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Security Code: 6482
June 11, 2009

Dear Shareholders,

Notice of Convocation for the 36th Ordinary General Meeting of Shareholders

Notice is hereby given that the 36th 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 25, 2009 at the latest.

Details

- 1. Date and Time:** Friday, June 26, 2009, 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 36th Fiscal Year (April 1, 2008 to March 31, 2009) 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 36th Fiscal Year (April 1, 2008 to March 31, 2009)

Agenda for resolution:

- Proposal 1:** Partial Amendments to the Articles of Incorporation
Proposal 2: Election of Four (4) Directors
Proposal 3: Election of Two (2) 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, 2008 to March 31, 2009)

1. Current Business Conditions of the Yushin Group

(1) Progress and achievements

During Fiscal Year ended March 31, 2009, the world economy deteriorated in all areas due to the influence of global financial crisis that has arose in the U.S. in last autumn. Economy growth rate slowed down even in the emerging countries such as China.

In Japan, the economy deteriorated markedly from the middle of the year due to the world recession, turbulent price of crude oil and raw materials, and strong yen.

As for industries related to Yushin, the production volume of Japanese injection moulding machines registered year on year losses due to the sluggish capital spending led by the recession. The market dropped down steeply especially after November 2008.

Under these circumstances, Yushin produced and shipped a large backlog of custom ordered equipment in the first half of the year as planned. However, sales of the take-out robot were below target and the business has been slow especially in the second half of the year. There was also the influence of strong yen. As a result, net sales decreased 8.7% to ¥19,272 million for the first time in four years, operating income decreased 19.7% to ¥2,829 million, ordinary income decreased 21.6% to ¥2,805 million and net income decreased 27.4% to ¥1,468 million despite the strict cost reduction.

Consolidated net sales per product

(Thousands of yen)

| Years ended March 31, | 2008 | | 2009 | |
|-------------------------------|------------|-------|------------|-------|
| | Amount | % | Amount | % |
| Take-out robots | 10,936,940 | 51.8 | 7,376,429 | 38.3 |
| Stock systems | 597,295 | 2.8 | 449,777 | 2.3 |
| Custom-ordered equipment | 4,606,803 | 21.8 | 7,526,032 | 39.1 |
| Peripheral equipment | 3,625,447 | 17.2 | 2,896,195 | 15.0 |
| Parts and maintenance service | 1,342,144 | 6.4 | 1,023,866 | 5.3 |
| Total | 21,108,632 | 100.0 | 19,272,301 | 100.0 |

(2) Capital investment

The total amount of capital investment for the Group effectuated over the course of the period under review was ¥176 million mainly for the capital investment related to R&D valued at ¥71 million and an overhaul of the No. 1 Factory at the Head Office site valued at ¥11 million .

(3) Financing activities

No material items to report.

(4) Assets and operating results 2006-2009

| Years ended March 31, | 2006 | 2007 | 2008 | 2009 |
|---------------------------------------|------------|------------|------------|------------|
| Net sales (thousands of yen) | 17,612,915 | 19,548,096 | 21,108,632 | 19,272,301 |
| Ordinary income (thousands of yen) | 2,424,725 | 2,986,474 | 3,578,444 | 2,805,258 |
| Net income (thousands of yen) | 1,456,645 | 1,713,398 | 2,023,693 | 1,468,190 |
| Net income per share (yen) | 88.38 | 105.86 | 125.04 | 82.71 |
| Total assets (thousands of yen) | 21,778,138 | 22,863,327 | 24,867,651 | 21,977,500 |
| Net assets (thousands of yen) | 15,206,720 | 16,557,668 | 17,997,691 | 17,864,104 |
| Net assets per share (yen) | 937.90 | 1,020.88 | 1,109.13 | 1,019.99 |

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.

(5) Issues to be addressed

Regarding the economic environment surrounding Yushin, there are concerns about depression in capital spending due to global recession and foreign exchange volatility. However, capital investment is expected to remain firm in emerging countries such as China and India.

Under these circumstances, Yushin intends to ensure sales by receiving orders of the take-out robots steadily, manufacturing and shipping the backlog of the custom ordered equipments as planned, as well as promoting the robots and custom-ordered equipments for new field. Furthermore, the company will continue reducing the expenses drastically and maximize the effort to ensure profit even sales decrease.

(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 | THB4 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 Trading (Shenzhen) Co., Ltd. | Shenzhen, Guangdong, China | US\$400,000 | 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) Pvt. Ltd. | Chennai, India | INR7.4 million | 95% | Sales and maintenance & repair of our products |
| Guang Zhou Yushin Precision Equipment Co., Ltd. | Guangzhou, China | RMB7.9million | 100% | Manufacturing of our products |

Guangzhou Yushin Precision Equipment Co., Ltd. is included amongst consolidated subsidiaries due to its establishment in September 2008. Yushin Precision Equipment (Hong Kong) Co., Ltd. was liquidated during the fiscal year under review.

