

Heartful Technology

**Yushin**

# ANNUAL REPORT 2014

Year Ended March 31, 2014



**HSA**

World fastest Take-out time : 0.27 sec

Yushin Precision Equipment Co., Ltd.

Securities Identification Code : 6482

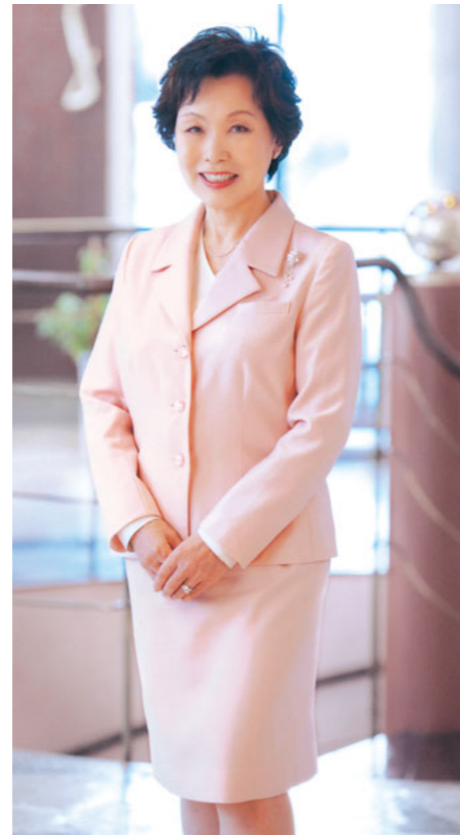
# Message from the President

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 41st year of operations, the fiscal year from April 1st, 2013 to March 31st, 2014.

June 2014



Mayumi Kotani  
President and  
Representative Director



## Business Results

In this fiscal year, the economy of the United States was gradually recovering and the European economy which had been struggling seemed to come out of the recession. In the meantime, the economic growth in China and some of emerging Asian countries were slowing down. Therefore the world economy had been uncertain situation. The economic situation in Japan has been upward momentum due to correction of the yen appreciation and rising stock prices with implementation some economic policies by the government and the last-minute demand just before raising consumption taxes.

Regarding the industries relating to the Yushin Group, demands on the industry of automotive and IT devices for smartphones and etc. have kept strong and also demands for consumer goods industry increased. And there were some improvements of the investment for the equipment in Japan following strong overseas markets.

In these circumstances, the

Yushin Group increased unit sales of main products, take-out robots "YC and SC series" which were developed based on the concepts of a high-speed motion, vibration suppression and an energy saving, and which have been recognized its performance in many countries of the world. Especially, sales in the United States, China and South Korea were maintained a good condition. Orders from new customers, who focus attention on energy-saving performances and labor cost savings, significantly increased. And the Yushin Group has received results of cost reduction activities, local purchases and making up production systems.

As the result, consolidated net sales increased by 21.7% year on year to 17,909 million yen. Also operating income increased by 86.3% year on year to 2,792 million yen, ordinary income increased by 77.2% year on year to 3,095 million yen, and net income increased by 69.8% year on year to 1,893 million yen.

## Outlook for Fiscal Year 2015 (Year ending March 31, 2015)

As for the business environment surrounding the Yushin Group, in the first half of the fiscal year domestic economy in Japan is expected that it will be still in a tough situation on swinging in the economy due to raise in consumption tax rate. However, the economy has a prospect to enter into a trend in upward from the effect of the monetary and fiscal policies implementing by the government toward the last half. Although the economic recovery is expected, only a small increase in the capital investment is anticipated within

Japan since manufacturing shifted to overseas due to the prolonged appreciation of the yen. In the overseas, capital investments are expected to be continuously strong particularly in North America and Asia.

Under these circumstances, Yushin will extend the quality and scale of our business by developing products to meet market demands, utilizing our global sales and service network, and strengthening our sales capabilities.

Yushin forecasts its business performance for the FY2015, based on the current information available, as follows.

(Millions of yen)

Forecast FY2015	Consolidated
Net sales	19,500 (Y/Y 8.9 %)
Operating income	3,100 (Y/Y 11.0 %)
Ordinary income	3,500 (Y/Y 13.1 %)
Net income	2,100 (Y/Y 10.9 %)

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 aims to develop itself further as a number-one company across the board in the "take-out robot" industry with Yushin philosophy "To contribute widely to society through the creation of innovative technology that enables customers to rationalize their production activities in plastic molding industry".

As for company strategy, Yushin strengthens and conducts business even more aggressively in the global market, and work on developing superior cost-effective products with its quality and performance to meet our customer needs. Furthermore, Yushin will also attract new customer for the take-out robots while promoting receiving orders for custom-ordered equipment.

### Market strategy

Yushin has developed a sales and service network for take-out robots in North America, Asia, and Europe. Yushin will continuously expand and strengthen the network in areas where business is expected to grow, including South East Asia and South 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 capacity of Technical center opened in 2013 to respond to the sales increase in semiconductor-related and medical-related 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 robot. 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 that can manifest technological and/or sales synergies to the market.

# 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.



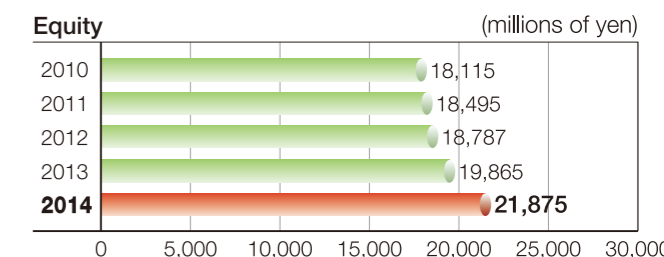
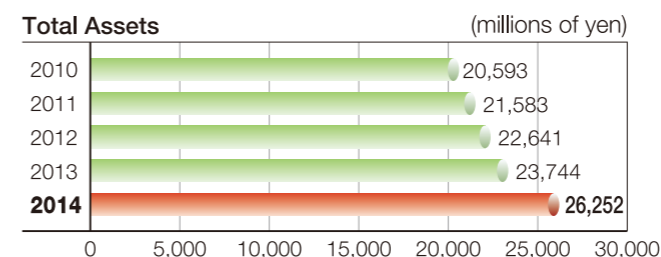
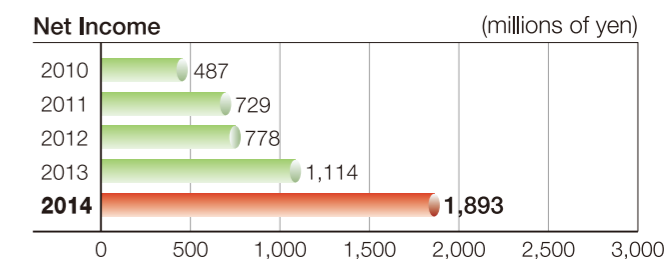
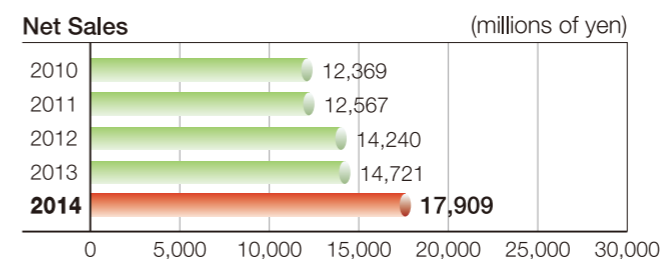
Serving society through developing plastics industry.

# Consolidated Financial Highlights

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

	Millions of Yen					Thousands of U.S. Dollars
	2014	2013	2012	2011	2010	2014
<b>For the year:</b>						
Net sales .....	¥ 17,909	¥ 14,721	¥ 14,240	¥ 12,567	¥ 12,369	\$ 175,581
Operating income .....	2,792	1,498	1,272	1,097	752	27,373
Income before income taxes and minority interest .....	3,163	1,779	1,265	1,055	870	31,016
Net income .....	1,893	1,114	778	729	487	18,559
R&D Expenses .....	448	591	565	477	478	4,394
<b>At Year end:</b>						
Total assets .....	26,252	23,744	22,641	21,583	20,593	257,372
Equity .....	21,875	19,865	18,787	18,495	18,115	214,469
<b>Per share of common stock:</b>						
	Yen					U.S. Dollars
Net income .....	¥ 108.24	¥ 63.74	¥ 44.50	¥ 41.73	¥ 27.87	\$ 1.06
Cash dividends .....	30.00	30.00	20.00	18.00	15.00	0.29
Equity .....	1,243.88	1,131.63	1,072.24	1,055.42	1,034.11	12.19
<b>Equity ratio:</b>						
	%					
Return on assets .....	7.6%	4.8%	3.5%	3.5%	2.3%	
Return on equity .....	9.1	5.8	4.2	4.0	2.7	

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 ¥102 to \$1.



