Heartful Technology

Yushin

ANNUAL REPORT 2011

Year Ended March 31, 2011

Yushin Precision Equipment Co.,Ltd.

Securities Identification Number : 6482

To Our Shareholders

Let me extend my wishes to you shareholders for your health and prosperity. We would like to appreciate for your continued support of our business. We would like to present to you an overall view of our company's 38th year of operations, the fiscal year from April 1, 2010 to March 31, 2011.

June 2011

M. Kotani

Mayumi Kotani
President

Business Results

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

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

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

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

For the year under review, a full-year dividend is planned to be ¥18 per share, comprising an interim dividend of ¥5 per share and a year-end dividend of ¥13 per share.

Outlook for Fiscal Year 2012 (year ending March 31, 2012)

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

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

できない無理だ、は出発点

Impossible mark the starting point of a challenge.

Susumu Kotani, Yushin's Founder

Medium-Term Objectives

Yushin has set medium-term targets of net sales of ¥30 billion and ordinary income of ¥5 billion, and as an earnings index, ordinary income on net sales of 15% or more.

Yushin aims at becoming number one across the board in the "take-out robot" industry, by speedily developing products differentiated by their quality and superiority that meet our customer needs, and by conducting business even more aggressively in the global market.

Enhancement of products

We will meet wide-ranging customer needs for take-out robots by providing a full line of products from entry to high-end machines in all sizes, by changing the model of main products and by strengthening the lineup of dedicated machines to support the optimum production of molded goods for mass consumption.

For this purpose optimum design technology should be applied to the next term take-out robot as a whole.

We will develop businesses in the medical-related and semiconductor-related area as new domains that have technological synergies.

Enhancement of global network

The target of our company is the top class companies in the world as customers.

We aim to increase market share in China by the following strategies.

Expansion to the inland area (New service office opened in Wuhan).

Expansion of supply system by full-scale operation of Guangzhon Factory.

We will enhance sales inThailand, Indonesia and India (New sales office opened in Gurgaon), and also enhance sales to the global Korean companies.

Human resource development

We will cultivate our designers with high level technology by the collaboration (Product Design) with Kyoto university.

We will enhance high level technical training program all over the world.

In order to enhance the products and the global network, we will improve human resource development.

Medium-term Objectives

	FY2011	FY2014
Sales (Consolidated) :	¥ 12.5 billion	¥ 30 billion or more
Ordinary Income :	¥ 1.1 billion	¥ 5 billion or more
Ordinary profit rate :	8.4%	15% or more
EPS :	41.7 yen	150 yen or more

*Ordinary income is used as one of the important performance indicator in Japanese GAAP. This classification consists of operating income and interest income (expense), foreign exchange gain (loss) etc.

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, such as large-capacity recording media and IT-related equipment. Taking advance with automation for plastic molding plants, Yushin has been expanding its service network throughout the world.

Serving society through developing plastics industry.

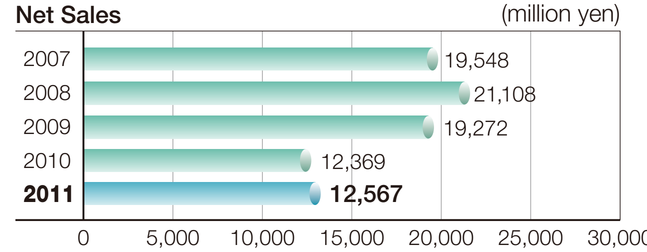
Consolidated Financial Highlights

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

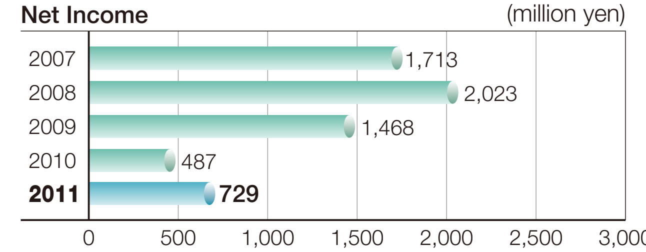
	Millions of Yen					Thousands of U.S. Dollars
	2011	2010	2009	2008	2007	**2011**
For the year:						
Net sales	**¥ 12,567**	¥ 12,369	¥ 19,272	¥ 21,108	¥ 19,548	**$ 151,417**
Operating income	**1,097**	752	2,829	3,522	2,893	**13,227**
Income before income taxes and minority interest	**1,055**	870	2,353	3,494	3,002	**12,716**
Net income	**729**	487	1,468	2,023	1,713	**8,793**
R&D Expenses	**477**	478	686	449	423	**5,749**
At Year end:						
Total assets	**21,583**	20,593	21,977	24,867	22,863	**260,043**
Equity	**18,495**	18,115	17,864	17,997	16,557	**222,841**
Per share of common stock:	Yen					U.S. Dollars
Net income	**¥ 41.73**	¥ 27.87	¥ 82.71	¥ 113.68	¥ 96.24	**$ 0.50**
Cash dividends	**18.00**	15.00	28.00	35.00	24.00	**0.22**
Equity	**1,055.42**	1,034.11	1,019.99	1,008.30	928.07	**12.71**
Equity ratio:	%					
Return on assets	**3.5 %**	2.3 %	6.3 %	8.5 %	7.7 %	
Return on equity	**4.0**	2.7	8.2	11.7	10.8	

Notes: The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each year, retroactively adjusted for stock splits, including those stock splits made after year-end.
Cash dividends per share are dividends applicable to the respective years including dividends to be paid after the end of the year.
The computation of equity per share is based on the number of shares of common stock outstanding each end of year, retroactively adjusted for stock spilits, including those stock splits made after year-end.
Translations of Japanese Yen amounts into U.S. dollar amounts are made at the rate of ¥83 to $1.

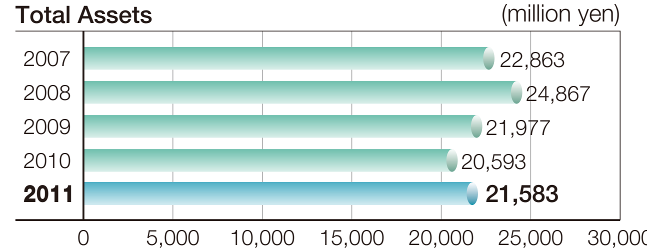
Net Sales (million yen)



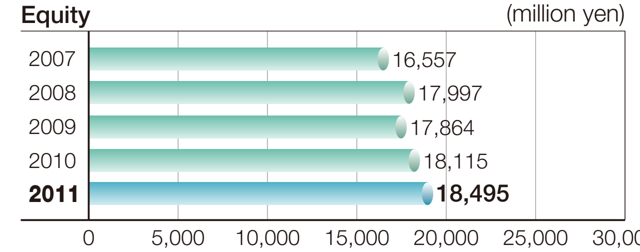
Net Income (million yen)



Total Assets (million yen)



Equity (million yen)



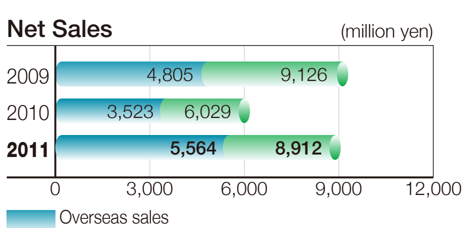
Estimates, Forecasts, and Plans

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 enviorment,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

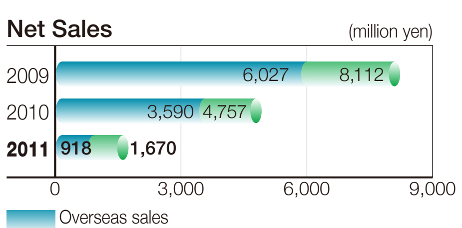
● Take-out Robots

Net sales of take-out robot increased by ¥2,883 million (47.8%) from the previous FY to ¥8,912 million by the good performance of traverse type take-out robot (main product).