(7) Major operations (as of March 31, 2009)

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, 2009)

| 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, 2009)

| Number of employees | Increase from the end of previous FY |
|---------------------|--------------------------------------|
| 512 (64) | 32 |

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, 2009)

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, 2009)

- (1) Number of shares authorized: 40,000,000
(2) Total number of issued shares: 17,819,033
(3) Number of shareholders: 6,384
(4) Major shareholders:

| Name | Investment in the company | |
|--|-------------------------------------|-------------------------------------|
| | Number of shares held (thousand) | Percentage of shares held (%) |
| Kotani & Co. | 3,110 | 17.8 |
| Mayumi Kotani | 2,299 | 13.1 |
| Yushin Industry Co., Ltd. | 1,115 | 6.4 |
| Japan Trustee Service Bank, Ltd. (Trust Accounts) | 910 | 5.2 |
| 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 |
| Nikko City Trust and Banking Corporation (Investment Trust Accounts) | 651 | 3.7 |
| The Kyoto Chuo Shinkin Bank, Ltd. | 544 | 3.1 |
| The Master Trust Bank of Japan, Ltd. (Trust Accounts) | 512 | 2.9 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 424 | 2.4 |

Notes:

1. Percentage of shares held is calculated after deducting the number of treasury stock (327,220 shares).

3. Matters pertaining to officers of the Company

(1) Directors and Corporate Auditors (as of March 31, 2009)

| 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 | |
| Managing Director | Satoshi Kimura | Head of Purchase H.Q. |
| Director | Yasuharu Odachi | Head of Research & Development H.Q. |
| Standing Corporate Auditor | Yuji Tsujimoto | |
| 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 stipulated in Item 2, Article 16 of the Company Law.
- 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 all 12 Meetings of Board of Directors' 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 11 of 12 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 audits, 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 Directors and Corporate Auditors during the period under review
Director Tomoaki Taka resigned from his post on August 22, 2008.
Corporate Auditor Tokuhiko Shimizu resigned from his post due to the expiration of his term as of the conclusion of the 35th Ordinary General Meeting of Shareholders held on June 27, 2008.

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

(Thousands of yen)

| Classification | Number of Directors/ Corporate Auditors | Total amount |
|--------------------|--|--------------|
| Directors | 5 | 121,172 |
| Corporate Auditors | 4 | 14,982 |
| Total | 9 | 136,154 |

Notes:

- The 35th Ordinary General Meeting of Shareholders held on June 27, 2008 resolved to set the upper limit of the total remuneration for all Directors at ¥300,000 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 ¥50,000 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: ¥13,100 thousand (Directors: ¥11,600 thousand, Corporate Auditors: ¥1,500 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, 2009 (¥87,685 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 ¥4,800 thousand.
5. Above payments include the remuneration for Corporate Auditor who resigned as of the conclusion of the 35th Ordinary General Meeting of Shareholders and for Director who resigned during his term.
5. In addition to the compensation shown above, retirement benefits of ¥12,535 thousand were paid to a corporate auditor who retired at the close of the 35th Ordinary General Meeting of Shareholders and a director who resigned before the end of his term. The Company terminated its retirement benefit system at the close of the 33rd Ordinary General Meeting of Shareholders that was held on June 29, 2006. Consequently, the above retirement benefits were paid only for the period up to this termination date.

4. Matters pertaining to Independent Auditors

(1) **Name of Independent Auditors:** Deloitte Touche Tohmatsu

(2) **Amount of compensation and other payments for the Independent Auditors**

(Thousands of yen)

| Item | Total payment |
|--|---------------|
| The amount of compensation and other payments payable to the Independent Auditors for the reporting year | 31,200 |
| Total amount of monetary and other property benefits payable by the Company and its subsidiaries | 33,000 |

Note: In the audit contract between the Company and the Independent 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 Independent Auditor is represented as the total payment.

(3) **Non-audit services**

Advice and guidance on international operations.

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

The Board of Directors will include the dismissal or non-reappointment of the Independent Auditor in the agenda of the General Meeting of Shareholders, should the execution of the Independent 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 Independent 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 Independent 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 Independent 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 dividends based on the performance results of each respective fiscal year.

For the fiscal year under review, a full-year dividend of ¥40 per share comprising an interim dividend of ¥18 per share, an increase of ¥3 from the previous fiscal year, and a year-end dividend of ¥22 per share, an increase of ¥2 from the previous fiscal year was planned to be paid. However, as announced on February 3, 2009, a year-end dividend was changed to ¥10 per share due to the underperformance for the second half of FY influenced by global recession stemming from the financial crisis that was started in the U.S. Consequently, a full-year dividend will be effectuated, making a total annual dividend of ¥28 per share, comprising an interim dividend of ¥18 per share and a year-end dividend of ¥10 per share.