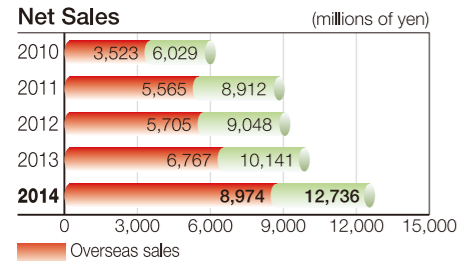
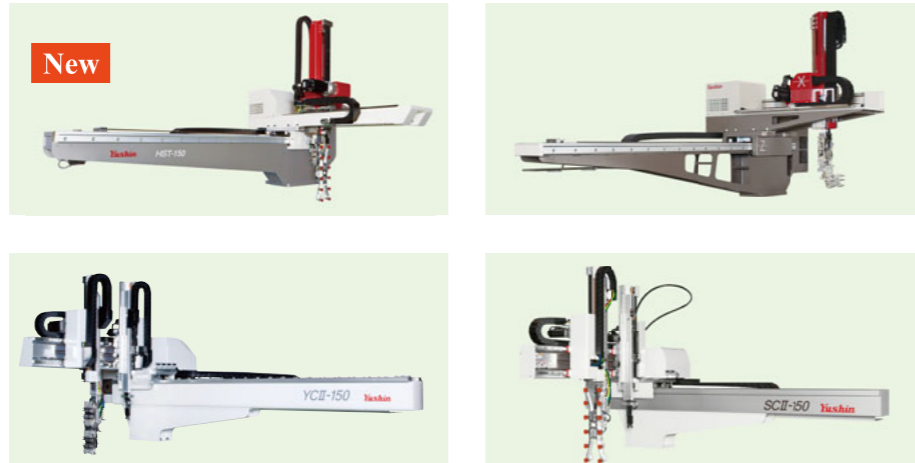
## Estimates, Forecasts, and Plans

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

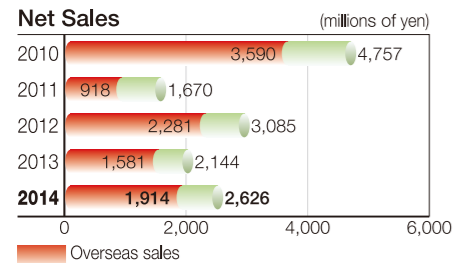
## ● Take-out Robots

As the sales of main products “YC” and “SC” series steadily increased, net sales of take-out robot increased by 2,594 million yen (25.6%) from the previous fiscal year to 12,736 million yen.



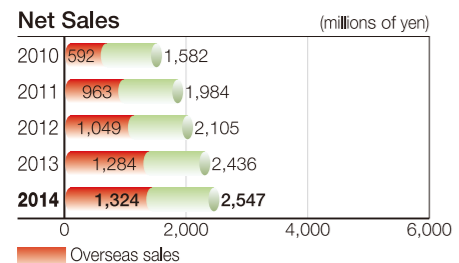
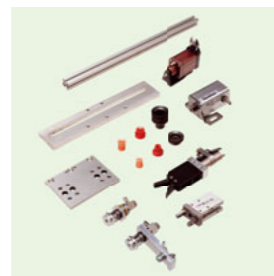
## ● Custom-ordered Equipment

Due to a good sale of semiconductor relating equipment, net sales of custom-ordered equipment increased by 482 million yen (22.5%) from the previous fiscal year to 2,626 million yen.

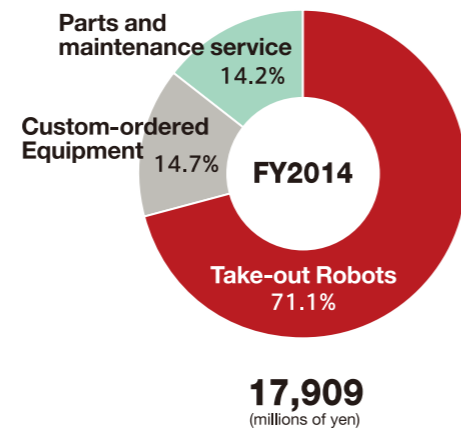


## ● Parts and maintenance service

Net sales of parts and maintenance service increased by 110 million yen (4.5%) from the previous fiscal year to 2,547 million yen.



### Sales composition by products



## ● Performance of geographic segments

### 【Japan】

As the sales of take-out robot increased, net sales increased by 15.8% to 14,351 million yen and operating income increased by 73.7% from the previous fiscal year to 1,611 million yen.

### 【North America】

As for net sales of the subsidiary in the United States increased by 28.5% from the previous fiscal year to 2,827 million yen and operating income increased by 86.5% to 464 million yen.

### 【Asia】

Net sales increased by 33.9% from the previous fiscal year to 4,632 million yen and operating income increased by 141.9% to 690 million yen due to the good performance of the subsidiary in Korea.

### 【Europe】

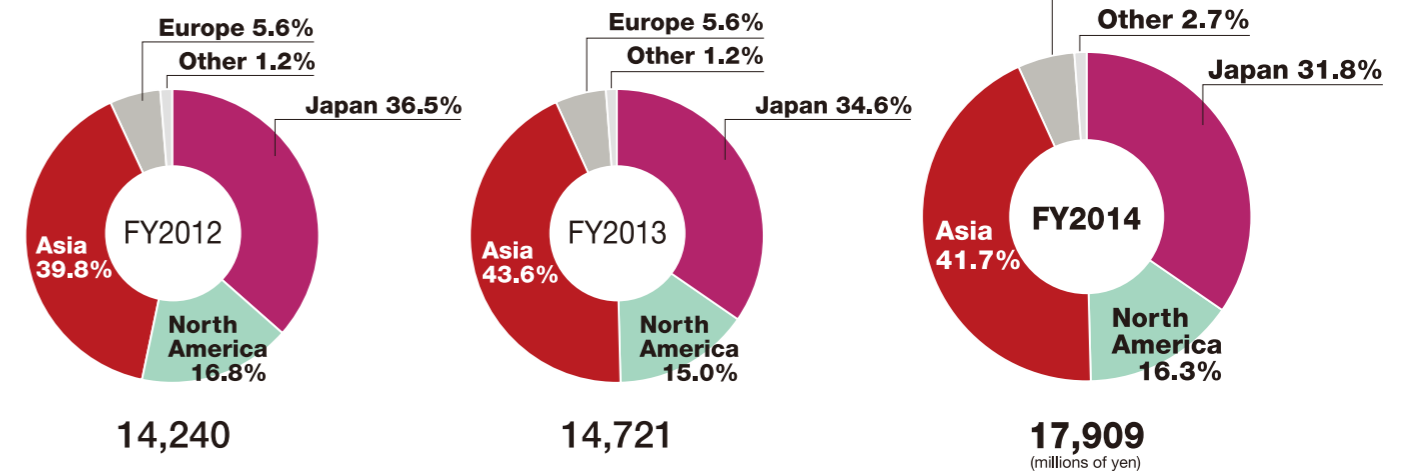
Net sales increased by 7.9% from the previous fiscal year to 626 million yen and operating income also increased by 69.9% from the previous fiscal year to 94 million yen.

## ● Overseas sales

Overseas sales simply indicate Yushin’s world sales to countries and areas other than Japan. Overseas sales increased by 26.8% year on year to 12,214 million yen from the previous fiscal year. And the ratio of overseas sales to the total net sales was 68.2% which also increased 2.8 point from the previous fiscal year.

As for each region, net sales to North America increased by 31.7% to 2,917 million yen, net sales to Asia increased 16.3% to 7,459 million yen and net sales to Europe increased 64.1% to 1,352 million yen. For the period, Yushin increased net sales all over the world.

