the year						(73)	(392)	(58)	(523)	(26)	(550)
BALANCE, MARCH 31, 2016	17,487	¥ 1,985	¥ 2,023	¥ 20,502	¥ (352)	¥ 33	¥ 266	¥ 50	¥ 24,509	¥ 205	¥ 24,715

	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, 2015	\$ 17,572	\$ 17,910	\$ 169,961	\$ (3,115)	\$ 946	\$ 5,830	\$ 962	\$ 210,068	\$ 2,056	\$ 212,125
Net income			16,890					16,890		16,890
Cash dividends, \$0.31 per share			(5,416)					(5,416)		(5,416)
Purchase of treasury stock				(6)				(6)		(6)
Increase accompanying unification of financial reporting date of consolidated subsidiaries										
Net change in the year					(646)	(3,470)	(517)	(4,634)	(235)	(4,869)
BALANCE, MARCH 31, 2016	\$ 17,572	\$ 17,910	\$ 181,435	\$ (3,121)	\$ 300	\$ 2,359	\$ 444	\$ 216,901	\$ 1,821	\$ 218,722

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Yushin Precision Equipment Co., Ltd. and Subsidiaries
Year Ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
OPERATING ACTIVITIES:			
Income before income taxes	¥ 2,858	¥ 2,566	\$ 25,300
Adjustments for:			
Income taxes - paid	(669)	(1,350)	(5,923)
Depreciation and amortization	394	411	3,486
Changes in assets and liabilities:			
Increase in trade receivables	(384)	(200)	(3,401)
Decrease (increase) in inventories	466	(321)	4,131
Increase in trade payables	27	100	244
Increase (decrease) in provision for doubtful receivables	6	(1)	60
Other - net	(482)	899	(4,267)
Total adjustments	(640)	(461)	(5,668)
Net cash provided by operating activities	2,218	2,104	19,631
INVESTING ACTIVITIES:			
Increase in short-term investments	(2)	(19)	(24)
Purchases of property, plant and equipment	(4,861)	(461)	(43,019)
Proceeds from sales of property, plant and equipment	0	6	8
Purchases of investment securities	(0)	(1)	(1)
Proceeds from sales of investment securities	1	30	15
Other - net	(244)	188	(2,162)
Net cash used in investing activities	(5,106)	(256)	(45,185)
FINANCING ACTIVITIES:			
Dividends paid	(612)	(524)	(5,416)
Dividends paid to noncontrolling interests	(64)	(34)	(570)
Purchase of treasury stock	(1)	(1)	(6)
Net cash used in financing activities	(677)	(560)	(5,993)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(226)	245	(2,004)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,791)	1,532	(33,551)
INCREASE IN CASH AND CASH EQUIVALENTS ACCOMPANYING UNIFICATION OF ACCOUNTING PERIOD OF CONSOLIDATED SUBSIDIARIES		49	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,089	7,506	80,434
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 5,297	¥ 9,089	\$ 46,882

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Yushin Precision Equipment Co., Ltd. and Subsidiaries
Year Ended March 31, 2016

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 2015 consolidated financial statements to conform to the classifications used in 2016.

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 ¥113 to \$1, the approximate rate of exchange at March 31, 2016. 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, 2016, 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 - In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements" which was subsequently revised in February 2010 and March 2015 to reflect revisions of the relevant Japanese GAAP or accounting standards in other jurisdictions. PITF No. 18 prescribes that 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 - In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures."

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling-of-interests method of accounting is no longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in the business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified

after a review of the procedures used in the purchase price allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

In September 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements." Major accounting changes are as follows:

(a) Transactions with noncontrolling interest - 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. Under the previous accounting standard, 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 an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference is accounted for as capital surplus as long as the parent retains control over its subsidiary.

(b) Presentation of the consolidated balance sheet - In the consolidated balance sheet, "minority interest" under the previous accounting standard is changed to "noncontrolling interests" under the revised accounting standard.

(c) Presentation of the consolidated statement of income - In the consolidated statement of income, "income before minority interest" under the previous accounting standard is changed to "net income" under the revised accounting standard, and "net income" under the previous accounting standard is changed to "net income attributable to owners of the parent" under the revised accounting standard.