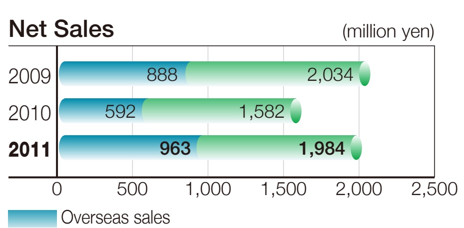
● Custom-ordered Equipments

Net sales of custom-ordered equipments was totally poor by the lower level sales of medical-related and semiconductor-related field to the budget and it decreased by ¥3,087 million (64.9%) from the previous FY to ¥1,670 million.

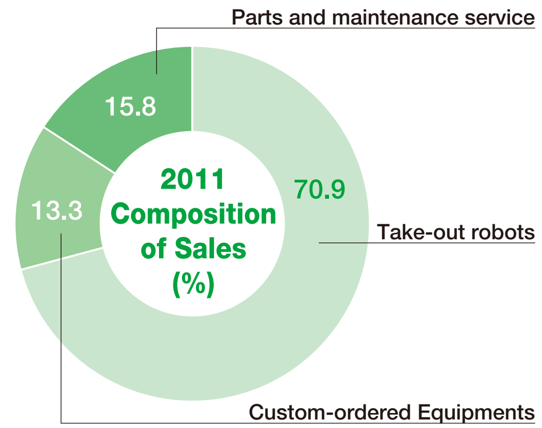


● Parts and maintenance service

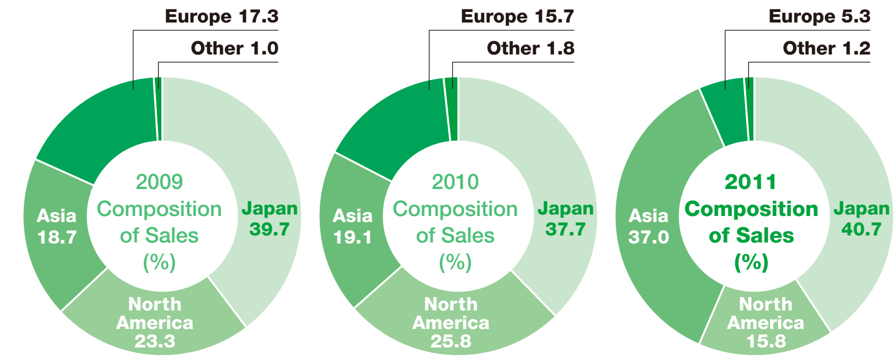
Net sales of parts and maintenance service increased by ¥402 million (25.4%) from the previous FY to ¥1,984 million.



Sales by product



Sales by region



● Performance of geographic segments

【Japan】

Net sales increased by 1.6% to ¥11,703 million due to good performance of general-purpose machines , while operating income decreased by 1.8% from the previous FY to ¥770 million.

【North America】

As for the subsidiary in the United States , net sales increased by 43.8% from the previous FY to ¥1,919 million and operating income was ¥176 million (¥24 million-operating loss in the previous FY).

【Asia】

Net sales increased by 130.1% from the previous FY to ¥2,039 million and operating income was ¥204 million (¥63 million- operating loss in the previous FY) due to the good performance of the subsidiaries in China, Korea and Thailand.

【Europe】

Net sales decreased by 9.2% from the previous FY to ¥225 million and operating income also decreased by 11.2% from the previous FY to ¥7 million.

● Overseas sales

Overseas sales simply indicate the sales of Yushin for countries or areas other than Japan. Overseas sales decreased by 3.4% year on year to ¥7,446 million. The ratio of overseas sales on the total sales was 59.3%, 3.0% decrease from the previous year.

As for each region, sales to North America decreased by 37.6% to ¥1,986 million, sale to Asia increased by 96.6% to ¥4,648 million and sale to Europe decreased by 66.1% to ¥658 million.

Global Network (As of June 30, 2011)


Kyoto Head Office & Factory


Saitama


Tokyo


Aichi


Yushin America, Inc.


Yushin Korea Co., Ltd.


Yushin Precision Equipment Trading (Shenzhen) Co.,Ltd.


Yushin Precision Equipment (Taiwan) Co.,Ltd.

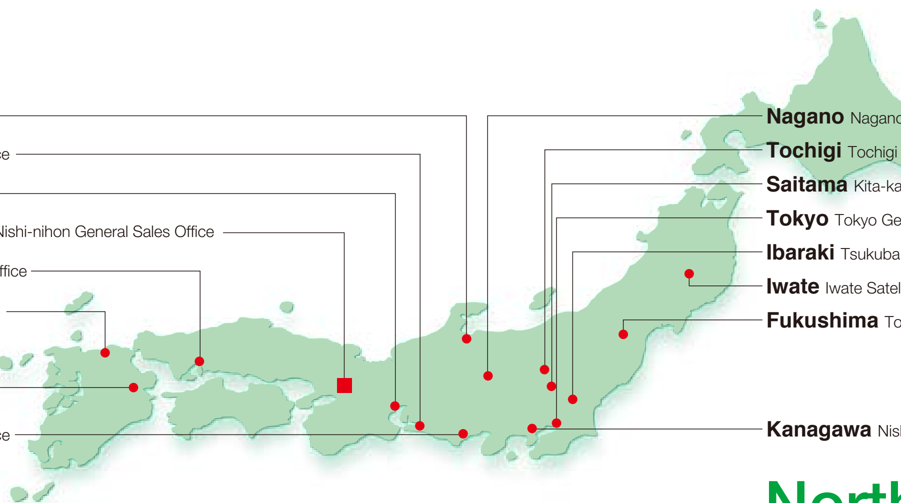

Yushin Precision Equipment Sdn. Bhd.


Yushin Precision Equipment (India) Pvt. Ltd.


Yushin Automation Limited


Guangzhou Yushin Precision Equipment Co.,Ltd.

Japan

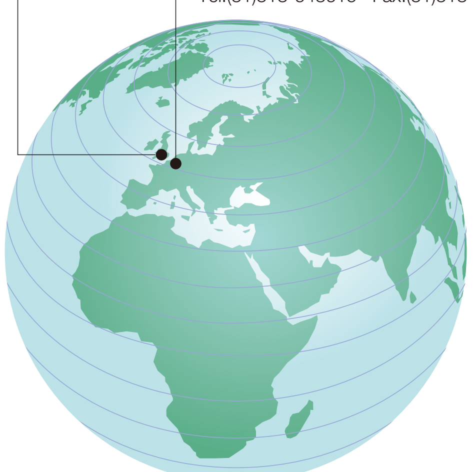


Toyama Toyama Sales Office
Aichi Chubu General Sales Office
Mie Nagoya-Nishi Sales Office
Kyoto Head Office & Factory / Nishi-nihon General Sales Office
Hiroshima Hiroshima Sales Office
Fukuoka Fukuoka Sales Office
Oita Oita Satellite Office
Shizuoka Shizuoka Sales Office
Nagano Nagano Sales Office
Tochigi Tochigi Sales Office
Saitama Kita-kanto General Sales Office
Tokyo Tokyo General Sales Office
Ibaraki Tsukuba Sales Office
Iwate Iwate Satellite Office
Fukushima Touhoku Sales Office
Kanagawa Nishi-kanto Sales Office