### Sales composition by region



## 40th Anniversary

The Company founder Susumu Kotani started up Yushin Precision Equipment in 1971, in Kyoto. Incorporated in 1973, Yushin has since expanded in step with the plastics industry as a whole. In October 2013, the company celebrated its 40th anniversary.

Yushin was a late arrival to Japan's take-out robot field, but with our founder's philosophy of "Make the impossible, possible," Yushin developed several groundbreaking innovations over the years to become the global leader in our industry. Today, Yushin is an international provider of high-performance, energy-efficient take-out robots developed with design optimization technology.

As the leading company in the global take-out robot industry, Yushin will aim for further success by continuing to speedily develop products which satisfy our customers' needs for higher productivity and speeds.



## K2013 (Oct 16th through 23rd, 2013)

The German city of Dusseldorf hosted K-2013, the latest edition of the triennial tradeshow.

The K-Show is the world's largest plastics- and rubber-industry tradeshow, with approximately 3,200 exhibitors and 218,000 attendees coming from over 120 countries. There were around 30,000 visitors from Asian countries, considerably more than in the past. This K-show was Yushin's second overall to exhibit in our own booth, where this time Yushin revealed the new HST-150S-17-EII robot which was lately released to the market and also exhibited an HSA-150S-19-EII high-speed robot. The HST only dry-cycled, but the HSA and its molding machine delivered a smooth and steady live molding performance with take-out times as fast as 0.27 seconds constantly. For the reference, the fastest take-out time which the HSA recorded was 0.23 seconds at the trade show. Booth visitors lined up to watch the HSA's ultra-fast pick action, with many surprised comments on the take-out cycle's speed and smoothness.



## Open A New Subsidiary in Vietnam



Yushin has studied the Vietnamese market since first opening a foreign office there since 2005. Presently, Vietnam has welcomed a remarkable number of major international manufacturers, mainly in the smartphone, computer peripheral, motorcycle, automotive, electronics, and appliance industries. The new Yushin subsidiary office promises to grow domestic sales and offer solid technical support for customers in Vietnam. The Hanoi subsidiary employs a team of 2 Japanese and 6 local staffers to conduct sales, offer technical support, and perform installations and maintenance of Yushin's primary products, take-out robots for injection molding machines.

## New Take-out Robot, HST Series



Yushin Precision Equipment unveiled the new "HST" series of servo-powered traverse-type take-out robots in April 2014, enhanced for high-speed operation and vibration reduction using the latest design optimization\* technology. Yushin developed the HST line with proven design optimization technology for lighter weight and higher speed. Greatly improved vibration prevention and damping speed up the HST's overall cycle times.

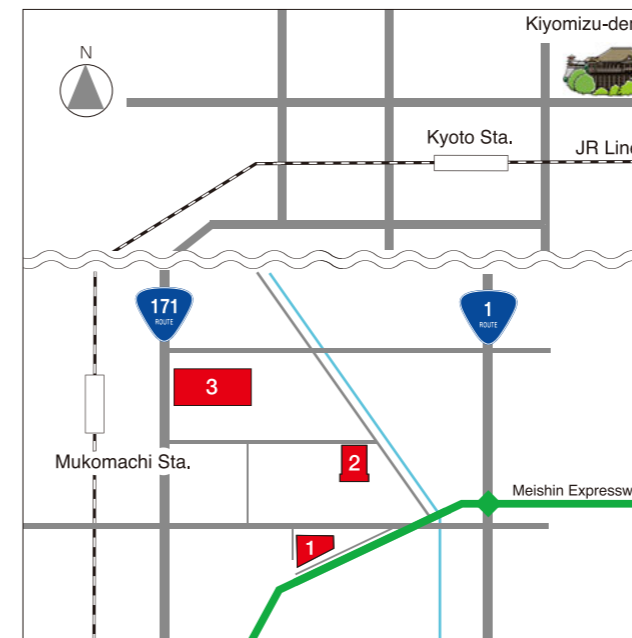
\* Design Optimization

Design Optimization is what Yushin calls the practice of applying CAE (Computer-Aided Engineering) to seek the most theoretically optimal form for a robot based on its mechanism and motions. Engineers use this approach to design lighter weight and higher reliability into car parts, aircraft, and other demanding applications.

## Large Land Lot Acquired for Business Expansion

Yushin has acquired a wide and large lot, 21,000sq.m site in Kyoto, located in the neighborhood of current HQ. The lot is in an extremely convenient location, bordering National Route 171 which is one of major route in Kyoto and roughly 1km east of JR Mukomachi Station which is a main line between Osaka and Kyoto.

It is also a very large space, roughly 2.5 times the size of current HQ, and nearly double the size of the new Technical Center opened in spring 2013. Envisioned uses for the plot are factory space for future business expansion and increase in productivities, and as a site to consolidate headquarter buildings together. We will move there from current location approximately 2 or 3 years later.



1 Yushin Headquarters(current) 2 Technical Center opened in 2013 3 New Land Lot acquired in 2013

# Global Network (As of June 30, 2014)



Headquarters & Factory



Technical Center



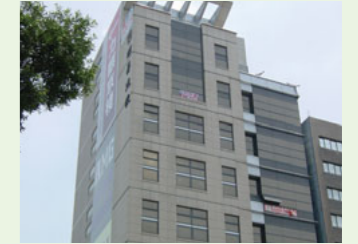
USA



Korea



China (Shenzhen)



Taiwan



Thailand



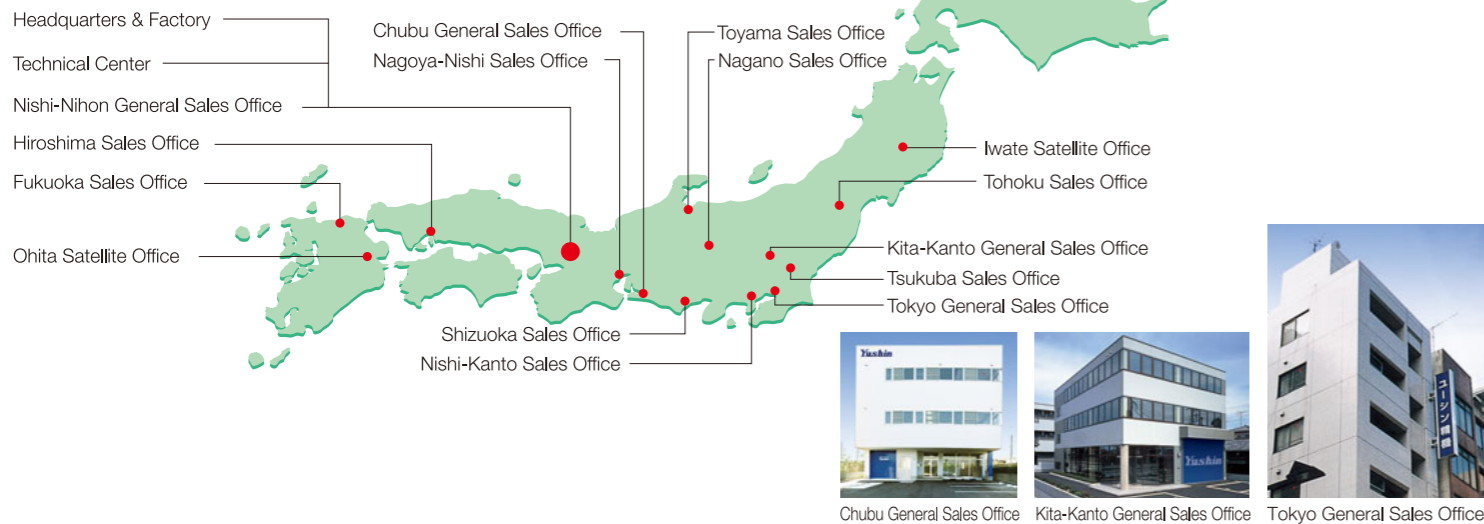
Vietnam



UK



China (Guangzhou)