(d) Provisional accounting treatments for a business combination - 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. Under the previous accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, 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.

(e) Acquisition-related costs - Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the previous accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income. In the case of earlier application, all accounting standards and guidance above, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (a) transactions with noncontrolling interest and (e) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (d) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

The Company applied the revised accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs above, effective April 1, 2015, and (d) provisional accounting treatments for a business combination above for a business combination which occurred on or after April 1, 2015. The revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs were applied prospectively.

With respect to (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, the applicable line items in the 2015 consolidated financial statements have been accordingly reclassified and presented in line with those in 2016.

There was no impact from these accounting changes.

d. Cash Equivalents - Cash equivalents are short-term investments that are readily convertible into cash and that are 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 processes, 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 defined contribution pension plan covering substantially all of its employees. Certain subsidiaries have an unfunded retirement benefit plan or a defined contribution pension plan.

Effective April 1, 2000, the Company adopted a new accounting standard for retirement benefits and accounted 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 straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over 10-16 years within the average remaining service period.

In May 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

- (a) Under the revised accounting standard, 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 any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).
- (b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments (see Note 11).
- (c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014, and for (c) above, effective April 1, 2014.

With respect to (c) above, the Company changed the method of attributing the expected benefit to periods from a straight-line basis to a benefit formula basis and the method of determining the discount rate from using the period which approximates the expected average remaining service period to using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment, and recorded the effect of (c) above as of April 1, 2014, in retained earnings. As a result, asset for retirement benefits as of April 1, 2014, increased by ¥142 million, and retained earnings as of April 1, 2014, increased by ¥91 million.

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, 2016, the balance of the liability for retirement benefits to directors was ¥66 million (\$590 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.

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 because 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 - In December 2009, the ASBJ issued 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 under this standard and guidance are 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.

r. New Accounting Pronouncements

Tax Effect Accounting - On December 28, 2015, the ASBJ issued ASBJ Guidance No. 26, "Guidance on Recoverability of Deferred Tax Assets," which included certain revisions of the previous accounting and auditing guidance issued by the Japanese Institute of Certified Public Accountants. While the new guidance continues to follow the basic framework of the previous guidance, it provides new guidance for the application of judgment in assessing the recoverability of deferred tax assets.

The previous guidance provided a basic framework which included certain specific restrictions on recognizing deferred tax assets depending on the company's classification in respect of its profitability, taxable profit and temporary differences, etc.

The new guidance does not change such basic framework but, in limited cases, allows companies to recognize deferred tax assets even for a deductible temporary difference for which it was specifically prohibited to recognize a deferred tax asset under the previous guidance, if the company can justify, with reasonable grounds, that it is probable that the deductible temporary difference will be utilized against future taxable profit in some future period.

The new guidance is effective for the beginning of annual periods beginning on or after April 1, 2016. Earlier application is permitted for annual periods ending on or after March 31, 2016. The new guidance shall not be applied retrospectively and any adjustments from the application of the new guidance at the beginning of the reporting period shall be reflected within retained earnings or accumulated other comprehensive income at the beginning of the reporting period.

The Company expects to apply the new guidance on recoverability of deferred tax assets effective April 1, 2016, and is in the process of measuring the effects of applying the new guidance in future applicable periods.

● 3.SECURITIES

(1) Short-term Investments

	Millions of Yen		Thousands of U.S. Dollars	
	2016	2015	2016	
Time deposits	¥ 43	¥ 45	\$ 384	

(2) Investment Securities

The carrying amounts and aggregate fair values of investment securities as of March 31, 2016 and 2015, were as follows:

Securities classified as:	Millions of Yen							
	2016				2015			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:								
Equity securities	¥ 136	¥ 48	¥ 0	¥ 185	¥ 137	¥ 157		¥ 294

Securities classified as:	Thousands of U.S. Dollars			
	2016			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	\$ 1,209	\$ 432	\$ 0	\$ 1,641