Consolidated Balance Sheets

(As of March 31, 2009)

(Thousands of yen)

| Account | Amount | Account | Amount |
|--------------------------------------|-------------------|---|-------------------|
| ASSETS | | LIABILITIES | |
| Current assets | 17,728,625 | Current liabilities | 3,952,096 |
| Cash and cash equivalents | 7,482,165 | Trade notes and accounts payable | 2,828,673 |
| Trade notes and accounts receivable | 4,325,606 | Accounts payable – other | 231,546 |
| Securities | 1,132,200 | Accrued expenses | 74,390 |
| Finished goods | 551,308 | Income tax payable | 208,446 |
| Work-in-process | 2,556,194 | Advances by customers | 97,791 |
| Raw material and Supplies | 1,187,916 | Accrued employees' bonuses | 246,000 |
| Prepaid expenses | 60,999 | Accrued bonuses to directors and corporate auditors | 13,100 |
| Deferred tax assets | 365,585 | Warranty reserve | 132,314 |
| Other | 76,124 | Deferred tax liabilities | 340 |
| Allowance for doubtful accounts | (9,475) | Other | 119,493 |
| Fixed assets | 4,248,874 | | |
| Property, plant and equipment | 3,438,091 | | |
| Buildings | 1,157,696 | | |
| Structures | 24,302 | Long-term liabilities | 161,299 |
| Machinery and equipment | 31,252 | Deferred tax liabilities | 221 |
| Vehicles | 13,394 | Liability for retirement benefits to directors and corporate auditors | 87,685 |
| Furniture and fixtures | 202,256 | Other | 73,392 |
| Land | 2,002,911 | Total Liabilities | 4,113,395 |
| Construction in progress | 6,278 | | |
| Intangible assets | 171,789 | NET ASSETS | |
| Telephone subscription right | 11,430 | Shareholders' equity | 18,221,162 |
| Right of trademark | 1,000 | Common stock | 1,985,666 |
| Software | 140,418 | Capital surplus | 2,023,903 |
| Goodwill | 8,043 | Retained earnings | 14,556,891 |
| Others | 10,898 | Treasury stock – at cost | (345,298) |
| Investments and other assets | 638,993 | | |
| Investment securities | 237,282 | Valuation and translation adjustments | (379,716) |
| Investments in partnership | 170 | Net unrealized gain (loss) on available-for-sale securities | 3,446 |
| Long-term loans receivable | 821 | Foreign currency translation adjustments | (383,163) |
| Long-term prepaid expenses | 96 | Minority interests | 22,657 |
| Deferred tax assets | 137,495 | | |
| Other | 270,767 | | |
| Allowance for doubtful accounts | (7,640) | | |
| | | Total Net Assets | 17,864,104 |
| Total Assets | 21,977,500 | Total Liabilities and Net Assets | 21,977,500 |

Consolidated Statements of Income

(From April 1, 2008 to March 31, 2009)

(Thousands of yen)

| Account | Amount | |
|--|---------|-------------------|
| Net sales | | 19,272,301 |
| Cost of sales | | 11,950,309 |
| Gross profit | | 7,321,991 |
| Selling, general and administrative expenses | | 4,492,780 |
| Operating income | | 2,829,211 |
| Non-operating income | | |
| Interest and dividend income | 76,556 | |
| Purchase discounts | 18,690 | |
| Other | 20,617 | 115,865 |
| Non-operating expenses | | |
| Interest expense | 60 | |
| Foreign exchange losses | 136,888 | |
| Other | 2,869 | 139,818 |
| Ordinary income | | 2,805,258 |
| Extraordinary income | | |
| Gain on sales of investments securities | 10,137 | 10,137 |
| Extraordinary expenses | | |
| Loss on sales & disposal of tangible fixed assets | 6,859 | |
| Loss on sales of securities | 453,560 | |
| Loss from revaluation of investments securities | 1,293 | 461,712 |
| Income before income taxes and minority interests | | 2,353,683 |
| Income taxes | | |
| Current | | 960,185 |
| Deferred | | (67,035) |
| Minority interest in net income | | (7,657) |
| Net income | | 1,468,190 |

Consolidated Statements of Changes in Net Assets

(From April 1, 2008 to March 31, 2009)

(Thousands of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock – at cost | Total shareholders' equity |
| Balance as of March 31, 2008 | 1,985,666 | 2,023,903 | 13,732,715 | (33,996) | 17,708,289 |
| Changes in the current period | | | | | |
| Dividends of surplus | | | (644,015) | | (644,015) |
| Net income | | | 1,468,190 | | 1,468,190 |
| Acquisition of treasury stock | | | | (311,302) | (311,302) |
| Changes in items other than shareholders' equity, net | | | | | |
| Total changes in the current period | - | - | 824,175 | (311,302) | 512,873 |
| Balance as of March 31, 2009 | 1,985,666 | 2,023,903 | 14,556,891 | (345,298) | 18,221,162 |

| | 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, 2008 | 141,196 | 99,941 | 241,138 | 48,263 | 17,997,691 |
| Changes in the current period | | | | | |
| Dividends of surplus | | | | | (644,015) |
| Net income | | | | | 1,468,190 |
| Acquisition of treasury stock | | | | | (311,302) |
| Changes in items other than shareholders' equity, net | (137,749) | (483,104) | (620,854) | (25,606) | (646,460) |
| Total changes in the current period | (137,749) | (483,104) | (620,854) | (25,606) | (133,586) |
| Balance as of March 31, 2009 | 3,446 | (383,163) | (379,716) | 22,657 | 17,864,104 |

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. Guangzhou Yushin Precision Equipment Co., Ltd. is included amongst consolidated subsidiaries due to its establishment in September 2008. Yushin Precision Equipment (Hong Kong) Co., Ltd. was liquidated during the fiscal year under review, and therefore its statement of income is included until its liquidation.