Europe

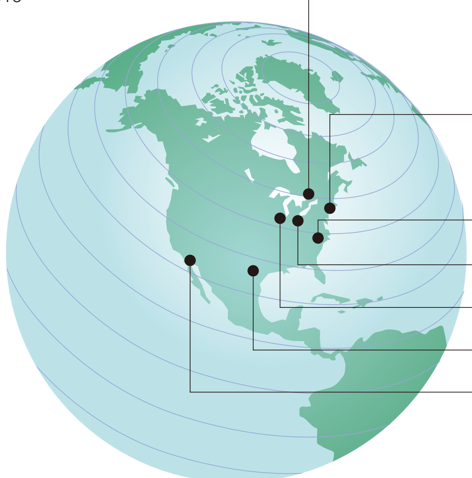
Yushin Automation Limited
Unit 15/16, Aston Fields Industrial Estate, Aston Road, Bromsgrove, Worcestershire, B60 3EX, England.
Tel:(44)1527-558-218 Fax:(44)1527-558-219

Polymac-Yushin B. V.
Morsestraat 20 Ede, 6716 Ah Ede, The Netherlands
Tel:(31)318-648615 Fax:(31)318-648619



North America

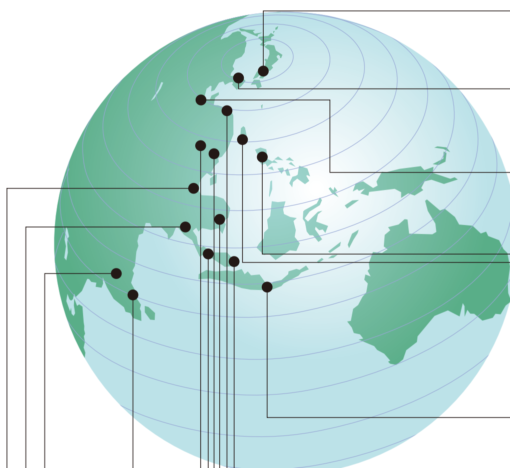
En-Plas,Inc.
1395 Morningside Avenue Scarborough,
(Toronto) Ontario M1B3J1, Canada
Tel:(1)416-286-3030 Fax:(1)416-286-5963



Yushin America, Inc.
35 Kenney Drive, Cranston, RI 02920 U.S.A.
Tel:(1)401-463-1800 Fax:(1)401-463-1820

Yushin America, Inc. North Carolina Office
Yushin America, Inc. Ohio Office
Yushin America, Inc. Indiana Office
Yushin America, Inc. Texas Office
Yushin America, Inc. California Office

Asia



Yushin Precision Equipment Co., Ltd. Kyoto Head Office & Factory
11-260 Kogahonmachi, Fushimi-ku, Kyoto, Japan 612-8492
Tel:(81)75-933-9555 Fax:(81)75-934-4033

Yushin Korea Co., Ltd.
#606-2BL 4Ma, 715-9, Shi-Hwa Ind Complex, Sungkok Dong, Ansan-city, Kyunggi-Do, 425-836, Korea
Tel:(82)31-433-9655 / 9656 Fax:(82)31-433-9663

Yushin Precision Equipment Co., Ltd. Tianjin Representative Office
14/E, BlockB,Winson Plaza, No.146 Weidi Road, Hexi District, Tianjin, 300203, China
Tel:(86)22-8823-8713 Fax:(86)22-8823-8517

Yushin Precision Equipment Co., Ltd. Philippines Representative Office
Unit 1-D, Grnd. Flr., APMC Bldg. 136 Amorsolo St., Cor. Gamboa Legaspi Village, Makati City, Philippines
Tel:(63)2-893-7546 Fax:(63)2-893-7549

Yushin Precision Equipment (Taiwan) Co., Ltd.
10F., No.45,Sec.1, Minquan E.Rd Zhongshan District, Taipei City 104, Taiwan
Tel:(886)2-2585-0507 Fax:(886)2-2585-0527

Yushin Precision Equipment Co., Ltd. Indonesia Representative Office
Plaza Sentral 19th Floor, Jalan Jenderal Sudirman No. 47, Jakarta 12930, Indonesia
Tel:(62)21-571-1737 Fax:(62)21-571-1763

Yushin Precision Equipment (Singapore) Pte. Ltd.
No.19 Burn Road, #03-03B Advance Building, Singapore 369974
Tel:(65)6753-7377 Fax:(65)6752-7727

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 Fax:(86)21-6440-1806

Yushin Precision Equipment Co., Ltd. Vietnam Representative Office in Ho Chi Minh
No 141 D3 St, Ward 25, Binh Thanh Dist. Ho Chi Minh City
Tel:(84)83-899-0662 Fax:(84)83-899-0648

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 Fax:(86)755-8358-0159

Yushin Precision Equipment Sdn. Bhd.
No.13A, Jalan Kenari 17D, Bandar Puchong Jaya, 47170 Puchong, Selangor Darul Ehsan, Malaysia
Tel:(60)3-8076-2177 Fax:(60)3-8070-6151

Guangzhou Yushin Precision Equipment Co., Ltd.
South ChuangLi road, XiangShan street, Zengcheng Economic & Technological Development District, Guangzhou City, Guangdong Province, 511340 China
Tel:(86)20-8269-0091 / 0092 Fax:(86)20-8269-0001

Yushin Precision Equipment (India) Pvt. Ltd.
Kalyani Towers, 3rd Floor, T2, New No.69, Old No.174C,
2nd Avenue, Ashok Nagar, Chennai 600 083 India
Tel:(91)44-4231-8005 Fax:(91)44-4231-8006

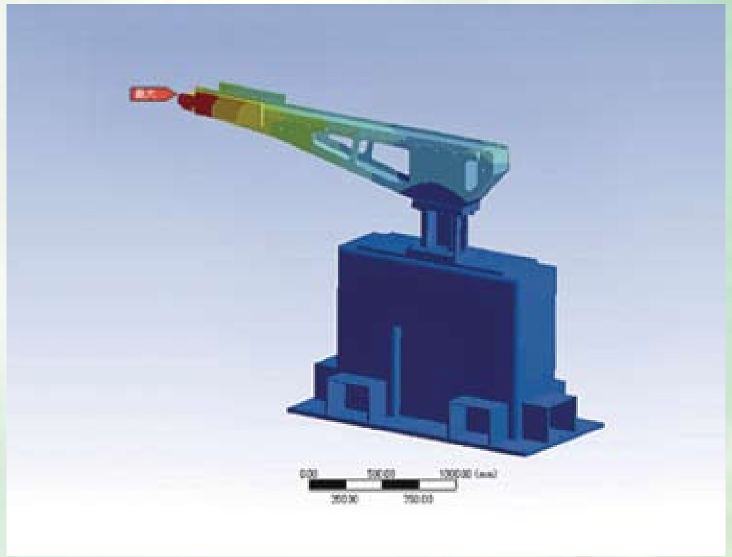
Yushin Precision Equipment (India) Pvt. Ltd. North India Branch
B36-37 (First Floor), IDC, Mehrauli - Gurgaon Road, Opposite Sector14
Gurgaon - 12200 Haryana India
Tel:(91)124-474-8237 Fax:(91)124-474-8238

Yushin Precision Equipment (Thailand) Co., Ltd.
179/346 Supalai Place Condominium, Soi Sukhumvit 39 (Prompong),
Sukhumvit Rd, Klongton Nua, Wattana, Bangkok 10110
Tel:(66)2-662-2580〜2 Fax:(66)2-662-2583

Yushin Precision Equipment Co., Ltd. Vietnam Representative Office in Hanoi
5th Floor NOZA Building, 243, Cau Giay Street, Cau Giay District, Hanoi, Vietnam
Tel:(84)43-767-3844 Fax:(84)43-767-3845

Subsidiaries Representative Offices Agents

Topics



New models displayed at K-2010 (plastics & rubber tradeshow)

The latest occurrence of the world's largest plastics and rubber industry tradeshow, the "K-show," was held in Dusseldorf, Germany on October 27 to November 3, 2010.