## Headquarters & Factory

### Yushin Precision Equipment Co., Ltd.

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

## Subsidiaries (Sales)

- Korea: Yushin Korea Co., Ltd. <Seoul>  
Tawon Techno-town F-101, 98 Okuchundong-Ro, Siheung-Shi, Gyeonggi-Do, 429-450, Korea  
TEL: +(82)31-433-9655-6  
Daegu Office
- Taiwan: Yushin Precision Equipment (Taiwan) Co., Ltd. <Taipei>  
10F, No.45, Sec.1, Minquan E. Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)  
TEL: +(886)2-2585-0507  
Taichung Office
- China: Yushin Precision Equipment Trading (Shanghai) Co., Ltd.  
Unit E2, 19/Floor, No.1800 Zhongshan West Road, Shanghai, 200235 China  
TEL: +(86)21-6440-1586-7  
Tianjin Office  
Yushin Precision Equipment Trading (Shenzhen) Co., Ltd.  
13F Tower 1, Yang Guang Hua Yi Building NO.3003, Nan Hai Ave, Nan Shan District, Shen Zhen, China  
TEL: +(86)755-8358-0139
- Vietnam: Yushin Precision Equipment (Vietnam) Co., Ltd. <Hanoi>  
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TEL: +(84)43-767-3844
- 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
- Malaysia: Yushin Precision Equipment Sdn. Bhd. (Malaysia) <Kuala Lumpur>  
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TEL: +(60)3-5880-5445
- Thailand: Yushin Precision Equipment (Thailand) Co., Ltd. <Bangkok>  
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TEL: +(66)2-662-2580-2
- 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  
California Office, Ohio Office, Texas Office, North Carolina Office, Indiana Office, Nebraska Office, Tennessee Office, Mexico Branch

## Technical Center

487 Kuzetsukiyama-cho, Minami-ku, Kyoto, Japan 601-8203  
TEL: +(81)75-925-1070

## Subsidiaries (Factory)

- China: Guangzhou Yushin Precision Equipment Co., Ltd.  
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TEL: +(86)20-8269-0091

## Representative offices








- Ho Chi Minh Representative Office  
No 141 D3 St, Ward 25, Binh Thanh Dist, Ho Chi Minh City  
TEL: +(84)83-899-0662
- Philippines Representative Office <Manila>  
Unit 1-D, Grnd. Fl., APMC Bldg. 136 Amorsolo St., cor. Gamba Legaspi Village, Makati City, Philippines  
TEL: +(63)2-893-7546

## Agents

- New Zealand: Tasman Machinery <Auckland>  
14-16 Auburn St, Grafton, Auckland 1023 (New Zealand)  
TEL: +(64)9-379-5716
- Australia: Tasman Machinery Pty Limited <Melbourne>  
3/51 Grange Road, Cheltenham Victoria 3192 (Australia)  
TEL: +(61)3-9584-8355
- Turkey: Mar Plastik Metal Kalıp San. Tic. Ltd. Şti. <Istanbul>  
İstanbul Anadolu Yakası Organize Sanayi Bölgesi (IAYOSB)  
9. Sk. No: 6 Tuzla-İstanbul / TÜRKİYE  
TEL: +(90)216-593-20-01
- Italy: MACAM S.r.l. <Torino>  
Via Asti, 88/A 10090 Rivoli (TO), Italia  
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- The Netherlands: Polymac-Robotics B.V. <Ede>  
Morsestraat 20 Ede 6716 AH EDE, The Netherlands  
TEL: +(31)318-648615
- Spain: Mecman Industrial <Barcelona>  
Avda. Prncipal, 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

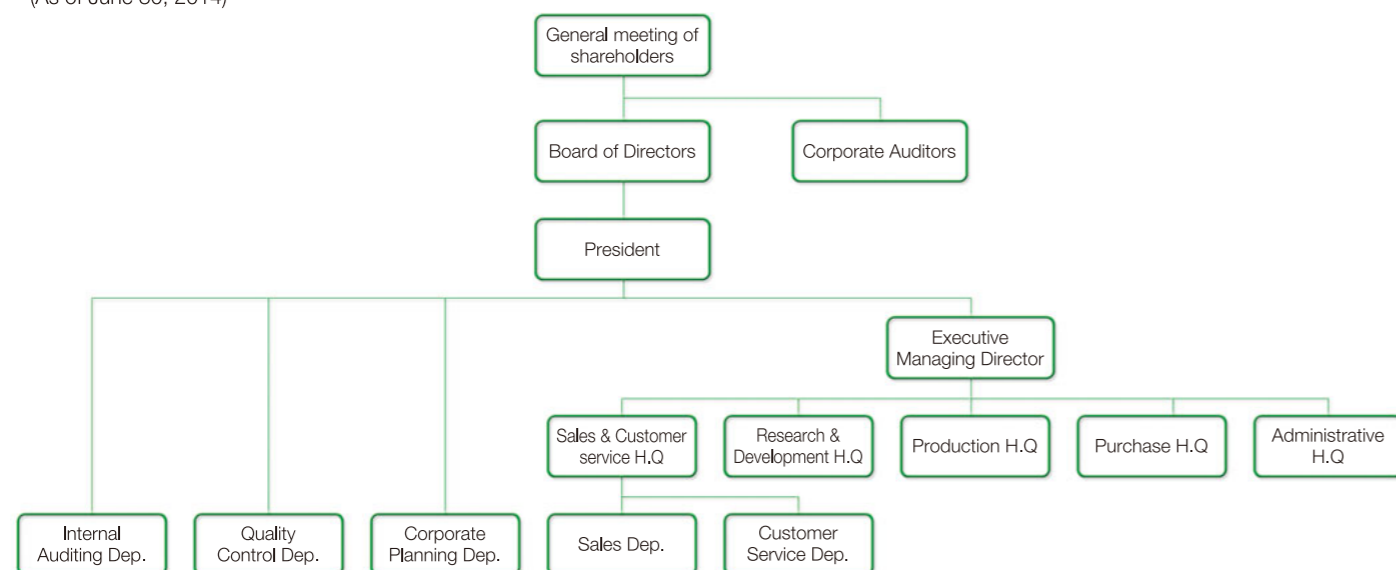
# Board of Directors, Auditors and Officers

(As of June 30, 2014)

 President and Representative Director Mayumi Kotani	 Executive Managing Director Satoshi Kimura	 Managing Director Yasuharu Odachi	 Managing Director Yasushi Kitagawa
 Director Yuji Tsujimoto	 Outside Director Yasuo Nishiguchi	 Outside Director Hiroshi Matsuhisa	 Full-time Corporate Auditor Shujiro Sawada
 Outside Corporate Auditor Yasuhiro Orita	 Outside Corporate Auditor Takao Yoshikawa	 Outside Corporate Auditor Hiroho Kamakura	 Executive Officer Tomohiro Inano

## Organization Chart

(As of June 30, 2014)



# Financial Review

Yushin Precision Equipment Co., Ltd. and Subsidiaries

## 1. Net Sales

Net sales increased by 21.7% year on year to 17,909 million yen from previous fiscal year. Net sales of Take-out robots increased by 25.6% year on year and Custom-Ordered equipment increased 22.5% as well. Our main products, “YC” and “SC” series in which design optimization applied contributed to the growth. Yushin subsidiaries maintained net sales and developed new accounts in each region. Especially, subsidiaries in South Korea and the United States made large sales. And favorable foreign exchange rate also took sides with us.

## 2. Operating Income and Net Income

Operating income increased 86.3% year on year to 2,792 million yen from previous fiscal year. Secured profit was brought by profitable products and large unit sales. A reduced Cost of goods sold was led by cost-cut activities and local purchases in Guangzhou factory also provided lower cost.

## 3. Financial Condition

Total assets increased by 2,507 million yen from the end of the previous fiscal year to 26,252 million yen mainly due to increase of 1,687 million yen in acquisition of land for the new Headquarters building and facility, and increase of 661 million yen in Notes and accounts receivable - trade.

Total liabilities increased by 497 million yen from the end of the previous fiscal year to 4,376 million yen. This was mostly due to increase of 487 million yen in Income taxes payable.

Net assets increased by 2,010 million yen from the end of the previous fiscal year to 21,875 million yen due to the rise of retained earnings by 1,368 million yen and foreign currency translation adjustments by 560 million yen.

## 4. Cash Flow

The balance of “Cash and cash equivalents” on March 31, 2014 decreased by 58 million yen from the end of the previous fiscal year to 7,506 million yen. The main reasons are as follows.

### 【Cash flow from operating activities】

Income before income taxes and minority interests was 3,163 million yen. After deducting 377 million yen in increase in “Notes and accounts receivable – trade” and 756 million yen in “Income taxes paid”, cash flow from operating activities for the fiscal year ended March 31, 2014 was a net inflow of 2,575 million yen (it was a net inflow of 520 million yen in the previous fiscal year).