The company name of Yushin Precision Equipment Industry & Trading (Shenzhen) Co., Ltd. was changed to Yushin Precision Equipment Trading (Shenzhen) Co., Ltd. in February 2009.

| 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 Trading (Shenzhen) Co., Ltd. |
| Yushin Precision Equipment (Slovakia) s.r.o. |
| Yushin Precision Equipment Trading (Shanghai) Co., Ltd. |
| Yushin Precision Equipment (India) Pvt.Ltd. |
| Guangzhou Yushin Precision Equipment Co., Ltd. |

(2) Application of the equity method

Polymac-Yushin B.V. was excluded from equity method affiliates during the fiscal year under review, due to the sales of all of its securities Yushin hold. As a result, there is no equity method affiliate.

(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)

- Securities without available fair market values

Carried at cost determined by the moving average method

ii) Derivatives: Fair value method

iii) Inventories

- Merchandise and finished goods, work-in-process

Principally carried at cost determined by the identified cost method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins)

- Raw materials

Principally carried at cost determined by the periodic average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins)

- Supplies

Carried by the last purchase price method

(Changes in accounting policies)

In prior years, inventories for regular sales purposes were principally carried at cost determined by the identified cost method and periodic average method. With the adoption of "Accounting Standards for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) Statement No. 9, July 5, 2006) from the fiscal year under review, inventories are principally carried at cost determined by the identified cost method and periodic average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

The effect from this change to the consolidated business results is not material.

(Forms and presentation method)

Consolidated Balance Sheets

With the adoption of "Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation Methods of Financial Statements" (Cabinet Office Ordinance No. 50, August 7, 2008), "Inventories" is reclassified and divided into "Merchandise and finished goods", "Work-in-process", and "Raw materials and supplies" in the fiscal year under review. "Merchandise and finished goods", "Work-in-process", and "Raw materials and supplies" included in "Inventories" in the previous fiscal year amounted ¥732,560 thousand, ¥2,144,029 thousand, ¥1,187,754 thousand respectively.

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: 7-12 years

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.

(Changes in accounting policies)

Formerly, finance lease transactions not involving the transfer of ownership were accounted for in a manner similar to the accounting treatment for operating lease transactions. However, effective from the fiscal year under review, the company adopted the "Accounting Standard for Lease Transactions" (ASBJ Statement No.13; originally issued by the Corporate Accounting Council June 17, 1993 and revised by the ASBJ March 30, 2007) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No.16; issued by the Japanese Institute of Certified Public Accountants January 18, 1994 and revised by the ASBJ March 30,2007) .

Financial leases other than those that are deemed to transfer the ownership of leased property to the lessees, which commenced prior to the fiscal year adoption was made, are accounted for in a similar way to operating leases.

The effect of this change on consolidated business results is not material.

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.

(7) Changes in Basis of Presenting Consolidated Financial Statements

Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

Commencing from the fiscal year under review, the Company has adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issue Task Force (PITF) of the ASBJ No.18, May 17, 2006). This change did not have an effect on consolidated business results.

2. Notes to Consolidated Balance Sheet

Accumulated depreciation of property, plant and equipment: ¥2,683,192 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 | 1,619,912 | - | 17,819,033 |

1.1-for-1 share split was conducted on April 1, 2008.

(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 | 15,775 | 311,445 | - | 327,220 |

Note: The increase in the number of shares of treasury stock is due to a stock split (1,577 shares), a share buyback pursuant to Article 165, Paragraph 2 of the Company Law (304,400 shares), and the purchase of shares of less than one unit (5,468 shares).

(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 May 26, 2008 | Common stock | 323,666 | 20 | March 31, 2008 | June 13, 2008 |
| The Board of Directors' Meeting on November 4, 2008 | Common stock | 320,348 | 18 | September 30, 2008 | December 8, 2008 |

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 12, 2009 | Common stock | 174,918 | Retained earnings | 10 | March 31, 2009 | June 12, 2009 |

4. Per share information

| | |
|-------------------------|-----------|
| - Net assets per share: | ¥1,019.99 |
| - Net income per share: | ¥82.71 |

Note: Amounts less than one thousand yen are truncated.

Balance Sheets
(As of March 31, 2009)

(Thousands of yen)