This massive tradeshow opens once every 3 years, and Yushin was one of over 3,000 companies exhibiting products there. As "High-Speed" was the main concept for Yushin's booth, our exhibit centered on the premiere of the HSA and TSXA series of high-speed take-out robots.

Modern Plastics Magazine reported on the HSA in their article "0.32-second take-out: Is this K's fastest robot?" and our robots were well-received by booth visitors. K-2010 was very effective for promoting our company's technology and it was an important part of our strategy to expand Yushin's share of the European market.

Application of Optimum Design Technology to the next generation of Yushin take-out robots

Yushin plans to employ *Optimum Design Technology*, first introduced in the development of our HSA series robots, on our entire next generation of take-out robots. Yushin initially applied the design optimization process to pursue the most suitable robot form possible. The result of that endeavor was the high-performance HSA robot, which achieves speed and stability beyond that of all its predecessors.

Now Yushin has incorporated this technology into the new YC series of standard robots, which officially go on sale in July 2011. It is Yushin's desire to enhance our customers' productivity by employing the highest possible levels of technology across our full product line.

Wafer Support System Business

1 year has passed since Yushin entered into an agreement with 3M as their supplier of Wafer Support Systems (WSS), and we continue to receive many WSS inquiries and orders.

There is higher demand for WSS equipment now that LED applications have increased in addition to ongoing demand for power device and memory device applications. The WSS market is very active and many customers are giving Yushin requests for test runs.

To serve the higher demand, Yushin has prepared a full line-up of mounter, demounter, and recycler systems in sizes up to 12 inches.

Full-scale expansion of Guangzhou factory to increase Yushin supply in China

Yushin is planning a large expansion of the manufacturing plant we opened in November 2010 in Guangzhou, China. We estimate the expansion, adjacent to the existing factory, will double the size of the facility and aims to triple its production output.

More Chinese companies are moving away from manual processes and toward automation as labor costs continue to rise there. This factory expansion is part of Yushin's plan to increase our share of the Chinese market, where demand for automation is expected to rise greatly in the automotive industry and others.

Boad of Directors and Auditors

(As of June 30, 2011)

President and Representative Director
Mayumi Kotani

Executive Managing Director
Satoshi Kimura

Managing Director
Yasuharu Odachi

Director
Yuji Tsujimoto

Director
Yasushi Kitagawa

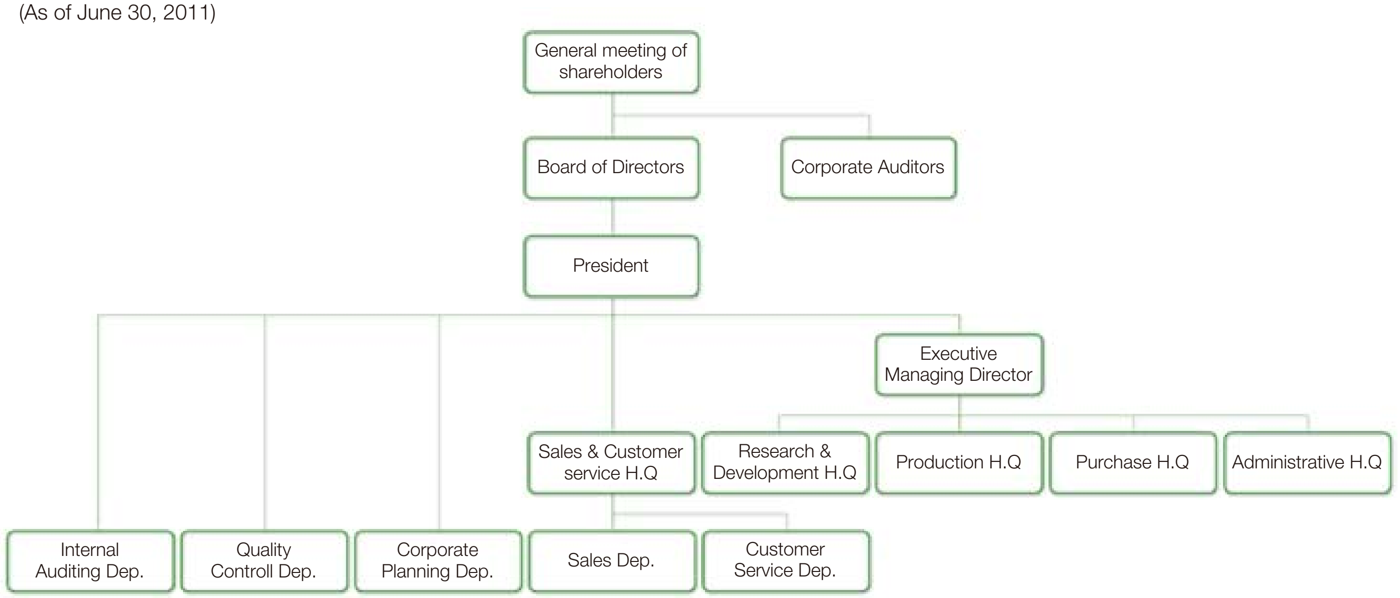
Full-time Corporate Auditor
Shujiro Sawada

Outside Corporate Auditor
Yasuhiro Orita

Outside Corporate Auditor
Takao Yoshikawa

Organization Chart

(As of June 30, 2011)



Financial Review

Yushin Precision Equipment Co., Ltd. and Subsidiaries

1.Net Sales

Net sales increased by 1.6% from the previous FY to 12,567 million yen. Take-out robot sales increased by 47.8% from the previous FY to ¥8,912 million. Custom-ordered equipment decreased 64.9% from the previous FY to ¥1,670 million.

There was some effect of yen's appreciation, but take-out robot sales kept good level by strong demand in Asia, especially by the needs for automation in China. Special take-out robot for Asia contributed to develop new customers. Semiconductor-related products were sold in the second half.

2.Cost of Sales and Selling, General and Administrative Expenses

Though a steep rise of raw materials pushed up cost, we absorbed the effect by maintained cost-cutting activity and gross profit ratio was improved by 3.4% from the previous FY.

And strict cost reduction on expenses was maintained.

3.Operating Income and Net Income

By the recovery of profit of overseas subsidiaries and the effort for cost-cutting mentioned above, operating income increased by 45.8% from the previous FY to ¥1,097 million and net income increased by 49.7% from the previous FY to ¥729 million.

4.Financial Condition

Total assets increased by ¥989 million from the end of the previous FY to ¥21,583 million. Current assets increased by ¥1,126 million from the end of the previous FY to ¥17,649 million due to the increase of ¥1,005 million in trade notes and accounts receivable. Fixed assets didn't have big change to be explained. Total liabilities increased by ¥609 million from the end of the previous FY to ¥3,087 million.