(3) The proceeds, realized gains and realized losses of the available-for-sale securities which were sold during the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		
	Proceeds	Realized Gains	Realized Loss
March 31, 2016			
Available - for - sale :			
Equity securities	¥ 1	¥ 1	
March 31, 2015			
Available - for - sale :			
Equity securities	¥ 30	¥ 19	
March 31, 2016			
Available - for - sale :			
Equity securities	\$ 15	\$ 9	

● 4. INVENTORIES

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Inventories at March 31, 2016 and 2015, consisted of the following:			
Finished products	¥ 762	¥ 1,111	\$ 6,746
Work in process	625	1,010	5,534
Raw materials and supplies	2,286	2,237	20,230
Total	¥ 3,673	¥ 4,358	\$ 32,511

● 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. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

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 (\$590 thousand) and ¥66 million as of March 31, 2016 and 2015, respectively.

(1) The changes in defined benefit obligation for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Balance at beginning of year (as previously reported) ...	¥ 483	¥ 581	\$ 4,281
Cumulative effect of accounting change		(142)	
Balance at beginning of year (as restated)	483	438	4,281
Current service cost	54	47	485
Interest cost	4	4	35
Actuarial losses	27	14	243
Benefits paid	(11)	(26)	(97)
Others	(7)	4	(62)
Balance at end of year	¥ 552	¥ 483	\$ 4,885

(2) The changes in plan assets for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Balance at beginning of year	¥ (791)	¥ (655)	\$ (7,008)
Expected return on plan assets	(7)	(6)	(70)
Actuarial losses (gains)	53	(110)	477
Contributions from the employer	(40)	(39)	(354)
Benefits paid	11	20	97
Balance at end of year	¥ (774)	¥ (791)	\$ (6,857)

(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, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Funded defined benefit obligation	¥ 508	¥ 445	\$ 4,496
Plan assets	(774)	(791)	(6,857)
Unfunded defined benefit obligation	44	38	389
Net asset arising from defined benefit obligation	¥ (222)	¥ (308)	\$ (1,971)

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Liability for retirement benefits	¥ 44	¥ 38	\$ 389
Asset for retirement benefits	(266)	(346)	(2,361)
Net asset arising from defined benefit obligation	¥ (222)	¥ (308)	\$ (1,971)

(4) The components of net periodic benefit costs for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Service cost	¥ 54	¥ 47	\$ 485
Interest cost	4	4	35
Expected return on plan assets	(7)	(6)	(70)
Recognized actuarial losses (gains)	(6)	2	(58)
Net periodic benefit costs	¥ 44	¥ 48	\$ 392

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2016 and 2015:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Actuarial gains (losses)	¥ (88)	¥ 98	\$ (779)

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2016 and 2015 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Unrecognized actuarial gains	¥ 72	¥ 160	\$ 639

(7) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	
Domestic debt investments	17.8 %	22.7 %	
Domestic equity investments	33.6	31.8	
Foreign debt investments	10.3	12.2	
Foreign equity investments	29.4	24.4	
Others	8.9	8.9	
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, 2016 and 2015, were set forth as follows:

	2016	2015
Discount rate	0.3 %	0.9 %
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. 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.

The Companies Act permits companies to distribute dividends-in-kind (noncash 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 33.0% and 35.5% for the years ended March 31, 2016 and 2015, respectively.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities at March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Deferred tax assets:			
Inventories	¥ 405	¥ 363	\$ 3,585
Building depreciation	81	74	721
Software	61	45	546
Enterprise tax payable	29	16	259
Advances received	39	56	347
Accrued bonuses	72	77	641
Warranty reserve	33	35	294
Retirement benefits to directors	20	21	180
Other	84	94	750
Less valuation allowance	(20)	(21)	(180)
Total	¥ 807	¥ 764	\$ 7,145
Deferred tax liabilities:			
Undistributed earnings of foreign subsidiaries	¥ 173	¥ 200	\$ 1,539
Asset for retirement benefits	59	60	525
Unrealized gain on available-for-sale securities	13	49	116
Defined retirement benefit plan	22	51	195
Other	31	31	276
Total	¥ 299	¥ 392	\$ 2,652
Net deferred tax assets	¥ 507	¥ 372	\$ 4,492