### 【Cash flow from investment activities】

Due to 2,264 million yen in “Purchase of property, plant and equipment”, cash flow from investment activities for the fiscal year ended March 31, 2014 was a net outflow of 2,389 million yen (it was a net outflow of 781 million yen in the previous fiscal year).

### 【Cash flow from financing activities】

Due to “Cash dividends paid” of 524 million yen, cash flow from financing activities was a net outflow of 569 million yen (it was a net outflow of 351 million yen in the previous fiscal year).

# Consolidated Balance Sheet

Yushin Precision Equipment Co., Ltd. and Subsidiaries  
March 31, 2014

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents (Note 10) .....	¥ 7,506	¥ 7,564	\$ 73,593
Short-term investments (Notes 3 and 10) .....	221	81	2,173
Receivables (Note 10) :			
Trade notes .....	997	933	9,777
Trade accounts .....	4,266	3,668	41,826
Allowance for doubtful receivables .....	(25)	(16)	(248)
Inventories (Note 4) .....	3,990	4,028	39,123
Deferred tax assets (Note 7) .....	519	392	5,093
Other current assets .....	334	370	3,274
Total current assets .....	17,810	17,022	174,614
<b>PROPERTY, PLANT AND EQUIPMENT:</b>			
Land .....	5,640	3,953	55,303
Buildings and structures .....	4,064	3,972	39,849
Machinery and equipment .....	403	333	3,951
Furniture and fixtures .....	1,335	1,205	13,094
Construction in progress .....	5	3	56
Total .....	11,450	9,468	112,254
Accumulated depreciation .....	(3,691)	(3,332)	(36,189)
Net property, plant and equipment .....	7,758	6,136	76,065
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities (Notes 3 and 10) .....	230	246	2,256
Insurance funds .....	145	135	1,425
Asset for retirement benefits (Note 5) .....	107	53	1,053
Deferred tax assets (Note 7) .....	10	6	102
Other assets .....	189	144	1,854
Total investments and other assets .....	682	585	6,693
<b>TOTAL</b> .....	¥ 26,252	¥ 23,744	\$ 257,372

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>CURRENT LIABILITIES:</b>			
Payables (Note 10) :			
Trade notes .....	¥ 22	¥ 72	\$ 219
Trade accounts .....	1,673	1,647	16,411
Construction and other .....	634	938	6,220
Income taxes payable (Note 10) .....	767	280	7,529
Accrued expenses .....	362	316	3,558
Warranty reserve .....	138	127	1,359
Other current liabilities (Note 7) .....	507	316	4,974
Total current liabilities .....	4,107	3,700	40,273
<b>LONG-TERM LIABILITIES:</b>			
Liability for retirement benefits to directors (Note 5) .....	66	66	654
Liability for retirement benefits (Note 5) .....	33		332
Deferred tax liabilities (Note 7) .....	93	32	913
Other (Note 5) .....	74	79	728
Total long-term liabilities .....	268	178	2,629
<b>EQUITY (Notes 6 and 13):</b>			
Common stock, authorized, 40,000,000 shares; issued, 17,819,033 shares in 2014 and 2013 .....	1,985	1,985	19,467
Capital surplus .....	2,023	2,023	19,842
Retained earnings .....	17,758	16,390	174,106
Treasury stock - at cost: 330,197 shares in 2014 and 329,376 shares in 2013 .....	(350)	(348)	(3,433)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities .....	53	58	523
Foreign currency translation adjustments .....	242	(317)	2,375
Defined retirement benefit plan .....	40		393
Total .....	21,753	19,791	213,273
Minority interests .....	121	73	1,195
Total equity .....	21,875	19,865	214,469
<b>TOTAL</b> .....	¥ 26,252	¥ 23,744	\$ 257,372



# Consolidated Statement of Income

Yushin Precision Equipment Co., Ltd. and Subsidiaries  
Year Ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>NET SALES</b> .....	¥ 17,909	¥ 14,721	\$ 175,581
<b>COST OF SALES</b> .....	10,269	8,950	100,676
Gross profit .....	7,640	5,770	74,904
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 8)</b> .....	4,848	4,272	47,531
Operating income .....	2,792	1,498	27,373
<b>OTHER INCOME (EXPENSES):</b>			
Interest and dividend income .....	20	23	200
Foreign exchange gain .....	249	195	2,448
Gain from the sale of investment securities .....	9	34	88
Subsidy income .....	80		784
Other-net .....	12	27	122
Other income (expenses) - net .....	371	280	3,643
<b>INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS</b> .....	3,163	1,779	31,016
<b>INCOME TAXES (Note 7):</b>			
Current .....	1,274	571	12,496
Deferred .....	(66)	21	(649)
Total income taxes .....	1,208	593	11,847
<b>NET INCOME BEFORE MINORITY INTERESTS</b> .....	1,955	1,186	19,169
<b>MINORITY INTERESTS IN NET INCOME</b> .....	62	71	610
<b>NET INCOME</b> .....	¥ 1,893	¥ 1,114	\$ 18,559
<b>PER SHARE OF COMMON STOCK (Notes 2.o and 12):</b>			
Net income .....	¥ 108.24	¥ 63.74	\$ 1.06
Cash dividends applicable to the year .....	30.00	30.00	0.29

# Consolidated Statement of Comprehensive Income

Yushin Precision Equipment Co., Ltd. and Subsidiaries  
Year Ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>NET INCOME BEFORE MINORITY INTERESTS</b> .....	¥ 1,955	¥ 1,186	\$ 19,169
<b>OTHER COMPREHENSIVE INCOME (Note 11) :</b>			
Unrealized (loss) gain on available-for-sale securities .....	(4)	10	(47)
Foreign currency translation adjustments .....	577	275	5,659
Total other comprehensive income .....	572	286	5,612
<b>COMPREHENSIVE INCOME (Note 11)</b> .....	¥ 2,527	¥ 1,472	\$ 24,781
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 11) :</b>			
Owners of the parent .....	¥ 2,448	¥ 1,388	\$ 24,003
Minority interests .....	79	83	778

See notes to consolidated financial statements.

# Consolidated Statement of Changes in Equity

Yushin Precision Equipment Co., Ltd. and Subsidiaries  
Year Ended March 31, 2014

	Thousands		Millions of Yen								
	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	Total	Minority Interests	Total Equity
<b>BALANCE, APRIL 1, 2012</b> .....	17,490	¥ 1,985	¥ 2,023	¥ 15,625	¥ (347)	¥ 47	¥ (581)		¥ 18,753	¥ 33	¥ 18,787
Net income .....				1,114					1,114		1,114
Cash dividends, ¥ 20 per share .....				(349)					(349)		(349)
Purchase of treasury stock .....	(0)				(0)				(0)		(0)
Net change in the year .....						10	263		273	40	313
<b>BALANCE, MARCH 31, 2013</b> .....	17,489	1,985	2,023	16,390	(348)	58	(317)		19,791	73	19,865
Net income .....				1,893					1,893		1,893
Cash dividends, ¥ 30 per share .....				(524)					(524)		(524)
Purchase of treasury stock .....	(0)				(1)				(1)		(1)
Net change in the year .....						(4)	560	¥ 40	595	48	643
<b>BALANCE, MARCH 31, 2014</b> .....	17,488	¥ 1,985	¥ 2,023	¥ 17,758	¥ (350)	¥ 53	¥ 242	¥ 40	¥ 21,753	¥ 121	¥ 21,875

	Thousands of U.S. Dollars (Note 1)		Millions of Yen							
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for- Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plan	Total	Minority Interests	Total Equity
<b>BALANCE, MARCH 31, 2013</b> .....	\$ 19,467	\$ 19,842	\$ 160,691	\$ (3,417)	\$ 570	\$ (3,116)		\$ 194,037	\$ 723	\$ 194,761
Net income .....			18,559					18,559		18,559
Cash dividends, \$0.29 per share .....			(5,143)					(5,143)		(5,143)
Purchase of treasury stock .....				(16)				(16)		(16)
Net change in the year .....					(47)	5,492	\$ 393	5,837	472	6,310
<b>BALANCE, MARCH 31, 2014</b> .....	\$ 19,467	\$ 19,842	\$ 174,106	\$ (3,433)	\$ 523	\$ 2,375	\$ 393	\$ 213,273	\$ 1,195	\$ 214,469

See notes to consolidated financial statements.

