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Security Code: 6482
June 12, 2008

Dear Shareholders,

Notice of Convocation for the 35th Ordinary General Meeting of Shareholders

Notice is hereby given that the 35th Ordinary General Meeting of Shareholders of Yushin Precision Equipment Co., Ltd. will be held as set out below:

If you do not expect to attend the meeting in person, you may exercise your voting rights in writing. Please refer to the enclosed Reference Documents for the General Meeting of Shareholders, use the Form for Exercising Voting Rights to indicate your vote on agenda proposals and return it by 5 p.m. on Thursday, June 26, 2008 at the latest.

Details

- 1. Date and Time:** Friday, June 27, 2008, at 10 a.m.
- 2. Place:** 4F Conference Room, No. 2 Factory
Head Office of Yushin Precision Equipment Co., Ltd.
11-260 Kogahonmachi, Fushimi-ku, Kyoto
- 3. Objectives of the Meeting:**
Matters to be reported:
 - a) Business Report and Consolidated Financial Statements for the 35th Fiscal Year (April 1, 2007 to March 31, 2008) as well as the audit reports from the Accounting Auditor and the Board of Corporate Auditors on the Consolidated Financial Statements
 - b) Report on the Non-Consolidated Financial Statements for the 35th Fiscal Year (April 1, 2007 to March 31, 2008)

Agenda for resolution:

- Proposal 1:** Election of Five (5) Directors
Proposal 2: Election of One (1) Corporate Auditor
Proposal 3: Revision of the Remuneration for Directors and Corporate Auditors

Sincerely Yours,

Mayumi Kotani
President and Representative Director
Yushin Precision Equipment Co., Ltd.
11-260 Kogahonmachi, Fushimi-ku,
Kyoto, Japan

Notes:

- * You are kindly requested to present the enclosed "Form for Exercising Voting Rights" to the receptionist upon your arrival at the Meeting.
- * If any changes have been made to the matters appearing in the Reference Documents for the General Meeting of Shareholders, Business Report, Non-Consolidated Financial Statements or Consolidated Financial Statements, such changes will be posted on our website: (<http://www.yushin.com>)

Business Report

(For the fiscal year from April 1, 2007 to March 31, 2008)

1. Current Business Conditions of the Yushin Group**(1) Progress and achievements**

During the period under review, the Japanese economy witnessed continued private-sector capital investments backed by improved corporate earnings in the first half despite concerns about price rises for crude oil and raw materials. Contrastingly, in the latter half, conditions took a turn for the worse with increasing financial uncertainty in the wake of the sub-prime loan problem in the U.S. and the rising yen against the dollar. In the global economy, China and other emerging markets are seeing continued progress, while there was robust overall performance in Europe. However, the U.S. economy has slowed down.

As for industries related to the Yushin Group, in the first half, the production of plastic processing machinery units such as injection molding machines were less than previous year figures; however, improvements were seen in the latter half.

Under these circumstances, the Yushin Group in the first half, worked to clear a huge backlog of orders for custom-ordered equipment as planned and increased its production capacity by operating its No. 6 Factory at the Head Office site at full capacity.

As a result, due to the contribution of general-purpose machinery, with favorable sales from traverse take-out robots, a core product, and custom-ordered equipment, with first half positive figures from downstream equipment for discs and other items, net consolidated sales rose 8.0% year on year to ¥21,108 million, the third consecutive annual record sales figure. With respect to income, thanks to new models in general-purpose machinery and higher revenue in custom-ordered equipment, ordinary income increased 19.8% year on year to ¥3,578 million, also a record high, with the ordinary income on net sales ratio improving 1.7 points from last year to 17.0%, greatly exceeding the original goal of 15%.

Net income reached ¥2,023 million, up 18.1% year on year, yet another record high for the Yushin Group.

Consolidated net sales per product

(Thousands of yen)

Years ended March 31,	2007		2008	
	Amount	%	Amount	%
Take-out robots	10,811,951	55.3	10,936,940	51.8
Stock systems	594,119	3.0	597,295	2.8
Custom-ordered equipment	3,265,088	16.7	4,606,803	21.8
Peripheral equipment	3,667,838	18.8	3,625,447	17.2
Parts and maintenance service	1,209,098	6.2	1,342,144	6.4
Total	19,548,096	100.0	21,108,632	100.0

(2) Capital investment

The total amount of capital investment for the Group effectuated over the course of the period under review was ¥257 million mainly for an overhaul of the No. 2 Factory valued at ¥43 million and the construction of a clean room at the No. 6 Factory for ¥24 million, both at the Head Office

site.

(3) Financing activities

No material items to report.

(4) Assets and operating results 2005-2008

Years ended March 31,	2005	2006	2007	2008
Net sales (thousands of yen)	15,900,803	17,612,915	19,548,096	21,108,632
Ordinary income (thousands of yen)	2,013,912	2,424,725	2,986,474	3,578,444
Net income (thousands of yen)	1,107,400	1,456,645	1,713,398	2,023,693
Net income per share (yen)	66.91	88.38	105.86	125.04
Total assets (thousands of yen)	18,489,735	21,778,138	22,863,327	24,867,651
Net assets (thousands of yen)	13,770,228	15,206,720	16,557,668	17,997,691
Net assets per share (yen)	849.12	937.90	1,020.88	1,109.13

Notes:

1. From the year ended March 31, 2007, the “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (Accounting Standards Board of Japan (ASBJ) Statement No. 5, December 9, 2005) and “Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Guidance No. 8, December 9, 2005) are applied.
2. The net income per share is calculated based on the average number of issued shares during the fiscal year and the net assets per share are calculated based on the number of issued shares at the end of the fiscal year. The average number of issued shares during the year ended March 31, 2005 is calculated as if the stock split of May 20, 2004 (1:1.1) had occurred at the beginning of the fiscal year.

(5) Issues to be addressed

Concerning future economic conditions, soaring crude oil and raw material prices, forex market fluctuations favoring a weak dollar to the yen and effects on the global economy by the slowdown of the U.S. market are all cause for concern; however, the demand for capital investment is expected to be strong in China, India and Eastern Europe regions which are targeted for penetration by other foreign firms.

We at the Yushin Group will continue to secure sales and focus on the clearing of a huge backlog of orders for custom equipment, strive to develop new models in preparation for an international exposition to be held in Japan in the fall, double-up efforts aimed at increasing orders of general-purpose machinery and increase sales.