Current liabilities increased by ¥623 million from the end of the previous FY to ¥2,965 million. This is due to the increase of ¥460 million in trade notes and accounts payable. Fixed liabilities didn't have big change.

Net assets increased by ¥380 million from the end of the previous FY to ¥18,495 million due to the rise of retained earnings by ¥554 million.

5.Cash Flow

The balance of cash and cash equivalents on March 31, 2011 decreased by ¥365 million from the end of the previous FY to ¥9,831 million. Main reason is as follows.

【Cash flow from operating activities】
Income before income taxes and minority interests adjustment was ¥1,055 million, but due to the increase of ¥1,076 million in receivables and the increase of ¥556 million in inventories, total amount of taxes was ¥213 million. As a result, cash flow from operating activities for the FY ended March 31, 2011 was a net inflow of ¥149 million (it was a net inflow of ¥2,143 million in the previous FY).

【Cash flow from investment activities】
Due to the purchases of property (¥254 million), cash flow from investment activities flow from investment activities for the FY ended March 31, 2011 was a net outflow of ¥254 million (it was a net inflow of ¥322 million in the previous FY).

【Cash flow from financing activities】
Due to the dividends paid of ¥176 million, cash flow from financing activities was a net outflow of ¥174 million (it was a net outflow of ¥349 million in the previous FY).

Consolidated Balance Sheets

Yushin Precision Equipment Co., Ltd. and Subsidiaries
March 31,2011 and 2010

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
CURRENT ASSETS:			
Cash and cash equivalents	¥ 9,831	¥ 10,197	$ 118,457
Short-term investments (Note 3)	121	134	1,466
Receivables:			
Trade notes	1,001	903	12,070
Trade accounts	3,287	2,380	39,603
Allowance for doubtful receivables	(17)	(14)	(213)
Inventories (Note 4)	2,744	2,264	33,064
Income taxes receivable		234	
Deferred tax assets (Note 7)	339	284	4,090
Other current assets	340	137	4,103
Total current assets	17,649	16,522	212,641
PROPERTY, PLANT AND EQUIPMENT:			
Land	2,044	2,049	24,638
Buildings and structures	2,880	2,836	34,708
Machinery and equipment	293	291	3,533
Furniture and fixtures	983	1,013	11,849
Construction in progress	97	25	1,169
Total	6,299	6,215	75,899
Accumulated depreciation	(2,971)	(2,882)	(35,801)
Net property, plant and equipment	3,328	3,333	40,097
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	250	278	3,024
Software		77	
Insurance funds	112	102	1,358
Prepaid pension cost (Note 5)	84	101	1,023
Defered tax assets (Note 7)	19	43	235
Other assets	138	133	1,662
Total investments and other assets	606	737	7,304
TOTAL	¥ 21,583	¥ 20,593	$ 260,043

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
CURRENT LIABILITIES:			
Payables:			
Trade notes	¥ 275	¥ 207	$ 3,319
Trade accounts	1,642	1,251	19,794
Construction and other	371	256	4,470
Income taxes payable	154	30	1,860
Accrued expenses	282	297	3,400
Warranty reserve	104	135	1,259
Other current liabilities (Note 7)	134	164	1,622
Total current liabilities	2,965	2,342	35,728
LONG-TERM LIABILITIES:			
Liabilitiy for retirement benefits to directors and corporate auditors (Note 5)	66	66	804
Other (Note 5)	55	69	670
Total long-term liabilities	122	136	1,474
EQUITY (Notes 6 and 14):			
Common stock, authorized 40,000,000 shares; issued, 17,819,033 shares in 2011 and 200	1,985	1,985	23,923
Capital surplus	2,023	2,023	24,384
Retained earnings	15,249	14,694	183,728
Treasury stock - at cost:			
328,497 shares in 2011 and 327,772 shares in 2010	(347)	(346)	(4,183)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	51	68	615
Foreign currency translation adjustments	(503)	(338)	(6,060)
Total	18,459	18,087	222,408
Minority interests	35	27	432
Total equity	18,495	18,115	222,841
TOTAL	¥ 21,583	¥ 20,593	$ 260,043

Consolidated Statements of Income

Yushin Precision Equipment Co., Ltd. and Subsidiaries
Years Ended March 31,2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	**2011**
NET SALES	**¥ 12,567**	¥ 12,369	**$ 151,417**
COST OF SALES	**7,709**	8,000	**92,883**
Gross profit	**4,858**	4,368	**58,534**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 8)	**3,760**	3,616	**45,307**
Operating income	**1,097**	752	**13,227**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**44**	69	**530**
Foreign exchange gain (loss)	**(119)**	28	**(1,438)**
Other-net	**33**	19	**397**
Other income (expenses)-net	**(42)**	117	**(510)**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**1,055**	870	**12,716**
INCOME TAXES (Note 7):			
Current	**341**	247	**4,116**
Deferred	**(28)**	132	**(343)**
Total income taxes	**313**	380	**3,772**
NET INCOME BEFORE MINORITY INTERESTS	**742**		**8,944**
MINORITY INTERESTS IN NET INCOME	**12**	2	**151**
NET INCOME	**¥ 729**	¥ 487	**$ 8,793**

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.p and 13):			
Net income	**¥ 41.73**	¥ 27.87	**$ 0.50**
Cash dividends applicable to the year	**18.00**	15.00	**0.22**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Yushin Precision Equipment Co., Ltd. and Subsidiaries
Years Ended March 31, 2011 and 2010

	Thousands	Millions of Yen								
						Accumulated other comprehensive income				
	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	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2009	17,492	¥ 1,985	¥ 2,023	¥14,556	¥ (345)	¥ 3	¥ (383)	¥17,841	¥ 22	¥17,864
Net income				487				487		487
Cash dividends, ¥ 20 per share				(349)				(349)		(349)
Purchase of treasury stock	(0)				(0)			(0)		(0)
Net change in the year						64	44	109	4	114
BALANCE, MARCH 31, 2010	17,491	1,985	2,023	14,694	(346)	68	(338)	18,087	27	18,115
Net income				729				729		729
Cash dividends, ¥ 10 per share				(174)				(174)		(174)
Purchase of treasury stock					(1)			(1)		(1)
Net change in the year	(0)					(17)	(164)	(181)	8	(173)
BALANCE, MARCH 31, 2011	**17,491**	**¥ 1,985**	**¥ 2,023**	**¥15,249**	**¥ (347)**	**¥ 51**	**¥ (503)**	**¥18,459**	**¥ 35**	**¥18,495**