| Account | Amount | Account | Amount |
|---------------------------------------|-------------------|---|-------------------|
| ASSETS | | LIABILITIES | |
| Current assets | 16,303,503 | Current liabilities | 3,684,527 |
| Cash and cash equivalents | 6,340,386 | Trade notes | 382,605 |
| Trade notes | 1,194,685 | Trade accounts payable | 2,356,557 |
| Trade accounts receivable | 3,439,112 | Accounts payable – other | 227,329 |
| Securities | 1,132,200 | Accrued expenses | 59,925 |
| Finished products | 282,044 | Income tax payable | 196,500 |
| Work in progress | 2,529,635 | Accrued consumption taxes | 65,137 |
| Raw materials and supplies | 1,103,766 | Advances by customers | 16,632 |
| Prepaid expenses | 40,233 | Deposits received | 11,210 |
| Deferred tax assets | 250,895 | Accrued employees' bonuses | 246,000 |
| Other | 3,684 | Accrued bonuses to directors and corporate auditors | 13,100 |
| Allowance for doubtful accounts | (13,140) | Warranty reserve | 108,700 |
| | | Notes payable facilities | 829 |
| Fixed assets | 5,016,314 | | |
| Property, plant and equipment | 3,219,096 | Long-term liabilities | 88,385 |
| Buildings | 1,067,667 | Liability for retirement benefits to directors and corporate auditors | 87,685 |
| Structures | 24,302 | Guarantee deposit | 700 |
| Machinery and equipment | 22,973 | | |
| Vehicles | 1,061 | | |
| Furniture and fixtures | 131,223 | Total Liabilities | 3,772,912 |
| Land | 1,965,588 | | |
| Construction in progress | 6,278 | NET ASSETS | |
| Intangible assets | 152,848 | Shareholders' equity | 17,543,458 |
| Telephone subscription right | 11,430 | Common stock | 1,985,666 |
| Trademark right | 1,000 | Capital surplus | 2,023,903 |
| Software | 140,418 | Legal capital surplus | 2,023,903 |
| Investments and other assets | 1,644,369 | Retained earnings | 13,879,187 |
| Investment securities | 237,282 | Legal retained earnings | 286,314 |
| Stocks of subsidiaries and affiliates | 802,827 | Other retained earnings | 13,592,872 |
| Investments | 170 | Reserve for dividend equalization | 1,000,000 |
| Investments in affiliates | 187,132 | General reserve | 8,700,000 |
| Long-term loans receivable | 20,862 | Retained earnings brought forward | 3,892,872 |
| Long-term prepaid expenses | 96 | Treasury stock | (345,298) |
| Guarantee deposits | 30,408 | Valuation and translation adjustments | 3,446 |
| Reorganization claims | 7,640 | Net unrealized gain (loss) on available-for-sale securities | 3,446 |
| Deferred tax assets | 183,843 | | |
| Other | 217,932 | | |
| Allowance for doubtful accounts | (27,681) | | |
| Allowance for investments loss | (16,145) | Total Net Assets | 17,546,905 |
| Total Assets | 21,319,818 | Total Liabilities and Net Assets | 21,319,818 |

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

Statements of Income
(From April 1, 2008 to March 31, 2009)

(Thousands of yen)

| Account | Amount | |
|--|---------|-------------------|
| Net sales | | 17,785,815 |
| Cost of sales | | 11,314,279 |
| Gross profit | | 6,471,535 |
| Selling, general and administrative expenses | | 3,700,928 |
| Operating income | | 2,770,607 |
| Non-operating income | | |
| Interest and dividend income | 64,487 | |
| Purchases discounts | 18,690 | |
| Other | 23,276 | 106,455 |
| Non-operating expenses | | |
| Sales discounts | 1,001 | |
| Foreign exchange losses | 41,196 | |
| Other | 162 | 42,359 |
| Ordinary income | | 2,834,702 |
| Extraordinary income | | |
| Gain on sales of investments securities | 18,890 | 18,890 |
| Extraordinary expenses | | |
| Loss on disposal of property | 2,506 | |
| Loss on sales of securities | 453,560 | |
| Loss on valuation of investment securities | 1,293 | |
| Transfer of allowance for doubtful accounts | 29,181 | |
| Transfer of allowance for investments loss | 16,145 | 502,686 |
| Income before income taxes and minority interests | | 2,350,907 |
| Income taxes | | |
| Current | | 898,616 |
| Deferred | | (1,659) |
| Net income | | 1,453,949 |

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

Statements of Changes in Net Assets

(From April 1, 2008 to March 31, 2009)

(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, 2008 | 1,985,666 | 2,023,903 | 2,023,903 | 286,314 | 12,782,937 | 13,069,252 | (33,996) | 17,044,826 |
| Changes in the current period | | | | | | | | |
| Dividends of surplus | | | | | (644,015) | (644,015) | | (644,015) |
| Net income | | | | | 1,453,949 | 1,453,949 | | 1,435,949 |
| Acquisition of treasury stock | | | | | | | (311,302) | (311,302) |
| Changes in items other than shareholders' equity, net | | | | | | | | |
| Total changes in the current period | - | - | - | - | 809,934 | 809,934 | (311,302) | 498,632 |
| Balance as of March 31, 2009 | 1,985,666 | 2,023,903 | 2,023,903 | 286,314 | 13,592,872 | 13,879,187 | (345,298) | 17,543,458 |

| | 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, 2008 | 141,196 | 141,196 | 17,186,022 |
| Changes in the current period | | | |
| Dividends of surplus | | | (644,015) |
| Net income | | | 1,453,949 |
| Acquisition of treasury stock | | | (311,302) |
| Changes in items other than shareholders' equity, net | (137,749) | (137,749) | (137,749) |
| Total changes in the current period | (137,749) | (137,749) | 360,882 |
| Balance as of March 31, 2009 | 3,446 | 3,446 | 17,546,905 |