(6) Status of Major subsidiaries

Name	Location	Capital stock	Percentage of shareholding	Major operations
Yushin America, Inc.	Rhode Island, U.S.A.	US\$8,000	100%	Sales and maintenance & repair of our products. Manufacturing & sales and maintenance & repair of our post-process equipment
Yushin Korea Co., Ltd.	Ansan-City, Kyunggi-Do, South Korea	KRW350 million	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment (Singapore) Pte. Ltd.	Singapore	S\$370,000	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment Sdn. Bhd.	Selangor, Malaysia	MYR450,000	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment (Taiwan) Co., Ltd.	Taipei City, Taiwan (R.O.C.)	NT\$5 million	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment (Thailand) Co., Ltd.	Bangkok, Thailand	THB6 million	49%	Sales and maintenance & repair of our products
Yushin Automation Ltd.	West Midlands, U.K.	GBP150,000	95.6%	Sales and maintenance & repair of our products
Yushin Precision Equipment Industry & Trading (Shenzhen) Co., Ltd.	Shenzhen, Guangdong, China	US\$400,000	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment (Hong Kong) Co., Ltd.	Hong Kong, China	HK\$600,000	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment (Slovakia) s.r.o.	Bratislava, Slovakia	SKK4.25 million	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment Trading (Shanghai) Co., Ltd.	Shanghai, China	US\$200,000	100%	Sales and maintenance & repair of our products
Yushin Precision Equipment (India) Pte. Ltd.	Chennai, India	INR7.4 million	95%	Sales and maintenance & repair of our products

(7) Major operations (as of March 31, 2008)

The Yushin Group is mainly engaged in the development, manufacture and sale of take-out robots for plastic injection Molding products and stock systems as well as factory automation systems for molding plants.

(8) Main sales offices and factories (as of March 31, 2008)

Name	Location
Kyoto Head Office & Factory No. 1, No. 2, No. 3, No. 5, No. 6 Factory at the Head site	Fushimi-ku, Kyoto-city
Tokyo General Sales Office	Chuo-ku, Tokyo
Kita-Kanto General Sales Office	Kita-ku, Saitama-city
Chubu General Sales Office	Toyokawa-city, Aichi
Nishi-Nihon General Sales Office	Fushimi-ku, Kyoto-city
Tohoku Sales Office	Fukushima-city, Fukushima
Tsukuba Sales Office	Tsukuba-city, Ibaraki
Tochigi Sales Office	Sano-city, Tochigi
Nishi-Kanto Sales Office	Atsugi-city, Kanagawa
Nagano Sales Office	Shiojiri-city, Nagano
Shizuoka Sales Office	Suruga-ku, Shizuoka-city
Nagoya-Nishi Sales Office	Kuwana-city, Mie
Toyama Sales Office	Toyama-city, Toyama
Hiroshima Sales Office	Nishi-ku, Hiroshima-city
Fukuoka Sales Office	Hakata-ku, Fukuoka-city
Indonesia Representative Office	Jakarta, Indonesia
Vietnam Representative Office	Hanoi, Vietnam
Philippines Representative Office	Makati-city, Philippines
Tianjin Representative Office	Tianjin, China

(9) Employees (as of March 31, 2008)

Number of employees	Increase from the end of previous FY
480 (58)	42

Note: The number of employees represents full-timers (including seconded employees to the Company) only. Part-timers and other irregular employees are represented separately as their average annual number indicated in parentheses ().

(10) Major creditors (as of March 31, 2008)

No items to report.

(11) Other important matters pertaining to the status of the Group

No material items to report.

2. Matters pertaining to the shares of the Company (as of March 31, 2008)

(1) Number of shares authorized: 40,000,000

(2) Total number of issued shares: 16,199,121

At the Board of Directors' Meeting on January 22, 2008, a resolution was passed to conduct a 1.1-for-1 share split on April 1, 2008, for shares owned by shareholders listed on the final shareholders' register or list of substantial shareholders on March 31, 2008. As a result, the number of issued shares increased by 1,619,912 shares bringing the total number to 17,819,033 shares.

(3) Number of shareholders: 5,955

(4) Major shareholders:

Name	Investment in the company	
	Number of shares held (thousand)	Percentage of shares held (%)
Kotani & Co.	2,828	17.5
Mayumi Kotani	2,221	13.7
Japan Trustee Service Bank, Ltd. (Trust Accounts)	1,249	7.7
Yushin Industry Co., Ltd.	877	5.4
The Nomura Trust and Banking Co., Ltd. (Trust Account 3071019)	704	4.4
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 620021158)	704	4.4
Nikko City Trust and Banking Corporation (Investment Trust Accounts)	600	3.7
The Kyoto Chuo Shinkin Bank, Ltd.	494	3.1
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	386	2.4
The Master Trust Bank of Japan, Ltd. (Trust Accounts)	328	2.0

Notes:

1. Percentage of shares held is calculated after deducting the number of treasury stock (15,775 shares).

2. The number of shares held is the number before the share split.

3. Matters pertaining to officers of the Company

(1) Directors and Corporate Auditors (as of March 31, 2008)

Position	Name	Responsibilities and representation of other organization
President and Representative Director	Mayumi Kotani	Head of Sales and Customer Service H.Q. President and Representative Director of Yushin Industry Co., Ltd. President and Representative Director of Kotani & Co.
Managing Director	Shujiro Sawada	
Executive Director	Satoshi Kimura	Head of Purchase H.Q.
Director	Tomoaki Taka	Head of Administrative H.Q.
Standing Corporate Auditor	Tokuhiro Shimizu	
Corporate Auditor	Yasuhiro Orita	Lawyer
Corporate Auditor	Takao Yoshikawa	Professor emeritus at Osaka University

Notes:

- Corporate Auditors Yasuhiro Orita and Takao Yoshikawa are outside Corporate Auditors.
- The following describes the activities of the two outside Corporate Auditors during the period under review.
Corporate Auditor, Yasuhiro Orita
In the period under review, Yasuhiro Orita attended 11 of 15 Board of Directors' Meetings and all 6 Meetings of the Board of Auditors. At the Board of Directors' Meetings, from his background as a legal specialist and practitioner he asked pertinent questions to clarify ambiguities that arose with respect to matters reported or matters resolved, and provided opinions. Additionally, at the Meetings of the Board of Auditors, he perused the reports of the internal auditing results, exchanged opinions concerning auditing, and participated in joint discussions on important matters. In addition to receiving the Accounting Auditor's detailed report every half fiscal year, he also regularly exchanged opinions with top management.
Corporate Auditor, Takao Yoshikawa
In the period under review, Takao Yoshikawa attended 12 of 15 Board of Directors' Meetings and all 6 Meetings of the Board of Auditors. At the Board of Directors' Meetings, from his background as an academic he asked pertinent questions to clarify ambiguities that arose with respect to matters reported or matters resolved, and provided opinions. Additionally, at the Meeting of the Board of Auditors, he perused the reports of the internal auditing results, exchanged opinions concerning auditings, and participated in joint discussions on important matters. In addition to receiving the Accounting Auditor's detailed report every half fiscal year, he also regularly exchanged opinions with top management.
- Change of Corporate Auditors during the period under review
Corporate Auditor Junichiro Shigekura resigned from his post due to the expiration of his term as of the conclusion of the 34th Ordinary General Meeting of Shareholders held on June 28, 2007.