	Thousands of U.S. Dollars (Note 1)								
					Accumulated other comprehensive income				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2010	$ 23,923	$ 24,384	$177,043	$ (4,169)	$ 823	$ (4,078)	$217,926	$ 328	$ 218,254
Net income			8,793				8,793		8,793
Cash dividends, $0.12 per share			(2,107)				(2,107)		(2,107)
Purchase of treasury stock				(13)			(13)		(13)
Net change in the year					(208)	(1,982)	(2,190)	103	(2,087)
BALANCE, MARCH 31, 2011	**$ 23,923**	**$ 24,384**	**$183,728**	**$ (4,183)**	**$ 615**	**$ (6,060)**	**$ 222,408**	**$ 432**	**$ 222,841**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Yushin Precision Equipment Co., Ltd. and Subsidiaries
Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	**2011**
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 1,055**	¥ 870	**$ 12,716**
Adjustments for:			
Income taxes - paid	**(213)**	(661)	**(2,566)**
Income taxes - refund	**224**		**2,700**
Depreciation and amortization	**260**	304	**3,136**
Changes in assets and liabilities:			
(Increase) decrease in trade receivables	**(1,076)**	1,065	**(12,971)**
(Increase) decrease in inventories	**(556)**	2,047	**(6,702)**
Increase (decrease) in trade payables	**561**	(1,407)	**6,770**
Increase in provision for doubtful receivables	**(1)**	40	**(15)**
Other - net	**(104)**	(116)	**(1,262)**
Total adjustments	**(905)**	1,272	**(10,911)**
Net cash provided by operating activities	**149**	2,143	**1,805**
INVESTING ACTIVITIES:			
Decrease in short-term investments		513	
Purchases of property, plant and equipment	**(254)**	(127)	**(3,071)**
Proceeds from sales of property, plant and equipment	**1**	3	**12**
Purchases of investment securities	**(1)**	(1)	**(17)**
Proceeds from sale of investment in an associated company	**2**		**31**
Other - net	**(1)**	(65)	**(23)**
Net cash provided by (used in) investing activities	**(254)**	322	**(3,067)**
FINANCING ACTIVITIES:			
Dividends paid	**(176)**	(349)	**(2,121)**
Purchase of treasury stock	**(1)**	(0)	**(13)**
Proceeds from stock issuance to minority share holders	**2**		**33**
Net cash used in financing activities	**(174)**	(349)	**(2,101)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(86)**	29	**(1,040)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(365)**	2,145	**(4,403)**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**10,197**	8,051	**122,860**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 9,831**	¥ 10,197	**$ 118,457**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Yushin Precision Equipment Co., Ltd. and Subsidiaries
Years Ended March 31, 2011 and 2010

1.BASIS OF PRESENTING 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 application and disclosure requirements of International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 20. In addition, "net income before minority interests" is disclosed in the consolidated statement of income from the year ended March 31, 2011.

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.

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 ¥ 83 to $1, the approximate rate of exchange at March 31, 2011. 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, 2011 include the accounts of the Company and its all 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 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". PITF No. 18 prescribes: (1) 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, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill;
2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained.
PITF No. 18 was effective for fiscal years beginning on or after April 1, 2008.
The Company applied this accounting standard effective April 1, 2008.

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 and certificate of deposits, all of 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 sheets. 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 38 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 a defined benefit pension 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.
Retirement benefits to directors and corporate auditors are provided at the estimated amount which would be required if all directors and corporate auditors 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, 2011, the balance of the liability for retirement benefits to directors and corporate auditors was \66 million ($ 804 thousand), provided in proportion to the term that present directors had been in place before June 29, 2006.

j. Asset Retirement Obligations - In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.
This standard was effective for fiscal years beginning on or after April 1, 2010.
The Company applied this accounting standard effective April 1, 2010. There was no effect on profit or loss from this change.

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

l. Bonuses to Directors and Corporate Auditors - Bonuses to directors and corporate auditors 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 statements 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 tax laws 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 statements 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 were 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 for the year.

p. Derivative Financial Instruments - The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates. The Group does not enter into derivatives for trading or speculative purposes.
Derivative financial instruments are classified and accounted for as follows: 1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of income and 2) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

q. 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 statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

r. New Accounting Pronouncements

Accounting Changes and Error Corrections - In December 2009, 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 with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations
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.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

3.SECURITIES

(1) Short-term Investments

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Time deposits	**¥ 121**	¥ 134	**$ 1,466**

(2) Investment Securities

The carrying amounts and aggregate fair values of investment securities as of March 31, 2011 and 2010 were as follows:

	Millions of Yen							
	2011				2010			
Securities classified as:	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:								
Equity securities	**¥ 165**	**¥ 89**	**¥ 4**	**¥ 250**	¥ 1 64	¥ 113	¥ 0	¥ 278

	Thousands of U.S. Dollars			
	2011			
Securities classified as:	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	**$ 1,998**	**$ 1,077**	**$ 52**	**$ 3,024**

● 4.INVENTORIES

Inventories at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Finished products	**¥ 630**	¥ 436	**$ 7,590**
Work in process	**630**	560	**7,599**
Raw materials and supplies	**1,483**	1,267	**17,874**
Total	**¥ 2,744**	¥ 2,264	**$ 33,064**

● 5.RETIREMENT AND PENSION PLANS

The Company has severance payment plans for employees, directors and corporate auditors.

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 a defined benefit pension plan or a defined contribution pension plan. The Company recorded a liability for retirement benefit to directors and corporate auditors in the amount of ¥ 66 million ($ 804 thousand), and ¥66 million as of March 31, 2011 and 2010, respectively.

The asset for employees' retirement benefits at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Projected benefit obligation	**¥ 470**	¥ 382	**$ 5,672**
Fair value of plan assets	**(432)**	(426)	**(5,207)**
Unrecognized actuarial gain (loss)	**(116)**	(48)	**(1,404)**
Net asset	**¥ (78)**	¥ (93)	**$ (939)**
Prepaid pension cost	**¥ 84**	¥ 101	**$ 1,023**
Liability for employee's retirement benefits	**¥ (6)**	¥ (8)	**$ (83)**

The above liability for employee's retirement benefits is included in other long-term liabilities - other.

The components of net periodic retirement benefit costs for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Service cost	**¥ 32**	¥ 28	**$ 388**
Interest cost	**7**	6	**90**
Expected return on plan assets	**(4)**	(3)	**(51)**
Recognized actuarial loss	**8**	11	**96**
Net periodic retirement benefit costs	**43**	42	**524**
Premium payments to defined contribution pension plan	**41**	40	**505**
Total	**¥ 85**	¥ 83	**$ 1,029**

Assumptions used for the years ended March 31, 2011 and 2010 are set forth as follows:

	2011	2010
Discount rate	1.3%	2.0%
Expected rate of return on plan assets	1.0%	1.0%
Allocation method of the retirement benefits expected to be paid at the retirement date	Straight-line method based on years of service	Straight-line method based on years of service
Recognition period of actuarial gain or loss	10～16 years	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 such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, 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 (non-cash assets) to shareholders subject to a certain limitation and additional requirements.
Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

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

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of 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 now 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 rate of approximately 40.6% for the years ended March 31, 2011 and 2010.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Deferred tax assets:			
Inventories	**¥ 171**	¥ 126	**$ 2,070**
Buildings	**38**	33	**463**
Software	**83**	120	**1,010**
Enterprise tax payable	**13**	4	**163**
Retirement benefits to directors and corporate auditors	**26**	26	**321**
Warranty reserve	**36**	50	**443**
Advances received	**16**		**195**
Accrued bonuses	**71**	84	**862**
Tax loss carryforwards		29	
Foreign exchange losses	**13**		**168**
Other	**75**	74	**909**
Less valuation allowance	**(41)**	(52)	**(500)**
Total	**¥ 507**	¥ 498	**$ 6,108**
Deferred tax liabilities:			
Undistributed earnings of foreign subsidiaries	**¥ 59**	¥ 52	**$ 711**
Account receivable for enterprise tax refund		17	
Prepaid pension cost	**34**	40	**411**
Unrealized gain on available-for-sale securities	**28**	39	**337**
Other	**28**	21	**341**
Total	**¥ 149**	¥ 171	**$ 1,802**
Net deferred tax assets	**¥ 357**	¥ 326	**$ 4,306**

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

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Current assets - Deferred tax assets	**¥ 339**	¥ 284	**$ 4,090**
Investments and other assets - Other assets	**19**	43	**235**
Current liabilities - Other current liabilities	**(1)**	(1)	**(19)**
Net deferred tax assets	**¥ 357**	¥ 326	**$ 4,306**

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 years ended March 31, 2011 and 2010 is as follows:

	2011	2010
Normal effective statutory tax rate	40.6 %	40.6 %
Expenses not deductible for income tax purposes	0.2	0.3
Accrued bonuses to directors and corporate auditors	0.5	0.5
Inhabitants' per capita levy	1.6	2.0
Net change in valuation allowance	(2.3)	6.0
Foreign tax credit	(0.1)	(0.2)
Difference of income tax rates applicable to income in certain foreign countries	(3.6)	(0.8)
Undistributed earnings of foreign subsidiaries	0.9	0.5
Tax credit for research and development expenses	(8.3)	(6.0)
Other - net	0.2	0.8
Actual effective tax rate	29.7 %	43.7 %

8.RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥477 million ($5,749 thousand) and ¥478 million for the years ended March 31, 2011 and 2010, 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, 2011 and 2010 were ¥147 million ($1,772 thousand) and ¥156 million, respectively.