# Consolidated Statement of Cash Flows

Yushin Precision Equipment Co., Ltd. and Subsidiaries  
Year Ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and minority interests .....	¥ 3,163	¥ 1,779	\$ 31,016
Adjustments for:			
Income taxes - paid .....	(756)	(648)	(7,416)
Depreciation and amortization .....	336	221	3,297
Changes in assets and liabilities:			
(Increase) decrease in trade receivables .....	(377)	226	(3,697)
Decrease (increase) in inventories .....	315	(258)	3,097
Decrease in trade payables .....	(366)	(818)	(3,597)
Increase (decrease) in provision for doubtful receivables ..	7	(40)	72
Other - net .....	252	58	2,474
Total adjustments .....	(588)	(1,259)	(5,767)
Net cash provided by operating activities .....	2,575	520	25,249
<b>INVESTING ACTIVITIES:</b>			
Increase in short-term investments .....	(198)	(71)	(1,947)
Purchases of property, plant and equipment .....	(2,264)	(777)	(22,205)
Proceeds from sales of property, plant and equipment .....	3	1	34
Purchases of investment securities .....	(1)	(1)	(11)
Proceeds from sales of investment securities .....	18	46	181
Other - net .....	53	19	521
Net cash used in investing activities .....	(2,389)	(781)	(23,427)
<b>FINANCING ACTIVITIES:</b>			
Dividends paid .....	(524)	(350)	(5,137)
Dividends paid to minority interests .....	(43)	(1)	(429)
Purchase of treasury stock .....	(1)	(0)	(16)
Proceeds from stock issuance to minority shareholders .....		0	
Net cash used in financing activities .....	(569)	(351)	(5,583)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS .....</b>	<b>325</b>	<b>164</b>	<b>3,190</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS .....</b>	<b>(58)</b>	<b>(448)</b>	<b>(571)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR .....</b>	<b>7,564</b>	<b>8,013</b>	<b>74,164</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR .....</b>	<b>¥ 7,506</b>	<b>¥ 7,564</b>	<b>\$ 73,593</b>

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

Yushin Precision Equipment Co., Ltd. and Subsidiaries  
Year Ended March 31, 2014

## 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 2013 consolidated financial statements to conform to the classifications used in 2014.

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 ¥102 to \$1, the approximate rate of exchange at March 31, 2014. 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, 2014, include the accounts of the Company and all of its subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Company directly is able to 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.

Yushin Precision Equipment (Vietnam) Co., Ltd. was established during the year ended March 31, 2014, and therefore became consolidated subsidiary of the Company.

**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." 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 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 directly recorded in equity; (c) expensing capitalized development costs of R&D; (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; and (e) exclusion of minority interests from net income, if contained in net income.

**c. 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.

**d. 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.

**e. 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.

**f. 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.

**g. 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.

**h. 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.

**i. 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.

The Company has adopted an accounting standard for employees' retirement benefits and accounted for the asset 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 2.q).

(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. As a result, asset for retirement benefits of ¥107 million (\$1,053 thousand) and liability for retirement benefits of ¥33 million (\$332 thousand) were recorded as of March 31, 2014. Additionally accumulated other comprehensive income for the year ended March 31, 2014, increased by ¥40 million (\$393 thousand).

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 on June 29, 2006, and no additional provisions have been recorded since then. As of March 31, 2014, the balance of the liability for retirement benefits to directors was ¥66 million (\$654 thousand), provided in proportion to the term that present directors had been in place before June 29, 2006.

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

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

**l. 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.

**m. 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.

**n. 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.

**o. 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.

**p. 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.

**q. New Accounting Pronouncements**

**Accounting Standards for Business Combinations and Consolidated Financial Statements** - On September 13, 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:

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 minority 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 current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority 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 shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

Presentation of the consolidated balance sheet

In the consolidated balance sheet, "minority interest" under the current accounting standard will be changed to "noncontrolling interest" under the revised accounting standard.

Presentation of the consolidated statement of income

In the consolidated statement of income, "income before minority interest" under the current accounting standard will be changed to "net income" under the revised accounting standard, and "net income" under the current accounting standard will be changed to "net income attributable to owners of the parent" under the revised accounting standard.

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 provisioned amounts for the items for which the accounting is incomplete. Under the current 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.

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 current 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 "transactions with noncontrolling interest," "acquisition-related costs" and "presentation changes in the consolidated financial statements" 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 the presentation

changes in the consolidated financial statements. In case of earlier application, all accounting standards and guidance above, except for the presentation changes, should be applied simultaneously. Either retrospective or prospective application of the revised accounting standards and guidance for "transactions with noncontrolling interest" and "acquisition-related costs" is permitted. In retrospective application of the revised standards and guidance for "transactions with noncontrolling interest" and "acquisition-related costs," accumulated effects of retrospective adjustments for all "transactions with noncontrolling interest" and "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 for "transactions with noncontrolling interest" and "acquisition-related costs" shall be applied prospectively from the beginning of the year of the first-time application. The changes in presentation 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 "provisional accounting treatments for a business combination" is effective for a business combination which will occur on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which will occur on or after the beginning of annual periods beginning on or after April 1, 2014.

The Company expects to apply the revised accounting standards and guidance from the beginning of the annual period beginning on April 1, 2015, and is in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

● **3.SECURITIES**

**(1) Short-term Investments**

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Time deposits .....	¥ 221	¥ 81	\$ 2,173

**(2) Investment Securities**

The carrying amounts and aggregate fair values of investment securities as of March 31, 2014 and 2013, were as follows:

	Millions of Yen							
	2014				2013			
Securities classified as:	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:								
Equity securities .....	¥ 147	¥ 82		¥ 230	¥ 155	¥ 90		¥ 246

	Thousands of U.S. Dollars			
	2014			
Securities classified as:	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities .....	\$ 1,444	\$ 811		\$ 2,256

**(3) The proceeds, realized gains and realized losses of the available-for-sale securities which were sold during the year ended March 31, 2014, were as follows:**

	Millions of Yen		
	Proceeds	Realized Gains	Realized Loss
<b>March 31, 2014</b>			
Available-for-sale: Equity securities .....	¥ 18	¥ 9	
	Millions of Yen		
	Proceeds	Realized Gains	Realized Loss
<b>March 31, 2013</b>			
Available-for-sale: Equity securities .....	¥ 46	¥ 34	
	Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Loss
<b>March 31, 2014</b>			
Available-for-sale: Equity securities .....	\$ 181	\$ 88	

**4. INVENTORIES**

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Inventories at March 31, 2014 and 2013, consisted of the following:			
Finished products .....	¥ 837	¥ 1,077	\$ 8,214
Work in process .....	1,076	1,142	10,552
Raw materials and supplies .....	2,076	1,808	20,356
<b>Total</b> .....	<b>¥ 3,990</b>	<b>¥ 4,028</b>	<b>\$ 39,123</b>

**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 the amount of ¥66 million (\$654 thousand) and ¥66 million as of March 31, 2014 and 2013, respectively.

**Year Ended March 31, 2014**

(1) The changes in defined benefit obligation for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year .....	¥ 547	\$ 5,363
Current service cost .....	52	513
Interest cost .....	6	67
Actuarial gains .....	(10)	(107)
Benefits paid .....	(18)	(184)
Others .....	5	54
Balance at end of year .....	¥ 582	\$ 5,707

(2) The changes in plan assets for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year .....	¥ (557)	\$ (5,464)
Expected return on plan assets .....	(5)	(54)
Actuarial gains .....	(70)	(689)
Contributions from the employer .....	(40)	(394)
Benefits paid .....	17	175
Balance at end of year .....	¥ (655)	\$ (6,428)

(3) Reconciliations between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	Millions of Yen	Thousands of U.S. Dollars
Funded defined benefit obligation .....	¥ 548	\$ 5,374
Plan assets .....	(655)	(6,428)
Unfunded defined benefit obligation .....	(107)	(1,053)
Net asset arising from defined benefit obligation .....	¥ (73)	\$ (720)

	Millions of Yen	Thousands of U.S. Dollars
Liability for retirement benefits .....	¥ 33	\$ 332
Asset for retirement benefits .....	(107)	(1,053)
Net asset arising from defined benefit obligation .....	¥ (73)	\$ (720)

(4) The components of net periodic benefit costs for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Service cost .....	¥ 52	\$ 513
Interest cost .....	6	67
Expected return on plan assets .....	(5)	(54)
Recognized actuarial losses .....	9	92
Net periodic benefit costs .....	¥ 63	\$ 619

(5) Accumulated other comprehensive income on defined retirement benefit plans as of March 31, 2014, was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Unrecognized actuarial gains .....	¥ 62	\$ 609

(6) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2014, consisted of the following:

Domestic debt investments .....	24.9 %
Domestic equity investments .....	32.0
Foreign debt investments .....	13.6
Foreign equity investments .....	22.9
Others .....	6.6
<b>Total</b> .....	<b>100 %</b>

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.