(2) Total remuneration and other payments made to Directors and Corporate Auditors

(Thousands of yen)

Classification	Number of Directors/ Corporate Auditors	Total amount
Directors	4	168,920
Corporate Auditors	3	16,840
Total	7	185,760

Notes:

- The 33rd Ordinary General Meeting of Shareholders held on June 29, 2006 resolved to set the upper limit of the total remuneration for all Directors at ¥250,000 thousand per year (this amount does not include remuneration for services as an employee received by Directors with concurrent employment positions) and the upper limit of the total remuneration for all Auditors at ¥30,000 thousand per year.

There are currently no Directors who have concurrent employment positions.

2. Total remuneration amounts provided above include the following amount in addition to fixed monthly compensation amounts.
- Provision for bonuses to Directors and Corporate Auditors: ¥42,000 thousand (Directors: ¥38,960 thousand, Corporate Auditors: ¥3,040 thousand)
3. With respect to the liability for retirement benefits to Directors and Corporate Auditors, the plan for retirement benefits for Directors and Corporate Auditors was terminated at the 33rd Ordinary General Meeting of Shareholders held on June 29, 2006, and no additional provision has been recorded since then. Therefore, the balance as of March 31, 2008 (¥100,132 thousand) is provided in proportion to the term that present Directors and Corporate Auditors had been in their respective positions before June 2006.
4. The total amount of remuneration for the 2 outside Corporate Auditors is ¥2,760 thousand.

4. Matters pertaining to Accounting Auditors

(1) **Name of Accounting Auditor (Independent Auditor):** Deloitte Touche Tohmatsu

(2) **Amount of compensation and other payments for the Accounting Auditor**

(Thousands of yen)

Item	Total payment
The amount of compensation and other payments payable to the Accounting Auditor for the reporting year	22,200
Total amount of monetary and other property benefits payable by the Company and its subsidiaries	26,137

Note: In the audit contract between the Company and the Accounting Auditor, audit fees pursuant to the Company Law and those pursuant to the Financial Instruments and Exchange Law are not clearly separated and this separation is practically impossible. Therefore, the amount of compensation and other payments to the Accounting Auditor is represented as the total payment.

(3) **Non-audit services**

Advice and guidance on international operations as well as on the formulation of a system of internal controls.

(4) **Policy for making decisions regarding the dismissal or non-reappointment of Accounting Auditor**

The Board of Directors will include the dismissal or non-reappointment of the Accounting Auditor in the agenda of the General Meeting of Shareholders, should the execution of the Accounting Auditor's duties be impeded or its dismissal or non-reappointment is deemed necessary by the Board of Directors, with the consent of the Board of Corporate Auditors, or in the event of a request by the same.

The Board of Corporate Auditors will dismiss the Accounting Auditor should it determine that same corresponds to the provisions in each item of Paragraph 1, Article 340 of the Company Law, with the unanimous consent of all the members of the Board of Corporate Auditors. In such a case, an auditor appointed by the Board of Corporate Auditors will report the fact of and the reason for the dismissal of the Accounting Auditor to the first General Meeting of Shareholders called after the dismissal.

(5) **Overview of limited liability contract**

The Company has entered into a contract with Deloitte Touche Tohmatsu, the Accounting Auditor, based on Paragraph 1, Article 427 of the Company Law limiting the liability of same as specified in Paragraph 1, Article 423 of the Law. The upper limit provided in the limited liability contract is the minimum limited amount stipulated by laws and regulations.

5. Matters pertaining to the development of internal control systems to ensure a properness of operations

The following is an overview of decisions pertaining to the development of an internal control system to ensure that the execution of duties by Directors conforms to laws and regulations and the Articles of Incorporation as well as other systems that ensure the properness of operations of the Company.

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

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

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

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

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

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

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

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

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

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

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

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

f. Matters concerning a system for employees in cases where Corporate Auditors issue requests for the assignment of said employees to assist them with their duties as well as concerning the independence of said employees from Directors

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

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

concerning reports to Corporate Auditors

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

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

h. Other systems to ensure effective audits by Corporate Auditors

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

6. Policy concerning decisions on the dividends of surplus

The Yushin Group manages its businesses considering the return of profits to shareholders as one of its important managerial issues.

To that effect, it is the basic policy of the Company to proactively return profits to shareholders by maintaining a stable operational base, improve its ROE and effectuate stock splits and dividends based on the performance results of each respective fiscal year.

For the fiscal year under review, an interim dividend of ¥15 per share, an increase of ¥3 from the previous fiscal year, was announced, and a year-end dividend of ¥20 per share, which includes a 35th anniversary dividend of ¥5 per share, will be effectuated, making a total annual dividend of ¥35 per share.

Consolidated Balance Sheets

(As of March 31, 2008)

(Thousands of yen)

Account title	Amount	Account title	Amount
ASSETS		LIABILITIES	
Current assets	20,108,292	Current liabilities	6,528,658
Cash and cash equivalents	5,097,543	Trade notes and accounts payable	4,072,486
Trade notes and accounts receivable	6,934,833	Accounts payable – other	926,627
Securities	3,497,125	Accrued expenses	79,812
Inventories	4,064,345	Income tax payable	899,167
Prepaid expenses	59,322	Advances by customers	68,718
Deferred tax assets	408,954	Accrued employees' bonuses	226,000
Other	61,566	Accrued bonuses to directors and corporate auditors	42,000
Allowance for doubtful accounts	(15,398)	Warranty reserve	123,000
Fixed assets	4,759,359	Deferred tax liabilities	400
Property, plant and equipment	3,603,012	Other	90,445
Buildings	1,275,984	Long-term liabilities	341,301
Structures	28,415	Deferred tax liabilities	134,255
Machinery and equipment	37,273	Liability for retirement benefits to directors and corporate auditors	100,132
Vehicles	22,409	Other	106,914
Furniture and fixtures	219,506	Total Liabilities	6,869,960
Land	2,012,390		
Construction in progress	7,031	NET ASSETS	
Intangible assets	233,804	Shareholders' equity	17,708,289
Telephone subscription right	11,430	Common stock	1,985,666
Right of trademark	1,200	Capital surplus	2,023,903
Software	205,088	Retained earnings	13,732,715
Goodwill	16,086	Treasury stock – at cost	(33,996)
Investments and other assets	922,541	Valuation and translation adjustments	241,138
Investment securities	413,895	Net unrealized gain (loss) on available-for-sale securities	141,196
Investments in partnership	170	Foreign currency translation adjustments	99,941
Long-term loans receivable	1,066	Minority interests	48,263
Long-term prepaid expenses	144		
Deferred tax assets	80,161	Total Net Assets	17,997,691
Other	427,418		
Allowance for doubtful accounts	(314)	Total Liabilities and Net Assets	24,867,651
Total Assets	24,867,651		