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

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Current assets - Deferred tax assets	¥ 625	¥ 602	\$ 5,534
Investments and other assets - Deferred tax assets	9	11	79
Current liabilities - Other current liabilities	(3)	(3)	(29)
Long-term liabilities - Deferred tax liabilities	(123)	(237)	(1,091)
Net deferred tax assets	¥ 507	¥ 372	\$ 4,492

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, 2016 and 2015, was as follows:

	2016	2015
Normal effective statutory tax rate	33.0 %	35.5 %
Expenses not deductible for income tax purposes	0.4	0.5
Per capita inhabitant tax	0.6	0.6
Difference in income tax rates applicable to income in certain foreign countries	(2.7)	(4.8)
Undistributed earnings of foreign subsidiaries	(0.5)	2.2
Tax credit for research and development expenses	(1.9)	(4.2)
Adjustments to deferred tax assets due to tax rate changes	1.2	1.1
Other - net	0.8	0.7
Actual effective tax rate	30.9 %	31.6 %

New tax reform laws enacted in 2016 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2016, to approximately 30.7% and for the fiscal year beginning on or after April 1, 2017, to approximately 30.5%. The effect of these changes was to decrease deferred tax assets, net of deferred tax liabilities, by ¥32 million (\$288 thousand) in the consolidated balance sheet as of March 31, 2016, and to increase income taxes - deferred by ¥33 million (\$299 thousand) in the consolidated statement of income for the year then ended.

● 8. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥510 million (\$4,521 thousand) and ¥472 million for the years ended March 31, 2016 and 2015, respectively.

● 9. LEASES

The Group leases certain computer equipment and other assets. Total rental expenses, including lease payments under finance leases for the years ended March 31, 2016 and 2015, were ¥180 million (\$1,594 thousand) and ¥179 million, respectively.

● 10. 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, 2016						
Cash and cash equivalents	¥ 5,297	¥ 5,297		\$ 46,882	\$ 46,882	
Short-term investments	43	43		384	384	
Receivables	6,026	6,026		53,329	53,329	
Investment securities	185	185		1,641	1,641	
Total	¥ 11,552	¥ 11,552		\$ 102,237	\$ 102,237	
Payables	¥ 2,945	¥ 2,945		\$ 26,069	\$ 26,069	
Income taxes payable	548	548		4,858	4,858	
Total	¥ 3,494	¥ 3,494		\$ 30,928	\$ 30,928	

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
March 31, 2015			
Cash and cash equivalents	¥ 9,089	¥ 9,089	
Short-term investments	45	45	
Receivables	5,848	5,848	
Investment securities	294	294	
Total	¥ 15,278	¥ 15,278	
Payables	¥ 2,892	¥ 2,892	
Income taxes payable	265	265	
Total	¥ 3,158	¥ 3,158	

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, 2016				
Cash and cash equivalents	¥ 5,297			
Short-term investments	43			
Receivables	6,026			
Total	¥ 11,367			

	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, 2015				
Cash and cash equivalents	¥ 9,089			
Short-term investments	45			
Receivables	5,848			
Total	¥ 14,983			

	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, 2016				
Cash and cash equivalents	\$ 46,882			
Short-term investments	384			
Receivables	53,329			
Total	\$ 100,596			

● 11. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Unrealized gain (loss) on available-for-sale securities:			
Gains arising during the year	¥ (107)	¥ 94	\$ (955)
Reclassification adjustments to profit or loss	(1)	(19)	(9)
Amount before income tax effect	(109)	75	(964)
Income tax effect	35	(21)	318
Total	¥ (73)	¥ 53	\$ (646)
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ (420)	¥ 443	\$ (3,725)
Amount before income tax effect	(420)	443	(3,725)
Total	¥ (420)	¥ 443	\$ (3,725)
Adjustments related to retirement benefits:			
Adjustments arising during the year	¥ (81)	95	\$ (721)
Reclassification adjustments to profit or loss	(6)	2	(58)
Amount before income tax effect	(88)	98	(779)
Income tax effect	29	(29)	261
Total	¥ (58)	68	\$ (517)
Total other comprehensive income	¥ (552)	¥ 565	\$ (4,889)