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

(Thousands of yen)

| | Other retained earnings | | | |
|---|-----------------------------------|-----------------|-----------------------------------|-------------------------------|
| | Reserve for dividend equalization | General reserve | Retained earnings brought forward | Total other retained earnings |
| Balance as of March 31, 2008 | 1,000,000 | 8,700,000 | 3,082,937 | 12,782,937 |
| Changes in the current period | | | | |
| Dividend of surplus | | | (644,015) | (644,015) |
| Net income | | | 1,453,949 | 1,453,949 |
| Acquisition of treasury stock | | | | |
| Changes in items other than shareholders' equity, net | | | | |
| Total changes in the current period | - | - | 809,934 | 809,934 |
| Balance as of March 31, 2009 | 1,000,000 | 8,700,000 | 3,892,872 | 13,592,872 |

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 identified cost method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).
 - Raw materials:
Carried at cost determined by the periodic average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins)
 - Supplies
Carried by the last purchase price method
(Changes in accounting policies)
In prior years, inventories for regular sales purposes were carried at cost determined by the identified cost method and periodic average method. With the adoption of “Accounting Standards for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) from the fiscal year under review, inventories are carried at cost determined by the identified cost method and periodic average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).
The effect from this change to the consolidated business results is not material.

(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: | 12 years |
- 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. Allowance for investment loss
To provide for possible losses on investments in affiliates, an allowance is maintained based on the financial condition of portfolio companies and other factors.
(Additional information)
To provide for possible losses on investments in affiliates, starting with the fiscal year under review, an allowance is maintained based on the financial condition of affiliates and other factors. A provision of ¥16,145 thousand for this allowance is included in “Extraordinary losses.”
- c. 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.

- d. 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.
- e. Warranty reserve:
To provide for expenses incurred for free repairs related to product sales, an amount is accounted based on historical experience.
- f. 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.

(Changes in accounting policies)

In prior years, the Company accounted for finance leases where there is no transfer of ownership as ordinary lease transactions for accounting purposes. The Company has adopted "Accounting Standards for Lease Transactions" (ASBJ Statement No. 13: originally issued on June 17, 1993 by Section 1 of the Business Accounting Deliberation Counsel, and revised on March 30, 2007 by Accounting Standards Board of Japan), and "Guidance on Accounting Standards for Lease Transactions" (ASBJ Guidance No. 16: originally issued on January 18, 1994 by Accounting Standards Committee of the Japanese Institute of Certified Public Accountants, and revised on March 30, 2007 by Accounting Standards Board of Japan) in the fiscal year under review, using an accounting method for leases that is based on the method used for ordinary purchases and sales.

For finance lease transactions where there is no transfer of ownership beginning prior to the fiscal year when these standards are first applied, the Company continues to use an accounting method that is based on the method used for ordinary lease transactions.

This change did not have a significant effect on consolidated business results.

(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: | ¥2,269,671 thousand |
| (2) Monetary credit and debts to affiliates | |
| a. Short-term monetary credit: | ¥764,943 thousand |
| b. Long-term monetary credit: | ¥20,041 thousand |
| c. Short-term monetary debts: | ¥21,220 thousand |

3. Notes to Statements of Income

Transactions with subsidiaries and affiliates

| | |
|--|---------------------|
| a. Net sales: | ¥1,802,472 thousand |
| b. Purchases: | ¥- thousand |
| c. Selling, general and administrative expenses: | ¥221,952 thousand |
| d. Non-operating transactions: | ¥10,237 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 | 15,775 | 311,445 | - | 327,220 |

Note: The increase in the number of shares of treasury stock is due to a stock split (1,577 shares), a share buyback pursuant to Article 165, Paragraph 2 of the Company Law (304,400 shares), and the purchase of shares of less than one unit (5,468 shares).

5. Notes on tax-effect accounting

Breakdown by cause of deferred tax assets and liabilities

| | (Thousands of yen) |
|---|--------------------|
| Deferred tax assets | |
| Inventories | 44,469 |
| Buildings | 27,967 |
| Software | 168,727 |
| Accrued employees' bonuses | 98,400 |
| Accrued enterprise taxes | 21,351 |
| Warranty reserve | 43,480 |
| Liability for retirement benefits to directors and corporate auditors | 35,074 |
| Net unrealized gain on available-for-sale securities | 3,666 |
| Other | 40,092 |
| Total deferred tax assets | <u>483,229</u> |
| Deferred tax liabilities | |
| Prepaid pension costs | 48,490 |
| Total deferred tax liabilities | <u>48,490</u> |
| Net deferred tax assets | <u>434,739</u> |

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

| | (Thousands of yen) |
|----------------|--------------------|
| Current assets | 250,895 |
| Fixed assets | 183,843 |

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 | 21,335 | 13,230 | 8,104 |
| Total | 21,335 | 13,230 | 8,104 |

(2) Future leasing expense equivalents on the closing date

| | |
|--|--------------------|
| Year-end balance equivalents of future leasing expense | (Thousands of yen) |
| Within 1 year | 4,139 |
| Over 1 year | 3,965 |
| Total | <u>8,104</u> |

(3) Operating leases

| | |
|--|--------------------|
| Year-end balance equivalents of future leasing expense | (Thousands of yen) |
| Within 1 year | 29,207 |
| Over 1 year | 38,744 |
| Total | <u>67,951</u> |