Consolidated Statements of Income

(Year ended March 31, 2008)

(Thousands of yen)

Account title	Amount	
Net sales		21,108,632
Cost of sales		13,040,276
Gross profit		8,068,355
Selling, general and administrative expenses		4,545,819
Operating income		3,522,535
Non-operating income		
Interest and dividend income	62,352	
Equity in earnings of an affiliate	498	
Other	42,016	104,867
Non-operating expenses		
Interest expense	93	
Provision of allowance for doubtful accounts	2,371	
Foreign exchange losses	39,083	
Other	7,410	48,958
Ordinary income		3,578,444
Extraordinary income		
Gain from sales of property	2,955	
Reversal of allowance for doubtful accounts	1,154	4,110
Extraordinary expenses		
Loss on sales of property	9,155	
Loss on disposal of property	4,623	
Health care benefits for a retired director of U.S. subsidiary	74,241	
Other	394	88,414
Income before income taxes and minority interests		3,494,139
Income taxes		
Current		1,557,070
Deferred		(95,593)
Minority interest in net income		8,969
Net income		2,023,693

Consolidated Statements of Changes in Net Assets

(Year ended March 31, 2008)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock – at cost	Total shareholders' equity
Balance as of March 31, 2007	1,985,666	2,023,903	12,145,992	(31,383)	16,124,179
Changes in the current period					
Dividends of surplus			(436,970)		(436,970)
Net income			2,023,693		2,023,693
Acquisition of treasury stock				(2,612)	(2,612)
Changes in items other than shareholders' equity, net					
Total changes in the current period	-	-	1,586,722	(2,612)	1,584,110
Balance as of March 31, 2008	1,985,666	2,023,903	13,732,715	(33,996)	17,708,289

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized gain (loss) on available-for-sale securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2007	232,208	166,083	398,292	35,197	16,557,668
Changes in the current period					
Dividends of surplus					(436,970)
Net income					2,023,693
Acquisition of treasury stock					(2,612)
Changes in items other than shareholders' equity, net	(91,011)	(66,142)	(157,154)	13,066	(144,087)
Total changes in the current period	(91,011)	(66,142)	(157,154)	13,066	1,440,022
Balance as of March 31, 2008	141,196	99,941	241,138	48,263	17,997,691

1. Basis of preparing Consolidated Financial Statements

(1) Scope of consolidation

All 12 subsidiaries of the Company, provided below, fall within the scope of consolidation. Yushin Precision Equipment (India) Pte. Ltd. is included amongst the consolidated subsidiaries due to its establishment during the fiscal year under review. Yushin Precision Equipment (Shanghai) Co., Ltd. was liquidated in November 2007, and therefore is excluded from the scope of consolidation.

List of Subsidiaries
Yushin America, Inc.
Yushin Korea Co., Ltd.
Yushin Precision Equipment (Singapore) Pte. Ltd.
Yushin Precision Equipment Sdn. Bhd.
Yushin Precision Equipment (Taiwan) Co., Ltd.
Yushin Precision Equipment (Thailand) Co., Ltd.
Yushin Automation, Ltd.
Yushin Precision Equipment Industry & Trading (Shenzhen) Co., Ltd.
Yushin Precision Equipment (Hong Kong) Co., Ltd.
Yushin Precision Equipment (Slovakia) s.r.o.
Yushin Precision Equipment Trading (Shanghai) Co., Ltd.
Yushin Precision Equipment (India) Pte. Ltd.

(2) Application of the equity method

The equity method is applied to all affiliates. There is one company affiliated to Yushin Precision Equipment Co., Ltd., namely, Polymac-Yushin B.V.

(3) Fiscal year of subsidiaries

The account closing date for all consolidated subsidiaries is December 31.

Financial statements as of said date are used in preparation of the Consolidated Financial Statements. However, adjustments considered necessary for consolidation are effectuated with respect to material transactions occurring during the period between the day after the account closing date of the subsidiaries and the consolidated account closing date.

(4) Accounting policies

a. Valuation of important assets

- i) Securities
Available-for-sale securities classified as other securities
 - Securities with available fair market values are reported at fair value on the consolidated account closing date
(Unrealized gains or losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is principally determined by the moving average method)
- ii) Derivatives: Market value method
- iii) Inventories
 - Finished products and work in process:
Principally carried at cost determined by the specific identification method
 - Raw materials:
Principally carried at cost determined by the gross average method

b. Depreciation

- i) Property, plant and equipment: Principally computed by the declining balance method
The range of useful lives for major assets is as follows:

Buildings:	13-38 years
Machinery and equipment:	7-11 years

(Changes in accounting policies)

In accordance with amendments of the Corporation Tax Law, and effective the year under review, the Company has changed its depreciation method for property plant and equipment excluding buildings (fixtures are not classified as buildings) acquired on or after April 1, 2007, to a depreciation method based on the amendments to the Corporation Tax Law. The impact that this has on profit or loss is slight.

(Additional information)

For property, plant and equipment excluding buildings (fixtures are not classified as buildings) acquired on or before March 31, 2007, the difference between the memorandum price and the equivalent amount of 5% of the acquisition price is depreciated using the straight-line method over 5 years from the consolidated fiscal year that follows the fiscal year in which the book value reached 5% of the acquisition price using the depreciation method based on the Corporation Tax Law before the amendments, and depreciation expenses are included in the amounts reported. The impact that this has on profit or loss is slight.

- ii) Intangible assets
 - Software used internally: Straight-line method based on the expected useful lives
 - Other intangible assets: Straight-line method

c. Estimation on important allowance and reserves

- i) Allowance for doubtful accounts:
To provide for possible bad debt losses, the amount deemed unrecoverable is accounted using the loan loss ratio based on past experience for general claims and by examining the possibility of recovery on an individual basis for specific claims with default possibility.
- ii) Accrued employees' bonuses:
In order to allocate the payment of employees' bonuses, the Company provides the amount subject to the fiscal year under review among the total estimated amount to be paid as employees' bonuses.
- iii) Accrued bonuses to directors and corporate auditors:
The Company provides the projected payment amount to be allocated for the payment of bonuses to directors and corporate auditors.
- iv) Warranty reserve:
To provide for expenses incurred for free repairs related to product sales, an amount is accounted based on historical experience.