Pro forma information of leased property whose lease inception was before March 31, 2008

ASBJ Statement No.13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, the ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee and whose lease inception was before March 31, 2008 to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Company applied ASBJ Statement No. 13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008 was as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2011		2010		**2011**	
	Furniture and Fixtures	Total	Furniture and Fixtures	Total	Furniture and Fixtures	Total
Acquisition cost	**¥ 9**	**¥ 9**	¥ 15	¥ 15	**$ 115**	**$ 115**
Accumulated depreciation	**8**	**8**	11	11	**96**	**96**
Net leased property	**¥ 1**	**¥ 1**	¥ 3	¥ 3	**$ 18**	**$ 18**

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Due within one year	**¥ 1**	¥ 2	**$ 16**
Due after one year		1	**2**
Total	**¥ 1**	¥ 3	**$ 18**

The amount of obligations under finance leases includes the imputed interest expense portion.
Depreciation expense and other information under finance leases;

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Depreciation expense	**¥ 2**	¥ 4	**$ 29**
Lease payments	**¥ 2**	¥ 4	**$ 29**

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, is computed by the straight-line method.

The minimum rental commitments under noncancellable operating leases at March 31, 2011 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	**¥ 10**	**$ 123**
Due after one year	**1**	**18**
Total	**¥ 11**	**$ 141**

10.FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Group applied the revised accounting standard and the new guidance effective March 31, 2010.

(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 and certificate of deposits. Funds on hand are used to fund its ongoing operations. Derivatives are used, not 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 4 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 indentify 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, 2011						
Cash and cash equivalents	¥ 9,831	¥ 9,831	¥	$ 118,457	$ 118,457	$
Short-term investments	121	121		1,466	1,466	
Receivables	4,288	4,288		51,674	51,674	
Investment securities	250	250		3,024	3,024	
Total	¥ 14,493	¥ 14,493	¥	$ 174,621	$ 174,621	$
Payables	¥ 2,289	¥ 2,289	¥	$ 27,584	$ 27,584	$
Income taxes payable	154	154		1,860	1,860	
Total	¥ 2,443	¥ 2,443	¥	$ 29,445	$ 29,445	$

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain / Loss
March 31, 2010			
Cash and cash equivalents	¥ 10,197	¥ 10,197	¥
Short-term investments	134	134	
Receivables	3,283	3,283	
Investment securities	278	278	
Income taxes receivable	234	234	
Total	¥ 14,128	¥ 14,128	¥
Payables	¥ 1,714	¥ 1,714	¥
Income taxes payable	30	30	
Total	¥ 1,745	¥ 1,745	¥

Cash and cash equivalents, short-term investments, receivables and payables, income taxes receivable and income taxes payable

The carrying values of cash and cash equivalents, short-term investments, receivables and payables, income taxes receivable 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 One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2010				
Cash and cash equivalents	¥ 9,831	¥	¥	¥
Short-term investments	121			
Receivables	4,288			
Total	¥ 14,242	¥	¥	¥

	Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
March 31, 2010				
Cash and cash equivalents	$ 118,457	$	$	$
Short-term investments	1,466			
Receivables	51,674			
Total	$ 171,597	$	$	$

11.DERIVATIVES

The Group uses foreign currency forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Group does not hold or issue derivatives for trading or speculative purposes.
Such contracts, however, are marked to market with changes in value recognized in exchange gain (loss) in the accompanying consolidated statements of income since the hedged items are intercompany transactions which are eliminated in consolidation.
Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount. The Group policy limits the amount of these contracts not to exceed total invoices and purchase orders placed with the Company.
The Group did not have derivative contracts outstanding at March 31, 2011 and 2010.

12. COMPREHENSIVE INCOME

For the year ended March 31, 2010
Other comprehensive income for the year ended March 31, 2010 consists of the following:

	Millions of Yen
	2010
Other comprehensive income:	
Unrealized gain on available-for-sale securities	¥ 65
Foreign currency translation adjustments	47
Total other comprehensive income	¥ 112

Total comprehensive income for the year ended March 31, 2010 comprises the following:

	Millions of Yen
	2010
Total comprehensive income attritutable to:	
Owners of the parent	¥ 597
Minority interests	5
Total comprehensive income	¥ 602

13. NET INCOME PER SHARE

Details of the basic net income per share ("EPS") for the years ended March 31, 2011 and 2010 were as follows:

	Millions of Yen	Thousands of Shares	Yen	Dollars
For the year ended March 31, 2011:	Net Income	Weighted Average Shares	EPS	
Basic EPS				
Net income available to common shareholders	¥ 729	17,490	¥ 41.73	$ 0.50
For the year ended March 31, 2010:				
Basic EPS				
Net income available to common shareholders	¥ 487	17,491	¥ 27.87	

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

14. SUBSEQUENT EVENTS

Appropriations of Retained Earnings
The following appropriation of retained earnings at March 31, 2011 was approved at the Company's Board of Directors' meeting held on May 11, 2011:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥13 ($0.15) per share	¥ 227	$ 2,739

15.SEGMENT INFORMATION

For the year ended March 31,2010

In March 2008, the ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No. 20 "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, 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. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010. The segment information for the year ended March 31, 2010 under the revised accounting standard is omitted, because the consolidated financial statement segment information disclosed based on the handling of segment information to date is equivalent to information disclosed based on the Accounting Standards for Segment Information Disclosure.

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.
Yushin carries out the department, production, sales, and after-sales maintenance of take-out robots for injection-molded products and peripheral equipment, including labour-saving systems. In the domestic markets, these operations are handled by the Company; overseas markets - U.S.A., Asia (South Korea, Taiwan, Malaysia, Singapore, Thailand, China, and India), and Europe (UK and Slovakia) - are serviced by local subsidiaries, including Yushin America Inc. (US), Yushin Korea Co., Ltd. (South Korea), and Yushin Automation Limited (Europe). The local subsidiaries are independently managed units, with separately drafted strategies and activities.
Accordingly, Yushin's operations, based on its production, sales, and after-sales maintenance setups, are geographically grouped into four reportable segments: Japan, U.S.A., Asia, and Europe.

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

The accounting procedure for the business segment reported is as described in Note 2,"Summary of significant accounting policies" .
Income by business segment reported is calculated based on operating income.
Intersegment income and transfer is based on realized market price basis.