7. Transactions with related parties

Subsidiaries, etc.

| Type | Name | % of voting rights held | Relationship | | Type of transactions | Transaction amount (¥thousands) | Account | Year-end balance (¥thousands) |
|------------|------------------------|-----------------------------------|----------------------------|--|----------------------|---------------------------------|---------------------------|-------------------------------|
| | | | Concurrent directors, etc. | Business relationship | | | | |
| Subsidiary | Yushin America, Inc. | 100% Directly held by the Company | Concurrent directors: 2 | Sale of Company products and manufacture and sale of labor saving machines | Sale of products | 1,027,205 | Accounts receivable-trade | 263,760 |
| | Yushin Korea Co., Ltd. | 100% Directly held by the Company | Concurrent directors: 2 | Sale of Company products and manufacture and sale of labor saving machines | Sale of products | 284,628 | Accounts receivable-trade | 243,925 |

Transaction terms or method of determining transaction terms

(Note) For sale of products, prices are determined by negotiations considering local market prices.

8. Per share information

| | |
|-------------------------|-----------|
| - Net assets per share: | ¥1,003.15 |
| - Net income per share: | ¥81.91 |

Note: Amounts less than one thousand yen are truncated.

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

Independent Auditors' Report

May 22, 2009

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

Deloitte Touche Tohmatsu

Yoshiki Yamada, CPA [SEAL]
Designated and Engagement Partner

Hiroyuki Kobayashi, 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, 2008 to March 31, 2009 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 22, 2009

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

Deloitte Touche Tohmatsu

Yoshiki Yamada, CPA [SEAL]
Designated and Engagement Partner

Hiroyuki Kobayashi, 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, 2008 to March 31, 2009 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, 2008 to March 31, 2009, 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 131 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 29, 2009

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

| | |
|----------------------------|------------------------|
| Standing Corporate Auditor | Yuji Tsujimoto [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, 2008 to March 31, 2009, 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 131 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 29, 2009

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

| | |
|----------------------------|------------------------|
| Standing Corporate Auditor | Yuji Tsujimoto [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: Partial Amendments to the Articles of Incorporation

1. Reasons for amendments

All shares of publicly owned companies in Japan were converted to book-entry form (so-called “electronic stock certificates”) on January 5, 2009 due to enactment of the Law for Partial Amendments to the Law Concerning Book-entry Transfer of Bonds and Other Securities to Streamline the Settlement of Transactions of Stocks and Other Securities (Law No. 88 of 2004) on June 9, 2004, hereafter called the “Settlement Streamlining Law.”

Consequently, the Company proposes to make the following amendments to the Articles of Incorporation to eliminate or revise provisions concerning share certificates, beneficial shareholders and the beneficial shareholders register, all of which are no longer needed. In addition, supplementary provisions are to be established because the Settlement Streamlining Law requires the retention of a lost share certificate register for one year starting on the day after enactment of this law. (Article 1 and Article 2 of the Supplementary Provisions under Proposed amendment)

Upon enactment of the Settlement Streamlining Law on January 5, 2009, pursuant to Article 6, Paragraph 1 of the supplementary rules of this law, the current Article 8 (Issuance of share certificates) of the Articles of Incorporation was deemed to have been legally deleted by a resolution approved by shareholders.

2. Content of amendments

Proposed changes are as follows:

(Amended sections are underlined)

| Current articles | Proposed amendment |
|---|--|
| <p>Chapter 2. Stock (Issuance of share certificates) <u>Article 8. The Company shall issue certificates for its shares.</u> <u>2. Irrespective of the provisions of Article 8, the Company shall not issue share certificates for a number of shares less than one unit.</u></p> <p>(Rights for holdings of shares of less than one unit) Article <u>9</u>. Company shareholders (<u>including beneficial shareholders, same hereafter</u>) cannot exercise rights concerning a holding of shares of less than one unit other than the rights listed below.</p> <p>a. Rights prescribed in Article 189, Paragraph 2 of the Company Law</p> <p>b. For stock with the right to demand acquisition of stock, the right to demand acquisition of stock</p> <p>c. Right to receive allocations for subscriptions of stock subscriptions and stock acquisition rights</p> <p>(Stock transfer agent) Article <u>10</u>. The Company will have a stock transfer agent. 2. The stock transfer agent and place of business will be determined by a resolution of the Board of Directors and a public announcement will be made.</p> | <p>Chapter 2. Stock (Deleted)</p> <p>(Rights for holdings of shares of less than one unit) Article <u>8</u>. Company shareholders cannot exercise rights concerning a holding of shares of less than one unit other than the rights listed below.</p> <p>d. Rights prescribed in Article 189, Paragraph 2 of the Company Law</p> <p>e. For stock with the right to demand acquisition of stock, the right to demand acquisition of stock</p> <p>f. Right to receive allocations for subscriptions of stock subscriptions and stock acquisition rights</p> <p>(Stock transfer agent) Article <u>9</u>. The Company will have a stock transfer agent. 2. The stock transfer agent and place of business will be determined by a resolution of the Board of Directors and a public announcement will be made.</p> |