- v) Liability for retirement benefits to directors and corporate auditors:
The Company provides the estimated amount of retirement benefits to directors and corporate auditors which would be required if all directors and corporate auditors retired at the balance sheet date according to internal regulations for allocation of retirement benefit payments to directors and corporate auditors. This plan was terminated on June 29, 2006 and no additional provision has been recorded since then. Therefore, the balance as of March 31, 2008 is provided in proportion to the term that present directors and corporate auditors had been in their respective positions before June 2006.

d. Employees' retirement benefits

To provide for employees' retirement benefits, based on the projected benefit obligations at year-end and the pension asset balance, the amount of pension assets surplus to projected benefit obligations is recorded in the "Other" field under "Investments and other assets". The net actuarial loss or gain is subject to amortization from the next fiscal year of the recognition thereof onward in an amount pro rated by the straight-line method based on the average remaining employee service period (10 to 16 years) at the time of the recognition of net actuarial loss or gain in each fiscal year.

e. Lease

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

f. Other significant matter for the preparation of Consolidated Financial Statements

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

(5) Valuation of assets and liabilities of the consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are fully evaluated using the fair market value.

(6) Amortization of goodwill

Goodwill is equally amortized over 5 years.

2. Notes to Consolidated Balance Sheet

Accumulated depreciation of property, plant and equipment: ¥2,561,655 thousand

3. Notes to Consolidated Statement of Changes in Net Assets

(1) Total number of issued shares

Class of shares	Number of shares at the end of previous FY	Number of increased shares of current FY	Number of decreased shares of current FY	Number of shares at the end of current FY
Common stock	16,199,121	-	-	16,199,121

(2) Number of treasury stock

Class of shares	Number of shares at the end of previous FY	Number of increased shares of current FY	Number of decreased shares of current FY	Number of shares at the end of current FY
Common stock	14,533	1,242	-	15,775

Note: The increase in the number of treasury stock is due to the purchase of shares less than one unit.

(3) Dividends of surplus

a. Payment of dividends

Resolution	Class of shares	Total dividend (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
The Board of Directors' Meeting on June 4, 2007	Common stock	194,215	12	March 31, 2007	June 14, 2007
The Board of Directors' Meeting on November 13, 2007	Common stock	242,755	15	September 30, 2007	December 6, 2007

b. Dividends whose record date falls within this consolidated fiscal year but comes into effect in the next consolidated fiscal year

Resolution	Class of shares	Total dividend (Thousands of yen)	Dividend funds	Dividend per share (Yen)	Record date	Effective date
The Board of Directors' Meeting on May 26, 2008	Common stock	323,666	Retained earnings	20	March 31, 2008	June 13, 2008

4. Per share information

- Net assets per share:	¥1,109.13
- Net income per share:	¥125.04

Note that at the Board of Directors' Meeting on January 22, 2008, a resolution was passed to conduct a 1.1-for-1 share split on April 1, 2008, for shares owned by shareholders listed on the final shareholders' register or list of substantial shareholders on March 31, 2008. If, hypothetically, the aforesaid share split had been conducted at the beginning of the year under review, net assets per share would have been ¥1,008.30 and net income per share would have been ¥113.68. Moreover if, hypothetically, the aforesaid share split had been conducted at the beginning of the previous fiscal year, net assets per share of the previous fiscal year would have been ¥928.07 and net income per share would have been ¥96.24.

Note: Amounts less than one thousand yen are truncated.

Balance Sheets
(As of March 31, 2008)

(Thousands of yen)

Account title	Amount	Account title	Amount
ASSETS		LIABILITIES	
Current assets	18,496,375	Current liabilities	6,356,294
Cash and cash equivalents	4,223,487	Trade notes	503,047
Trade notes	1,856,536	Trade accounts payable	3,509,377
Trade accounts receivable	4,926,849	Accounts payable – other	911,928
Securities	3,497,125	Accrued expenses	60,573
Finished products	524,861	Income tax payable	881,500
Raw materials	1,034,051	Accrued consumption taxes	29,231
Work in progress	2,109,801	Advances by customers	30,374
Supplies	1,473	Deposits received	19,740
Prepaid expenses	39,860	Accrued employees' bonuses	226,000
Deferred tax assets	261,086	Accrued bonuses to directors and corporate auditors	42,000
Other	27,740	Warranty reserve	123,000
Allowance for doubtful accounts	(6,500)	Notes payable facilities	19,457
		Other	63
Fixed assets	5,146,614		
Property, plant and equipment	3,294,097	Long-term liabilities	100,672
Buildings	1,158,799	Liability for retirement benefits to directors and corporate auditors	100,132
Structures	28,415	Guarantee deposit	540
Machinery and equipment	30,006		
Vehicles	1,685	Total Liabilities	6,456,967
Furniture and fixtures	102,570		
Land	1,965,588	NET ASSETS	
Construction in progress	7,031	Shareholders' equity	17,044,826
Intangible assets	217,718	Common stock	1,985,666
Telephone subscription right	11,430	Capital surplus	2,023,903
Trademark right	1,200	Legal capital surplus	2,023,903
Software	205,088	Retained earnings	13,069,252
Investments and other assets	1,634,798	Legal retained earnings	286,314
Investment securities	398,614	Other retained earnings	12,782,937
Stocks of subsidiaries and affiliates	874,652	Reserve for dividend equalization	1,000,000
Investments in partnership	170	General reserve	8,700,000
Long-term loans receivable	23,665	Retained earnings brought forward	3,082,937
Long-term prepaid expenses	144	Treasury stock – at cost	(33,996)
Guarantee deposits	30,289	Valuation and translation adjustments	141,196
Reorganization claims	314	Net unrealized gain (loss) on available-for-sale securities	141,196
Deferred tax assets	80,161		
Other	227,101	Total Net Assets	17,186,022
Allowance for doubtful accounts	(314)		
Total Assets	23,642,989	Total Liabilities and Net Assets	23,642,989

Note: Amounts less than one thousand are truncated in the table.

Statements of Income
(Year ended March 31, 2008)

(Thousands of yen)

Account title	Amount	
Net sales		19,120,275
Cost of sales		12,141,482
Gross profit		6,978,793
Selling, general and administrative expenses		3,786,247
Operating income		3,192,545
Non-operating income		
Interest and dividend income	123,009	
Purchases discounts	22,779	
Other	21,855	167,644
Non-operating expenses		
Foreign exchange losses	38,798	
Sales discounts	1,196	
Other	4,800	44,795
Ordinary income		3,315,394
Extraordinary income		
Reversal of allowance for doubtful accounts	1,154	1,154
Extraordinary expenses		
Loss on disposal of property	4,623	
Loss on valuation of investment securities	394	5,017
Income before income taxes and minority interests		3,311,531
Income taxes		
Current		1,410,980
Deferred		(59,000)
Net income		1,959,551

Note: Amounts less than one thousand are truncated in the table.