● 12. NET INCOME PER SHARE

Details of the basic net income per share (EPS) for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted-Average Shares	EPS	
Year Ended March 31, 2016:				
Basic EPS				
Net income available to common shareholders	¥ 1,908	17,487	¥ 109.14	\$ 0.97
Year Ended March 31, 2015:				
Basic EPS				
Net income available to common shareholders	¥ 1,683	17,488	¥ 96.26	

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

● 13. SUBSEQUENT EVENTS

Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2016, was approved at the Company's Board of Directors' meeting held on May 10, 2016:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥ 21 (\$ 0.18) per share	¥ 367	\$ 3,249

● 14. 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 - Asia (South Korea, Taiwan, China, Vietnam, Indonesia, Malaysia, Thailand and India), Europe (UK) and U.S.A. - 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 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 reported business segments is described in Note 2, "Summary of significant accounting policies."

Segment profit by reported business segment is calculated based on operating income.

Intersegment sales and transfers are based on a realized market price basis.

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

	Millions of Yen						
	2016						
	Reportable Segment					Reconciliations	Consolidated
	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

	Millions of Yen						
	2015						
	Reportable Segment					Reconciliations	Consolidated
Japan	Asia	Europe	U.S.A.	Total			
Sales:							
Sales to external customers	¥ 9,295	¥ 5,086	¥ 634	¥ 2,782	¥ 17,799		¥ 17,799
Intersegment sales or transfers	4,612	289	3	7	4,912	¥ (4,912)	
Total	¥ 13,907	¥ 5,376	¥ 638	¥ 2,789	¥ 22,711	¥ (4,912)	¥ 17,799
Segment profit	¥ 1,319	¥ 788	¥ 73	¥ 274	¥ 2,455	¥ (151)	¥ 2,304
Segment assets	17,232	4,343	1,538	2,202	25,317	4,146	29,463
Other:							
Depreciation	216	22	10	27	277	133	411
Increase in property, plant and equipment and intangible assets ...	309	200	7	165	682		682

	Thousands of U.S. Dollars						
	2016						
	Reportable Segment					Reconciliations	Consolidated
Japan	Asia	Europe	U.S.A.	Total			
Sales:							
Sales to external customers	\$ 95,739	\$ 43,231	\$ 16,642	\$ 31,542	\$ 187,155		\$ 187,155
Intersegment sales or transfers	41,606	2,862	38	169	44,677	\$ (44,677)	
Total	\$ 137,346	\$ 46,094	\$ 16,680	\$ 31,712	\$ 231,833	\$ (44,677)	\$ 187,155
Segment profit	\$ 13,321	\$ 7,078	\$ 2,034	\$ 3,923	\$ 26,359	\$ 951	\$ 27,310
Segment assets	188,282	34,079	7,537	19,319	249,219	11,042	260,261
Other:							
Depreciation	1,741	223	102	306	2,373	1,113	3,486
Increase in property, plant and equipment and intangible assets ...	43,299	436	110	1,380	45,227		45,227

Note 1: Reconciliations for the year ended March 31, 2016, are as follows:

- (1) The ¥107 million (\$951 thousand) reconciliation to segment loss includes eliminations for intersegment transactions of ¥103 million (\$916 thousand) and inventory reconciliation of ¥3 million (\$34 thousand).
- (2) The ¥1,247 million (\$11,042 thousand) reconciliation to segment assets includes eliminations for intersegment transactions of ¥(2,760) million (\$24,443 thousand), operating funds of surplus assets held by the Company (cash and deposits and others) of ¥4,008 million (\$35,475 thousand) and others.
- (3) The ¥125 million (\$1,113 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			
	2016			
	Take-Out Robots	Custom-Ordered Equipment	Parts and Maintenance Services	Total
Sales to external customers	¥ 13,923	¥ 3,997	¥ 3,227	¥ 21,148