| Current articles | Proposed amendment |
|--|---|
| <p>3. The stock transfer agent will keep the register of shareholders (<u>including register of beneficial shareholders, same hereafter</u>), <u>register of lost share certificates</u>, and register of stock acquisition rights at its place of business and will record entries in the registers of shareholders, <u>lost share certificates</u> and stock acquisition rights, and perform administrative tasks involving the purchase of shares of less than one unit and other tasks involving stock and stock acquisition rights and the Company will not perform these tasks.</p> <p>(Share handling regulations)</p> <p>Article <u>11</u>. The handling and related fees for entries and registrations in the <u>register for categories of share certificates</u> and shareholders, <u>the register of lost share certificates</u>, the register for stock acquisition rights, and purchase of shares of less than one unit, as well as for other registrations concerning stock and stock acquisition rights shall be determined by laws and regulations, the Articles of Incorporation, and the Stock Handling Rules established by the Board of Directors.</p> <p>Article <u>12</u>. – Article <u>41</u>. (Omitted)</p> <p>(New addition)</p> | <p>3. The stock transfer agent will keep the register of shareholders and register of stock acquisition rights at its place of business and will record entries in the registers of shareholders and stock acquisition rights, and perform administrative tasks involving the purchase of shares of less than one unit and other tasks involving stock and stock acquisition rights and the Company will not perform these tasks.</p> <p>(Share handling regulations)</p> <p>Article <u>10</u>. The handling and related fees for entries and registrations in the register for shareholders, the register for stock acquisition rights, and purchase of shares of less than one unit, as well as for other registrations concerning stock and stock acquisition rights <u>and procedures, etc. for the exercise of shareholders' rights</u> shall be determined by laws and regulations, the Articles of Incorporation, and the Stock Handling Rules established by the Board of Directors.</p> <p>Article <u>11</u>. – Article <u>40</u>. (Unchanged)</p> <p>Supplementary Provisions</p> <p><u>Article 1 The stock transfer agent will prepare and keep the register of lost share certificates and perform other administrative tasks concerning the register of lost share certificates and the Company will not perform these tasks.</u></p> <p><u>Article 2 Article 1 and this Article will be effective up to and including January 5, 2010 and will be deleted on January 6, 2010.</u></p> |

Proposal 2: Election of Four (4) Directors

The terms of office of all the currently serving four (4) Directors will expire at the conclusion of this Meeting. This year, the Company is asking shareholders to elect four (4) 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 October 1982 Director February 1989 Executive Vice President and Director March 1993 Executive Vice President and Director, Head of Sales H.Q. December 2002 President and Representative Director April 2006 President and Head of Sales and Customer Service H.Q. To the present</p> <p>Representation of other companies President and Representative Director, Yushin Industry Co., Ltd. President and Representative Director, Kotani & Co.</p> | 2,299,901 shares |
| 2 | Satoshi Kimura (April 1, 1954) | <p>April 2005 Joined the Company as Executive Officer and General Manager of Purchase Dept. October 2005 Executive Officer and Head of Purchase Dept. April 2006 Senior Executive Officer and Head of Purchase H.Q. June 2006 Executive Director and Head of Purchase H.Q. June 2008 Managing Director and Head of Purchase H.Q. To the present</p> | 1,100 shares |
| 3 | Yasuharu Odachi (July 31, 1958) | <p>December 2004 Joined the Company February 2005 General Manager of Production Technology Dept. March 2005 General Manager of Research & Development Dept. October 2005 Head of Research & Development Dept. and Quality Assurance Dept. April 2006 Executive Officer and Head of Research & Development H.Q. and Quality Assurance Dept. April 2008 Executive Officer and Head of Research & Development H.Q. June 2008 Director and Head of Research & Development H.Q. To the present</p> | 2,100 shares |
| 4 | Yuji Tsujimoto (March 25, 1952) | <p>April 2008 Joined the Company June 2008 Standing Corporate Auditor To the present</p> | 1,000 shares |

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

Proposal 3: Election of Two (2) Corporate Auditors

Corporate auditor Yuji Tsujimoto will resign at the close of this General Meeting of Shareholders and the term of corporate auditor Takao Yoshikawa will expire at the close of this meeting. Accordingly, the Company is asking shareholders to elect two (2) corporate auditors.

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 | Shujiro Sawada (November 27, 1946) | December 1977 Joined the Company March 1988 Executive Director June 1991 Executive Director and Head of Production H.Q. July 1999 Managing Director and Head of Production H.Q. April 2003 Managing Director and Head of Sales and Customer Service H.Q. April 2006 Managing Director and Head of Production H.Q. January 2008 Managing Director To the present | 30,250 shares |
| 2 | Takao Yoshikawa (July 31, 1941) | September 1985 Professor of School of Engineering Science at Osaka university March 2005 Professor emeritus at Osaka university June 2005 Corporate Auditor To the present | - shares |

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

2. Takao Yoshikawa is a candidate for outside corporate auditor. Mr. Yoshikawa is currently an outside corporate auditor of the Company and will have served in this role for four years at the close of this General Meeting of Shareholders. Since Mr. Yoshikawa incorporates specialized knowledge from his academic and professional background in audits at the Company, the Company is asking shareholders to re-elect Mr. Yoshikawa as an outside corporate auditor.