Statements of Changes in Net Assets
(Year ended March 31, 2008)

(Thousands of yen)

	Shareholders' equity							
	Common stock	Capital surplus		Retained earnings			Treasury stock – at cost	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings (Note)	Total retained earnings		
Balance as of March 31, 2007	1,985,666	2,023,903	2,023,903	286,314	11,260,356	11,546,671	(31,383)	15,524,857
Changes in the current period								
Reversal of reserve for special depreciation					-	-		-
Dividends of surplus					(436,970)	(436,970)		(436,970)
Net income					1,959,551	1,959,551		1,959,551
Acquisition of treasury stock							(2,612)	(2,612)
Changes in items other than shareholders' equity, net								
Total changes in the current period	-	-	-	-	1,522,581	1,522,581	(2,612)	1,519,968
Balance as of March 31, 2008	1,985,666	2,023,903	2,023,903	286,314	12,782,937	13,069,252	(33,996)	17,044,826

	Valuation and translation adjustments		Total net assets
	Net unrealized gain (loss) on available-for-sale securities	Total valuation and translation adjustments	
Balance as of March 31, 2007	232,208	232,208	15,757,066
Changes in the current period			
Reversal of reserve for special depreciation			-
Dividends of surplus			(436,970)
Net income			1,959,551
Acquisition of treasury stock			(2,612)
Changes in items other than shareholders' equity, net	(91,011)	(91,011)	(91,011)
Total changes in the current period	(91,011)	(91,011)	1,428,956
Balance as of March 31, 2008	141,196	141,196	17,186,022

Note: The following is a breakdown of other retained earnings.

(Thousands of yen)

	Other retained earnings				
	Reserve for special depreciation	Reserve for dividend equalization	General reserve	Retained earnings brought forward	Total other retained earnings
Balance as of March 31, 2007	1,154	1,000,000	8,700,000	1,559,201	11,260,356
Changes in the current period					
Reversal of reserve for special depreciation	(1,154)			1,154	-
Dividend of surplus				(436,970)	(436,970)
Net income				1,959,551	1,959,551
Acquisition of treasury stock					
Changes in items other than shareholders' equity, net					
Total changes in the current period	(1,154)	-	-	1,523,735	1,522,581
Balance as of March 31, 2008	-	1,000,000	8,700,000	3,082,937	12,782,937

1. Summary of significant accounting policies

(1) Valuation of important assets

- a. Stocks of subsidiaries and affiliates
Carried at cost determined by the moving average method
- b. Available-for-sale securities classified as other securities
 - Securities with available fair market values are reported at fair value on the closing date (Unrealized gains or losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is principally determined by the moving average method)
 - Securities without available fair market values
Carried at cost determined by the moving average method
- c. Inventories
 - Finished products and work in process:
Carried at cost determined by the specific identification method
 - Raw materials:
Carried at cost determined by the gross average method
 - Inventory surplus:
Carried by the latest purchase cost method

(2) Depreciation

- a. Property, plant and equipment: Declining balance method
The range of useful lives for major assets is as follows:

Buildings:	13-38 years
Machinery and equipment:	11 years

(Changes in accounting policies)

In accordance with amendments of the Corporation Tax Law, and effective the year under review, the Company has changed its depreciation method for property plant and equipment excluding buildings (fixtures are not classified as buildings) acquired on or after April 1, 2007, to a depreciation method based on the amendments to the Corporation Tax Law. The impact that this has on profit or loss is slight.

(Additional information)

For property, plant and equipment excluding buildings (fixtures are not classified as buildings) acquired on or before March 31, 2007, the difference between the memorandum price and the equivalent amount of 5% of the acquisition price is depreciated using the straight-line method over 5 years from the consolidated fiscal year that follows the fiscal year in which the book value reached 5% of the acquisition price using the depreciation method based on the Corporation Tax Law before the amendments, and depreciation expenses are included in the amounts reported. The impact that this has on profit or loss is slight.

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

(3) Estimation on allowance and reserves

- a. Allowance for doubtful accounts:
To provide for possible bad debt losses, the amount deemed unrecoverable is accounted using the loan loss ratio based on past experience for general claims and by examining the possibility of recovery on an individual basis for specific claims with default possibility.
- b. Accrued employees' bonuses:
In order to allocate the payment of employees' bonuses, the Company provides the amount subject to the fiscal year under review among the total estimated amount to be paid as employees' bonuses.
- c. Accrued bonuses to directors and corporate auditors:
The Company provides the projected payment amount to be allocated for the payment of

bonuses to directors and corporate auditors.

- d. Warranty reserve:
To provide for expenses incurred for free repairs related to product sales, an amount is accounted based on historical experience.
- e. Liability for retirement benefits to directors and corporate auditors:
The Company provides the estimated amount of retirement benefits to directors and corporate auditors which would be required if all directors and corporate auditors retired at the balance sheet date according to internal regulations for allocation of retirement benefit payments to directors and corporate auditors. This plan was terminated on June 29, 2006 and no additional provision has been recorded since then. Therefore, the balance as of March 31, 2008 is provided in proportion to the term that present directors and corporate auditors had been in their respective positions before June 2006.

(4) Employees' retirement benefits

To provide for employees' retirement benefits, based on the projected benefit obligations at year-end and the pension asset balance, the amount of pension assets surplus to projected benefit obligations is recorded in the "Other" field under "Investments and other assets". The net actuarial loss or gain is subject to amortization from the next fiscal year of the recognition thereof onward in an amount pro rated by the straight-line method based on the average remaining employee service period (10 to 16 years) at the time of the recognition of net actuarial loss or gain in each fiscal year.

(5) Lease

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

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

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

2. Notes to Balance Sheet

(1) Accumulated depreciation of property, plant and equipment:	¥2,084,648 thousand
(2) Monetary credit and debts to affiliates	
a. Short-term monetary credit:	¥746,067 thousand
b. Long-term monetary credit:	¥22,599 thousand
c. Short-term monetary debts:	¥48,035 thousand

3. Notes to Statements of Income

Transactions with subsidiaries and affiliates

a. Net sales:	¥2,168,661 thousand
b. Purchases:	¥30 thousand
c. Selling, general and administrative expenses:	¥302,648 thousand
d. Non-operating transactions:	¥107,286 thousand

4. Notes to Statement of Changes in Net Assets

Number of treasury stock

Class of shares	Number of shares at the end of previous FY	Number of increased shares of current FY	Number of decreased shares of current FY	Number of shares at the end of current FY
Common stock	14,533	1,242	-	15,775

Note: The increase in the number of treasury stock is due to the purchase of shares less than one unit.

5. Notes on tax-effect accounting

Breakdown by cause of deferred tax assets and liabilities

Deferred tax assets	(Thousands of yen)
Inventories	38,866
Software	150,932
Accrued employees' bonuses	90,400
Accrued enterprise taxes	69,123
Warranty reserve	49,200
Liability for retirement benefits to directors and corporate auditors	40,052
Other	43,384
Total deferred tax assets	481,960
Deferred tax liabilities	
Prepaid pension costs	52,658
Net unrealized gain on available-for-sale securities	88,053
Total deferred tax liabilities	140,712
Net deferred tax assets	341,247

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

	(Thousands of yen)
Current assets	261,086
Fixed assets	80,161

6. Notes on fixed assets leased by the Company

In addition to the fixed assets accounted in the Balance Sheet, some business machines are used under finance lease agreements where the transfer of ownership of the leased property to the lessee is not effectuated.