(7) Assumptions used for the year ended March 31, 2014, were set forth as follows:

Discount rate	1.3 %
Expected rate of return on plan assets	1.0 %

#### Year Ended March 31, 2013

The liability (asset) for retirement benefits at March 31, 2013, consisted of the following:

	Millions of Yen
Projected benefit obligation	¥ 547
Fair value of plan assets	(557)
Unrecognized actuarial loss	(28)
Net liability (asset)	(38)
Asset for retirement benefits	53
Liability for retirement benefits	¥ (14)

The above liability for retirement benefits was included in long-term liabilities - other.

The components of net periodic benefit costs for the year ended March 31, 2013, are as follows:

	Millions of Yen
Service cost	¥ 40
Interest cost	6
Expected return on plan assets	(4)
Recognized actuarial loss	14
Net periodic benefit costs	¥ 57

Assumptions used for the year ended March 31, 2013, are set forth as follows:

Discount rate	1.3 %
Expected rate of return on plan assets	1.0 %
Recognition period of actuarial gain/loss	10-16 years

## 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 the Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal 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 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 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 38.1% for the years ended March 31, 2014 and 2013.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities at March 31, 2014 and 2013, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
<b>Deferred tax assets:</b>			
Inventories	¥ 266	¥ 212	\$ 2,616
Building depreciation	61	41	598
Software	58	55	572
Accrued fees	26	15	256
Enterprise tax payable	43	18	427
Advances received	37	26	369
Accrued bonuses	75	73	744
Warranty reserve	35	29	343
Retirement benefits to directors	23	23	232
Other	80	57	788
Less valuation allowance	(23)	(26)	(232)
Total	¥ 685	¥ 527	\$ 6,718
<b>Deferred tax liabilities:</b>			
Undistributed earnings of foreign subsidiaries	¥ 150	¥ 84	\$ 1,479
Asset for retirement benefits	16	18	157
Unrealized gain on available-for-sale securities	26	29	262
Defined retirement benefit plan	22		216
Other	37	32	363
Total	¥ 252	¥ 165	\$ 2,479
<b>Net deferred tax assets</b>	¥ 432	¥ 361	\$ 4,239

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

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
<b>Current assets - Deferred tax assets</b>	¥ 519	¥ 392	\$ 5,093
<b>Investments and other assets - Deferred tax assets</b>	10	6	102
<b>Current liabilities - Other current liabilities</b>	(4)	(4)	(43)
<b>Long-term liabilities - Deferred tax liabilities</b>	(93)	(32)	(913)
<b>Net deferred tax assets</b>	¥ 432	¥ 361	\$ 4,239

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the year ended March 31, 2013, is as follows:

Normal effective statutory tax rate	38.1 %
Expenses not deductible for income tax purposes	1.6
Net change in valuation allowance	(0.6)
Difference in income tax rates applicable to income in certain foreign countries	(3.9)
Undistributed earnings of foreign subsidiaries	1.6
Tax credit for research and development expenses	(2.7)
Other - net	(0.8)
Actual effective tax rate	33.3 %

For the year ended March 31, 2014, a reconciliation is not disclosed, since the difference is less than 5% of the normal effective statutory tax rate.

New tax reform laws enacted in 2014 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2014, from approximately 38.1% to 35.5%. The effect of this change was to decrease deferred tax assets in the consolidated balance sheet as of March 31, 2014, by ¥22 million (\$216 thousand) and to increase income taxes — deferred in the consolidated statement of income for the year then ended by ¥22 million (\$216 thousand).

## ● 8. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥448 million (\$4,394 thousand) and ¥591 million for the years ended March 31, 2014 and 2013, 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, 2014 and 2013, were ¥160 million (\$1,577 thousand) and ¥146 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 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 term 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
<b>March 31, 2014</b>						
Cash and cash equivalents .....	¥ 7,506	¥ 7,506	¥	\$ 73,593	\$ 73,593	\$
Short-term investments .....	221	221		2,173	2,173	
Receivables .....	5,263	5,263		51,604	51,604	
Investment securities .....	230	230		2,256	2,256	
Total .....	¥ 13,222	¥ 13,222	¥	\$ 129,628	\$ 129,628	\$
Payables .....	¥ 2,330	¥ 2,330	¥	\$ 22,851	\$ 22,851	\$
Income taxes payable .....	767	767		7,529	7,529	
Total .....	¥ 3,098	¥ 3,098	¥	\$ 30,380	\$ 30,380	\$

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
<b>March 31, 2013</b>			
Cash and cash equivalents .....	¥ 7,564	¥ 7,564	¥
Short-term investments .....	81	81	
Receivables .....	4,601	4,601	
Investment securities .....	246	246	
Total .....	¥ 12,493	¥ 12,493	¥
Payables .....	¥ 2,658	¥ 2,658	¥
Income taxes payable .....	280	280	
Total .....	¥ 2,939	¥ 2,939	¥

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. The information of the fair value 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
<b>March 31, 2014</b>				
Cash and cash equivalents .....	¥ 7,506	¥	¥	¥
Short-term investments .....	221			
Receivables .....	5,263			
Total .....	¥ 12,991	¥	¥	¥

	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
<b>March 31, 2013</b>				
Cash and cash equivalents .....	¥ 7,564	¥	¥	¥
Short-term investments .....	81			
Receivables .....	4,601			
Total .....	¥ 12,247	¥	¥	¥

	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
<b>March 31, 2014</b>				
Cash and cash equivalents .....	\$ 73,593	\$	\$	\$
Short-term investments .....	2,173			
Receivables .....	51,604			
Total .....	\$ 127,371	\$	\$	\$

## ● 11. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
<b>Unrealized gain (loss) on available-for-sale securities:</b>			
Gains arising during the year .....	¥ 1	¥ 49	\$ 11
Reclassification adjustments to profit or loss .....	(9)	(34)	(88)
Amount before income tax effect .....	(7)	15	(76)
Income tax effect .....	3	(4)	29
Total .....	¥ (4)	¥ 10	\$ (47)
<b>Foreign currency translation adjustments:</b>			
Adjustments arising during the year .....	¥ 577	¥ 275	\$ 5,659
Amount before income tax effect .....	577	275	5,659
Total .....	¥ 577	¥ 275	\$ 5,659
<b>Total other comprehensive income</b> .....	<b>¥ 572</b>	<b>¥ 286</b>	<b>\$ 5,612</b>

## ● 12. NET INCOME PER SHARE

Details of the basic net income per share (EPS) for the years ended March 31, 2014 and 2013, were as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted-Average Shares	EPS	
<b>Year Ended March 31, 2014:</b>				
Basic EPS				
Net income available to common shareholders .....	¥ 1,893	17,489	¥ 108.24	\$ 1.06
<b>Year Ended March 31, 2013:</b>				
Basic EPS				
Net income available to common shareholders .....	¥ 1,114	17,489	¥ 63.74	

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, 2014, was approved at the Company's Board of Directors' meeting held on May 9, 2014:

	Millions of Yen	Thousands of U.S. Dollars
<b>Year-end cash dividends, ¥ 20 (\$ 0.2 ) per share</b> .....	<b>¥ 349</b>	<b>\$ 3,429</b>

## ● 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 markets, 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 realized market price basis.