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

	Millions of Yen						
	2011						
	Reportable Segment					Reconciliations	Consolidated
	Japan	U.S.A.	Asia	Europe	Total		
Sales:							
Sales to external customers	¥ 8,632	¥ 1,916	¥ 1,811	¥ 207	¥12,567	¥	¥12,567
Intersegment sales or transfers	3,070	3	227	17	3,319	(3,319)	
Total	11,703	1,919	2,039	225	15,887	(3,319)	12,567
Segment profit	770	176	204	7	1,158	(61)	1,097
Segment assets	10,873	1,228	1,712	181	13,995	7,587	21,583
Other:							
Depreciation	176	20	6	3	207		207
Increase in property, plant and equipment and intangible assets	159	24	46	8	239		239

Thousands of U.S. Dollars

	2011						
	Reportable Segment					Reconciliations	Consolidated
	Japan	U.S.A.	Asia	Europe	Total		
Sales:							
Sales to external customers	$ 104,001	$ 23,084	$ 21,830	$ 2,500	$ 151,417	$	$ 151,417
Intersegment sales or transfers	36,998	43	2,736	215	39,995	(39,995)	
Total	141,000	23,128	24,567	2,715	191,412	(39,995)	151,417
Segment profit	9,280	2,125	2,463	93	13,962	(735)	13,227
Segment assets	131,004	14,805	20,628	2,185	168,623	91,420	260,043
Other:							
Depreciation	2,128	243	82	40	2,495		2,495
Increase in property, plant and equipment and intangible assets	1,917	299	557	106	2,880		2,880

Notes 1: Reconciliations are as follows.
(1) The ¥(61) million ($(735) thousand) reconciliation to segment loss includes eliminations for intersegment transactions of ¥10 million ($131 thousand) and inventory reconciliation of ¥(71) million ($(867) thousand).
(2) The ¥7,587 million ($91,420 thousand) reconciliation to segment assets includes eliminations for intersegment transactions of ¥(1,888) million ($22,757) thousand) and operating funds of surplus assets by the Company (cash and deposits, securities and others) of ¥9,476 million ($114,177 thousand).
Notes 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

	2011			
	Take-Out Robot	Custom Ordered Equipments	Parts and Maintenance Service	Total
Sales to external customers	¥ 8,912	¥ 1,670	¥ 1,984	¥ 12,567

Thousands of U.S. Dollars

	2011			
	Take-Out Robot	Custom Ordered Equipments	Parts and Maintenance Service	Total
Sales to external customers	$ 107,382	$ 20,121	$ 23,913	$ 151,417

5. Information about geographical areas

(1) Sales

Millions of Yen

2011						
Japan	North America	China Taiwan	Other Asia	Europe	Other	Total
¥ 5,120	¥ 1,986	¥ 2,640	¥ 2,009	¥ 658	¥ 152	¥ 12,567

Thousands of U.S. Dollars

2011						
Japan	North America	China Taiwan	Other Asia	Europe	Other	Total
$ 61,697	$ 23,937	$ 31,808	$ 24,207	$ 7,929	$ 1,837	$ 151,417

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 over 90% property, plant and equipment on consolidated balance sheets.

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.

For the year ended March 31, 2010

Information about operations in different industry segments is not required to be disclosed, since the Group is only engaged in the industrial machinery business, such as manufacturing and distributing take-out robots for plastic injection molding products.

(1)Geographical Segments

Millions of Yen

	2010					
	Japan	North America	Asia	Europe	Eliminations / Corporate	Consolidated
Sales to customers	¥ 10,053	¥ 1,330	¥ 746	¥ 239	¥	¥ 12.369
Interarea transfer	1,460	3	139	9	(1,613)	
Total sales	11,513	1,334	886	248	(1,613)	12,369
Operating expenses	10,729	1,359	949	239	(1,660)	11,617
Operating income (loss)	¥ 784	¥ (24)	¥ (63)	¥ 8	¥ 47	¥ 752
Total aseets	¥ 8,892	¥ 927	¥ 1,140	¥ 145	¥ 9,487	¥ 20,593

(2)Sales to Foreign Customers
Sales to foreign customers for the years ended March 31, 2010 amounted to ¥7,706 million ($82,863 thousand).

Independent Auditors' Report

Deloitte.

Deloitte Touche Tohmatsu LLC
Shijokarasuma FT Square
20, Naginataboko-cho
Karasuma-higashiiru, Shijo-dori
Shimogyo-ku, Kyoto 600-8008
Japan

Tel: +81 (75) 222 0181
Fax: +81 (75) 231 2703
www.deloitte.com/jp

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Yushin Precision Equipment Co., Ltd. and subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 subsidiaries as of March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

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

Deloitte Touche Tohmatsu LLC

June 28, 2011

Company Profile

(As of March 31, 2011)

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 : 546 (Including consolidated subsidiaries), 373 (Yushin Precision Equipment Co., Ltd.)

Number of Shareholders : 5,388

Listed Stock Exchange : First Sections, Tokyo / Osaka

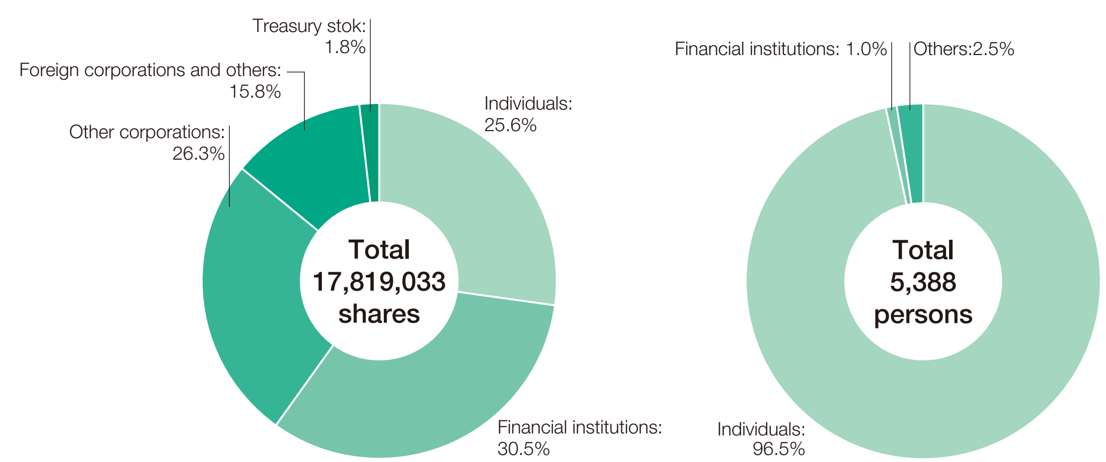
Securities Identification Number : 6482

Major Shareholders

(As of March 31,2011)

	Number of Shares held (thousand)	Percentage of Shares held (%)
Yushin Industry Co., Ltd.	4,376	25.0
Mayumi Kotani	2,259	12.9
The Nomura Trust and Banking Co.,Ltd. (Trust Account 3071019)	774	4.4
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 620021158)	774	4.4
Japan Trustee Service Bank, Ltd. (Trust Accounts)	576	3.3
The Kyoto Chuo Shinkin Bank, Ltd.	544	3.1
Tha Bank of Tokyo-Mitsubishi UFJ, Ltd.	424	2.4
RBC DEXIA INVESTOR SERVICES TRUST LONDON (Client Accounts)	410	2.3
The Master Trust Bank of Japan, Ltd. (Trust Accounts)	401	2.3
The Nomura Trust and Banking Co.,Ltd. (Trust Accounts)	381	2.2

Distribution of ownership among shareholders



http://www.yushin.com

PRINTED WITH SOY INK

2011.06