(1) Acquisition cost equivalent on the closing date, accumulated depreciation equivalent and year-end balance equivalent

(Thousands of yen)

	Acquisition cost equivalent	Accumulated depreciation equivalent	Year-end balance equivalent
Furniture and Fixtures	63,476	47,262	16,214
Software	2,568	2,097	470
Total	66,044	49,359	16,685

(2) Future leasing expense equivalents on the closing date

Year-end balance equivalents of future leasing expense	(Thousands of yen)
Within 1 year	8,580
Over 1 year	8,104
Total	16,685

(3) Operating leases

Year-end balance equivalents of future leasing expense	(Thousands of yen)
Within 1 year	31,903
Over 1 year	60,425
Total	92,328

7. Transactions with related parties

No items to report.

8. Per share information

- Net assets per share:	¥1,061.96
- Net income per share:	¥121.08

Note that at the Board of Directors' Meeting on January 22, 2008, a resolution was passed to conduct a 1.1-for-1 share split on April 1, 2008, for shares owned by shareholders listed on the final shareholders' register or list of substantial shareholders on March 31, 2008. If, hypothetically, the aforesaid share split had been conducted at the beginning of the year under review, net assets per share would have been ¥965.42 and net income per share would have been ¥110.07. Moreover if, hypothetically, the aforesaid share split had been conducted at the beginning of the previous fiscal year, net assets per share of the previous fiscal year would have been ¥885.08 and net income per share would have been ¥87.05.

Note: Amounts less than one thousand yen are truncated.

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

Independent Auditors' Report

May 16, 2008

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

Deloitte Touche Tohmatsu

Yoshiki Yamada, CPA [SEAL]
Designated and Engagement Partner

Akira Nakata, CPA [SEAL]
Designated and Engagement Partner

We have audited the consolidated statutory report, namely, the Consolidated Balance Sheets, the Consolidated Statements of Income and the Consolidated Statements of Changes in Net Assets, of Yushin Precision Equipment Co., Ltd. (the "Company") for the fiscal year from April 1, 2007 to March 31, 2008 in accordance with Paragraph 4, Article 444 of the Company Law. The preparation of the consolidated statutory report is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated statutory report based on our audit as independent auditors.

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

In our opinion, the consolidated statutory report referred to above presents fairly, in all material respects, the consolidated financial position and the results of operations of Yushin Precision Equipment Co., Ltd. and its consolidated subsidiaries for the period for which the consolidated statutory report is prepared, in conformity with accounting principles generally accepted in Japan.

Our firm and engagement partners have no interest in Yushin Precision Equipment Co., Ltd., which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

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

Independent Auditors' Report

May 16, 2008

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

Deloitte Touche Tohmatsu

Yoshiki Yamada, CPA [SEAL]
Designated and Engagement Partner

Akira Nakata, CPA [SEAL]
Designated and Engagement Partner

We have audited the statutory report, namely, the Balance Sheets, the Statements of Income, the Statements of Changes in Net Assets and its supporting schedules of Yushin Precision Equipment Co., Ltd. for the business year from April 1, 2007 to March 31, 2008 in accordance with Item 1, Paragraph 2, Article 436 of the Company Law. The preparation of the statutory report and its supporting schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the statutory report and its supporting schedules based on our audit as independent auditors.

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

In our opinion, the statutory report and its supporting schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Yushin Precision Equipment Co., Ltd. for the period for which the statutory report and its supporting schedules are prepared, in conformity with accounting principles generally accepted in Japan.

Our firm and engagement partners have no interest in Yushin Precision Equipment Co., Ltd. which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

<Certified copy of the audit report concerning consolidated statutory report>

Audit Report

Regarding the consolidated statutory report (namely, the Consolidated Balance Sheets, the Consolidated Statements of Income and the Consolidated Statements of Changes in Net Assets) for the fiscal year from April 1, 2007 to March 31, 2008, the Board of Corporate Auditors hereby submits its audit report, which has been prepared through discussions based on the audit reports prepared by each Corporate Auditor and represents their unanimous opinion.

1. Auditing Methods adopted by the Corporate Auditors and Board of Corporate Auditors and Details of Such Methods

The Board of Corporate Auditors established auditing policies, allocation of duties, and other relevant matters, and received reports from each Corporate Auditor regarding his or her audits and results thereof, as well as received reports from the Directors, other relevant personnel, and independent auditors regarding performance of their duties, and requested explanations as necessary.

Each Corporate Auditor complied with the auditing standards of Corporate Auditors established by the Board of Corporate Auditors, followed the auditing policies, allocation of duties, and other relevant matters, received reports from the Directors, employees, and other relevant personnel regarding the consolidated statutory report and requested explanations as necessary. Furthermore, we monitored and verified whether the independent auditors maintained their independence and implemented appropriate audits, and we received reports from the independent auditors regarding the performance of their duties and requested explanations as necessary.

In addition, we received notice from the independent auditors that “the system for ensuring that duties are performed properly” (matters set forth in each Item of Article 159 of the Company Accounting Rules) is appropriately established.

2. Audit results

Independent Auditors

In our opinion, the methods and results employed and rendered by the independent auditors, Deloitte Touche Tohmatsu, are fair and reasonable.

May 23, 2008

Board of Corporate Auditors,
Yushin Precision Equipment Co., Ltd.

Standing Corporate Auditor	Tokuhiro Shimizu [SEAL]
Outside Corporate Auditor	Yasuhiro Orita [SEAL]
Outside Corporate Auditor	Takao Yoshikawa [SEAL]

<Certified copy of the audit report concerning non-consolidated statutory report>

Audit Report

Regarding the performance of duties by the Directors for the fiscal year from April 1, 2007 to March 31, 2008, the Board of Corporate Auditors hereby submits its audit report, which has been prepared through discussions based on the audit report prepared by each Corporate Auditor.

1. Auditing Methods adopted by the Corporate Auditors and Board of Corporate Auditors and Details of Such Methods

The Board of Corporate Auditors established auditing policies, allocation of duties, and other relevant matters, and received reports from each Corporate Auditor regarding his or her audits and results thereof, as well as received reports from the Directors, other relevant personnel, and independent auditors regarding performance of their duties, and requested explanations as necessary.