	Millions of Yen			
	2015			
	Take-Out Robots	Custom-Ordered Equipment	Parts and Maintenance Services	Total
Sales to external customers	¥ 13,092	¥ 1,794	¥ 2,911	¥ 17,799

	Thousands of U.S. Dollars			
	2016			
	Take-Out Robots	Custom-Ordered Equipment	Parts and Maintenance Services	Total
Sales to external customers	\$ 123,212	\$ 35,379	\$ 28,563	\$ 187,155

5. Information about geographical areas

(1) Sales

	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

	Millions of Yen						
	2015						
	Japan	China Taiwan	Other Asia	Europe	North America	Other	Total
	¥ 5,762	¥ 3,069	¥ 4,982	¥ 959	¥ 2,628	¥ 395	¥ 17,799

	Thousands of U.S. Dollars						
	2016						
	Japan	China Taiwan	Other Asia	Europe	North America	Other	Total
	\$ 59,357	\$ 28,498	\$ 42,312	\$ 19,147	\$ 32,440	\$ 5,398	\$ 187,155

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 operations and comprehensive income included in net sales to outside customers.



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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, 2016, 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, 2016, 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 9, 2016

Company Profile

(As of March 31, 2016)

Company Name : Yushin Precision Equipment Co., Ltd.

Establishment : October 1973

Capital : 1,985 million yen

Head Office : 11-260 Kogahonmachi, Fushimi-ku, Kyoto, Japan 612-8492

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

Number of Employees : 636 (Including consolidated subsidiaries) and 355 (Yushin Precision Equipment Co., Ltd. only)

Number of Shareholders : 4,314

Listed Stock Exchange : First Section, Tokyo

Securities Identification Code : 6482

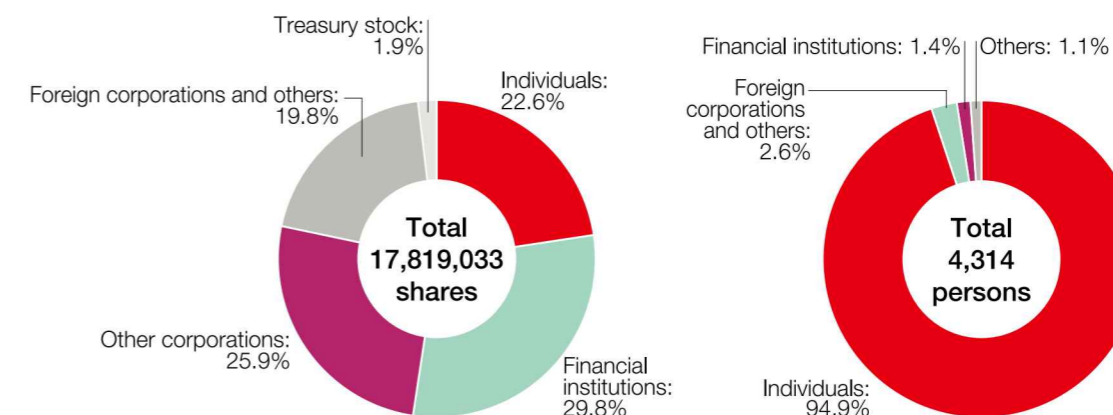
Major Shareholders

(As of March 31, 2016)

	Number of Shares held (thousand)	Percentage of Shares held (%)
Yushin Industry Co., Ltd.	4,376	25.0
Mayumi Kotani	2,156	12.3
BNP Paribas Sec Services Luxembourg, Jasdec, Aberdeen Global Client Assets	856	4.9
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
The Kyoto Chuo Shinkin Bank, Ltd.	544	3.1
Japan Trustee Service Bank, Ltd. (Trust Accounts)	525	3.0
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	424	2.4
RBC IST 15 PCT Non Lending Account - Client Account	383	2.2
The Bank of Kyoto, Ltd.	352	2.0

Note: "Percentage of Shares held (%)" is calculated after deducting the number of treasury stock (331,208 shares).

Distribution of ownership among shareholders



Yushin Precision Equipment Co., Ltd.

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