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

	Millions of Yen						
	2014					Reconciliations	Consolidated
	Reportable Segment						
	Japan	Asia	Europe	U.S.A.	Total		
<b>Sales:</b>							
<b>Sales to external customers</b> .....	¥ 10,132	¥ 4,355	¥ 618	¥ 2,802	¥ 17,909		¥ 17,909
<b>Intersegment sales or transfers</b> .....	4,218	277	8	25	4,529	¥ (4,529)	
<b>Total</b> .....	<b>14,351</b>	<b>4,632</b>	<b>626</b>	<b>2,827</b>	<b>22,438</b>	<b>(4,529)</b>	<b>17,909</b>
<b>Segment profit</b> .....	<b>1,611</b>	<b>690</b>	<b>94</b>	<b>464</b>	<b>2,861</b>	<b>(69)</b>	<b>2,792</b>
<b>Segment assets</b> .....	<b>16,207</b>	<b>3,194</b>	<b>569</b>	<b>1,797</b>	<b>21,769</b>	<b>4,482</b>	<b>26,252</b>
<b>Other:</b>							
<b>Depreciation</b> .....	<b>230</b>	<b>18</b>	<b>8</b>	<b>25</b>	<b>282</b>		<b>282</b>
<b>Increase in property, plant and equipment and intangible assets</b> ...	<b>1,856</b>	<b>34</b>	<b>13</b>	<b>20</b>	<b>1,924</b>		<b>1,924</b>

	Millions of Yen						
	2013					Reconciliations	Consolidated
	Reportable Segment						
Japan	Asia	Europe	U.S.A.	Total			
<b>Sales:</b>							
<b>Sales to external customers</b> .....	¥ 8,733	¥ 3,223	¥ 568	¥ 2,195	¥ 14,721		¥ 14,721
<b>Intersegment sales or transfers</b> .....	3,660	236	12	4	3,913	¥ (3,913)	
<b>Total</b> .....	<b>12,393</b>	<b>3,460</b>	<b>580</b>	<b>2,199</b>	<b>18,635</b>	<b>(3,913)</b>	<b>14,721</b>
<b>Segment profit</b> .....	927	285	55	249	1,518	(19)	1,498
<b>Segment assets</b> .....	14,745	2,420	380	1,310	18,857	4,887	23,744
<b>Other:</b>							
<b>Depreciation</b> .....	132	12	5	19	170		170
<b>Increase in property, plant and equipment and intangible assets</b> ...	1,177	22	7	17	1,225		1,225

	Thousands of U.S. Dollars						
	2014					Reconciliations	Consolidated
	Reportable Segment						
Japan	Asia	Europe	U.S.A.	Total			
<b>Sales:</b>							
<b>Sales to external customers</b> .....	\$ 99,339	\$ 42,699	\$ 6,066	\$ 27,475	\$ 175,581		\$ 175,581
<b>Intersegment sales or transfers</b> .....	41,358	2,719	78	247	44,404	\$ (44,404)	
<b>Total</b> .....	<b>140,698</b>	<b>45,419</b>	<b>6,145</b>	<b>27,722</b>	<b>219,985</b>	<b>(44,404)</b>	<b>175,581</b>
<b>Segment profit</b> .....	15,798	6,769	928	4,557	28,054	(680)	27,373
<b>Segment assets</b> .....	158,894	31,321	5,586	17,626	213,429	43,943	257,372
<b>Other:</b>							
<b>Depreciation</b> .....	2,256	178	84	245	2,766		2,766
<b>Increase in property, plant and equipment and intangible assets</b> ...	18,196	333	134	205	18,869		18,869

Note 1: Reconciliations for the year ended March 31, 2014, are as follows:

(1) The ¥(69) million (\$680) thousand reconciliation to segment loss includes eliminations for intersegment transactions of ¥7 million (\$77thousand) and inventory reconciliation of ¥(77) million (\$758)thousand).

(2) The ¥4,482 million (\$43,943thousand) reconciliation to segment assets includes eliminations for intersegment transactions of ¥(2,173) million (\$21,312)thousand), operating funds of surplus assets by the Company (cash and deposits and others) of ¥6,593 million (\$64,646 thousand) and others.

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			
	2014			
	Take-Out Robots	Custom-Ordered Equipment	Parts and Maintenance Service	Total
<b>Sales to external customers</b> .....	¥ 12,736	¥ 2,626	¥ 2,547	¥ 17,909

	Millions of Yen			
	2013			
	Take-Out Robots	Custom-Ordered Equipment	Parts and Maintenance Service	Total
<b>Sales to external customers</b> .....	¥ 10,141	¥ 2,144	¥ 2,436	¥ 14,721

	Thousands of U.S. Dollars			
	2014			
	Take-Out Robots	Custom-Ordered Equipment	Parts and Maintenance Service	Total
<b>Sales to external customers</b> .....	\$ 124,864	\$ 25,745	\$ 24,970	\$ 175,581

#### 5. Information about geographical areas

(1) Sales

	Millions of Yen						
	2014						
	Japan	China Taiwan	Other Asia	Europe	North America	Other	Total
	¥ 5,694	¥ 2,738	¥ 4,721	¥ 1,352	¥ 2,917	¥ 484	¥ 17,909

	Millions of Yen						
	2013						
	Japan	China Taiwan	Other Asia	Europe	North America	Other	Total
	¥ 5,088	¥ 2,392	¥ 4,019	¥ 824	¥ 2,215	¥ 181	¥ 14,721

	Thousands of U.S. Dollars						
	2014						
	Japan	China Taiwan	Other Asia	Europe	North America	Other	Total
	\$ 55,832	\$ 26,846	\$ 46,285	\$ 13,261	\$ 28,607	\$ 4,747	\$ 175,581

Note: Sales are classified in countries or regions based on location of customers.

(2) Property, plant and equipment

Information is omitted because property, plant and equipment in Japan accounted for more than 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 under 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, 2014, 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, 2014, 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 26, 2014

# Company Profile

(As of March 31, 2014)

**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** : 589 (Including consolidated subsidiaries) and 350 (Yushin Precision Equipment Co., Ltd. only)

**Number of Shareholders** : 4,051

**Listed Stock Exchange** : First Section, Tokyo

**Securities Identification Code** : 6482

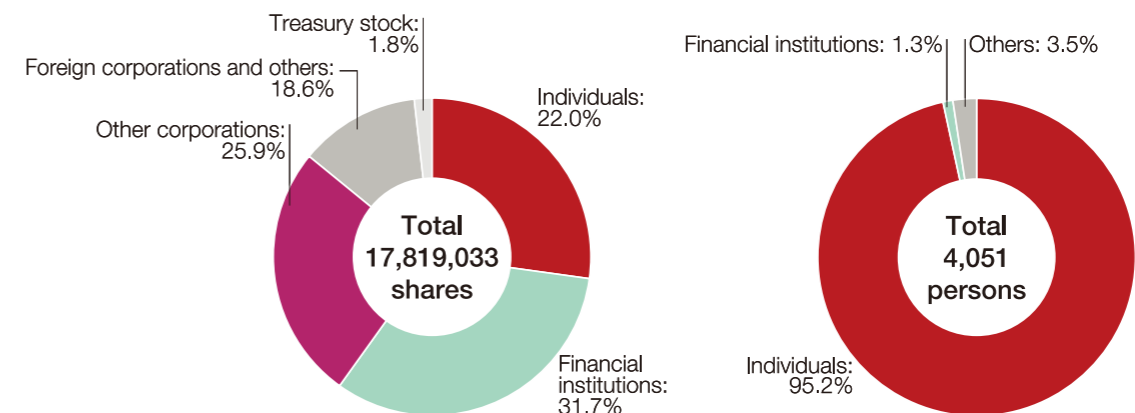
## Major Shareholders

(As of March 31, 2014)

	Number of Shares held (thousand)	Percentage of Shares held (%)
Yushin Industry Co., Ltd. ....	4,376	25.0
Mayumi Kotani .....	2,187	12.5
The Nomura Trust and Banking Co., Ltd. (Trust Account 3071019) .....	774	4.4
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 620021158) .....	774	4.4
Japan Trustee Service Bank, Ltd. (Trust Accounts) .....	656	3.8
BNP Paribas Sec Services Luxembourg, Jasdec, Aberdeen Global Client Assets .....	563	3.2
The Kyoto Chuo Shinkin Bank, Ltd. ....	544	3.1
The Bank of Tokyo-Mitsubishi UFJ, Ltd. ....	424	2.4
The Master Trust Bank of Japan, Ltd.(Trust Account) .....	376	2.2
The Bank of Kyoto, Ltd. ....	352	2.0

Note: "Percentage of Shares held (%)" is calculated after deducting the number of treasury stock (330,197 shares).

### Distribution of ownership among shareholders



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