Each Corporate Auditor complied with the auditing standards of Corporate Auditors established by the Board of Corporate Auditors, followed the auditing policies, allocation of duties, and other relevant matters, communicated with the Directors, the internal audit department, other employees, and any other relevant personnel, and made efforts to optimize the environment for information collection and audit, and participated in the Board of Directors' Meetings and other important meetings, received reports from the Directors, employees, and other relevant personnel regarding performance of their duties, requested explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal offices. In addition, we monitored and verified the resolutions of the Board of Directors regarding the improvement of the system stipulated in Paragraph 1 and Paragraph 3, Article 100 of the Enforcement regulations of the Company Law and status of the system (internal controls system) based on the resolutions, which are stipulated as a necessary system and other requirements for ensuring that the performance of duties by the Directors conforms to the laws, regulations and Articles of Incorporation, as well as for ensuring an appropriateness of operations of a joint stock corporation. With respect to subsidiaries, we communicated and exchanged information with Directors, Corporate Auditors, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary. Based on the above methods, we examined the business report and supporting schedules related to the relevant business year.

Furthermore, we monitored and verified whether the independent auditors maintained their independence and implemented appropriate audits, and we received reports from the independent auditors regarding the performance of their duties and requested explanations as necessary. Based on the above methods, we examined the non-consolidated financial statements (Balance Sheets, Statements of Income, Statements of Changes in Net Assets) and supporting schedules. In addition, we received notice from the independent auditors that "the system for ensuring that duties are performed properly" (matters set forth in each Item of Article 159 of the Company Accounting Rules) is appropriately established.

2. Audit Results

a. Results of Audit of Business Report and Other Relevant Documents

- (1) In our opinion, the business report and supporting schedules are in accordance with the related laws and regulations and Articles of Incorporation, and fairly represent the Company's condition.
- (2) With regard to the performance of duties by the Directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation.
- (3) In our opinion, resolutions of the Board of Directors for the internal controls system are fair and reasonable.

b. Results of Audit of Financial Statements and Supporting Schedules

In our opinion, the methods and results employed and rendered by the independent auditors, Deloitte Touche Tohmatsu, are fair and reasonable.

May 23, 2008

Board of Corporate Auditors,
Yushin Precision Equipment Co., Ltd.

Standing Corporate Auditor	Tokuhiro Shimizu [SEAL]
Outside Corporate Auditor	Yasuhiro Orita [SEAL]
Outside Corporate Auditor	Takao Yoshikawa [SEAL]

Reference Documents for the General Meeting of Shareholders

Proposals and reference items

Proposal 1: Election of Five (5) Directors

The terms of office of all the currently serving four (4) Directors will expire at the conclusion of this Meeting. This year, we wish to add an extra one (1) Director to the Board to strengthen the Company's management base and therefore propose to elect five (5) Directors.

The candidates for the position of Directors are as follows:

No.	Name (Date of birth)	Career summary, position, areas of responsibility, and representation of other organizations	Number of shares held
1	Mayumi Kotani (January 12, 1947)	<p>October 1973 Joined the Company</p> <p>October 1982 Director</p> <p>February 1989 Executive Vice President and Director</p> <p>March 1993 Executive Vice President and Director, Head of Sales H.Q.</p> <p>December 2002 President and Representative Director</p> <p>April 2006 President and Head of Sales and Customer Service H.Q.</p> <p>To the present</p> <p>Representation of other companies President and Representative Director, Yushin Industry Co., Ltd. President and Representative Director, Kotani & Co.</p>	2,443,901 shares
2	Shujiro Sawada (November 27, 1946)	<p>December 1977 Joined the Company</p> <p>March 1985 General Manager of Production Dept.</p> <p>March 1988 Executive Director</p> <p>June 1991 Executive Director and Head of Production H.Q.</p> <p>July 1999 Managing Director and Head of Production H.Q.</p> <p>April 2003 Managing Director and Head of Sales and Customer Service H.Q.</p> <p>April 2006 Managing Director and Head of Production H.Q.</p> <p>January 2008 Managing Director</p> <p>To the present</p>	30,250 shares
3	Satoshi Kimura (April 1, 1954)	<p>April 2005 Joined the Company as Executive Officer and General Manager of Purchase Dept.</p> <p>October 2005 Executive Officer and Head of Purchase Dept.</p> <p>April 2006 Senior Executive Officer and Head of Purchase H.Q.</p> <p>June 2006 Executive Director and Head of Purchase H.Q.</p> <p>To the present</p>	1,100 shares
4	Tomoaki Taka (January 9, 1956)	<p>August 1992 Joined the Company</p> <p>September 1992 Manager of Internal Auditing Office</p> <p>March 1993 General Manager of Administrative Dept.</p> <p>June 1993 Director and Head of Administrative H.Q.</p> <p>To the present</p>	3,872 shares
5	Yasuharu Odachi (July 31, 1958)	<p>December 2004 Joined the Company</p> <p>February 2005 General Manager of Production Technology Dept.</p> <p>March 2005 General Manager of Research & Development Dept.</p> <p>October 2005 Head of Research & Development Dept. and Quality Assurance Dept.</p> <p>April 2006 Executive Officer and Head of Research & Development H.Q. and Quality Assurance Dept.</p> <p>April 2008 Executive Officer and Head of Research & Development H.Q.</p> <p>To the present</p>	2,100 shares

Notes: 1. Candidates for Directors have no special interests in the Company.

2. The number of shares held represents the post-share-split number.

Proposal 2: Election of One (1) Corporate Auditor

Corporate Auditor Tokuhiko Shimizu's term of office will end at the closing of this General Meeting of Shareholders. Accordingly, we propose to elect one (1) Corporate Auditor.

The Board of Corporate Auditors has consented to this proposition.

The candidate for the position of Corporate Auditor is as follows:

No.	Name (Date of birth)	Career summary, position, areas of responsibility, and representation of other organizations		Number of shares held
1	Yuji Tsujimoto (March 25, 1952)	April 1975 April 2008	Joined the Bank of Tokyo-Mitsubishi UFJ, Ltd. Joined the Company To the present	1,000 shares

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

2. The number of shares held represents the post-share-split number.

Proposal 3: Revision of the Remuneration for Directors and Corporate Auditors

At present, the remuneration for Directors and Corporate Auditors is as approved at the 33rd Ordinary General Meeting of Shareholders held on June 29, 2006, which is within ¥250 million for Directors and within ¥30 million for Corporate Auditors; however, we ask that shareholders consider the changes in the economic environment as well as other factors that have occurred since that time, and approve the proposal to revise remuneration conditions to make remuneration for Directors to be within ¥300 million and remuneration for Corporate Auditors to be within ¥50 million.

Note that the amount of remuneration for Directors does not include the amount of remuneration that a Director receives for services concurrently carried out as an employee, should such remuneration exist.

Assuming Proposal 1 is approved, there will be a total of five (5) Directors, and assuming Proposal 2 is approved, there will be a total of three (3) Corporate Auditors.