

# Summary of Consolidated Annual Financial Results

## (April 1, 2006 – March 31, 2007)

Yushin Precision Equipment Co., Ltd. ( 6482 )

Listing Exchanges: Tokyo, Osaka Stock Exchanges, First section

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Annual General Shareholders' Meeting (Scheduled): June 28, 2007

Start of Distribution of Dividends (Scheduled): June 14, 2007

Filing of Securities Report (Yuka shoken houkokusho) (Scheduled): June 29, 2007

Note: This document has been translated from the Japanese original as a guide to non-Japanese investors and contains forward-looking statements that are based on managements' estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. Amounts shown in this financial statement have been rounded down to the nearest million yen or thousand of yen.

### 1. Consolidated Business Results for the year ended March 31, 2007 (April 1, 2006– March 31, 2007)

#### (1) Consolidated Results of Operations.

(Changes in Net sales, Operating income, Ordinary income and Net income from previous fiscal year are shown in percentage on a year-on-year basis.)

	Net sales		Operating income		Ordinary income	
	¥ millions	%	¥ millions	%	¥ millions	%
FY 3/2007	19,548	11.0	2,893	23.9	2,986	23.2
FY 3/2006	17,612	10.8	2,336	17.8	2,424	20.4

	Net income		Net income per share	Net income per share diluted	Net income on shareholders' equity	Ordinary income on gross capital	Operating income on net sales
	¥ millions	%	Yen	Yen	%	%	%
FY 3/2006	1,713	17.6	105.86	–	10.8	13.4	14.8
FY 3/2005	1,456	31.5	88.38	–	10.1	12.0	13.3

Notes: 1) Profit (or loss) arising from equity method: FY 3/2007: 1 million yen, FY 3/2006: 7million yen

#### (2) Consolidated Financial Position.

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	¥ millions	¥ millions	%	Yen
FY 3/2007	22,863	16,557	72.3	1,020.88
FY 3/2006	21,778	15,206	69.8	937.90

### (3) Consolidated Cash Flow Conditions

(¥ millions)

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalents at end of year
FY 3/2007	1,351	670	392	7,559
FY 3/2006	1,894	67	369	7,244

#### 2.Dividends

	Dividends per share			Dividends paid (annual)	Payout ratio	Dividends on equity
	Interim	Year end	Total			
	Yen	Yen	Yen	¥ millions	%	%
FY 3/2006	8.00	12.00	20.00	323	22.6	2.2
FY 3/2007	12.00	12.00	24.00	388	22.7	2.5
FY 3/2008 (projected)	15.00	20.00	35.00		28.8	

Including ¥5 special dividend for 35 anniversary.

### 3 Forecast for the year ending March 31, 2008.

(¥ millions)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	yen
Semi-Annual	11,560	4.6	1,750	4.7	1,797	5.6	1,074	6.9	66.36
Annual	21,000	7.4	3,190	10.2	3,268	9.4	1,968	14.9	121.59

#### 4. Other

(1) Changes in Scope of Consolidation and Application of Equity Method: None

(2) Changes in Accounting

(a) Due to adoption of new accounting standard: Yes see "New Accounting Standards"

(b) Other than above: None

(3) Number of common shares outstanding

Number of shares outstanding including treasury stock: 16,199,121 shares as of March 31, 2007 and 2006.

Number of treasury stock: 14,533 shares and 13,209 shares as of March 31, 2007 and 2006, respectively.

(Reference)

## 1. Non-consolidated Business Results for the year ended March 31, 2007(April 1, 2006– March 31, 2007)

### (1) Operating Results

Changes in Net sales, Operating income, Ordinary income and Net income from previous fiscal year are shown in percentage on a year-on-year basis.

	Net sales		Operating income		Ordinary income	
	¥ millions	%	¥ millions	%	¥ millions	%
FY 3/2007	17,678	9.2	2,534	27.0	2,664	29.0
FY 3/2006	16,190	9.6	1,995	13.7	2,065	13.9

	Net income		Net income per share	Net income per share/diluted
	¥ millions	%	Yen	Yen
FY 3/2007	1,549	24.5	95.75	-
FY 3/2006	1,244	20.9	75.29	-

### (2) Financial Conditions

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	¥ millions	¥ millions	%	Yen
FY 3/2007	21,818	15,757	72.2	973.58
FY 3/2006	20,984	14,669	69.9	904.69

## 2. Forecasted Non-consolidated Financial Results for the Fiscal Year Ending March 31, 2006 (April 1, 2006 – March 31, 2007)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	Yen
Semi-Annual	10,560	7.1	1,540	7.3	1,590	6.8	940	4.4	58.08
Annual	19,000	7.5	2,770	9.3	2,900	8.8	1,737	12.1	107.32

# 1. Results of Operations and Financial Condition

## (1) Analysis of Result of Operations

Overview of fiscal 2006 (Ended March 31, 2007)

During fiscal 2006, the Japanese economy continued to expand despite price rises for raw materials, with the continued improvement in corporate earnings and growth in capital investment.

In overseas, the Chinese economy maintains high growth and the U.S. and European economy were firm during the fiscal year.

As for industries related to Yushin, production volume of Japanese injection molding machines rose double digit figures year on year due to the world wide demand of capital investment in the first half of the fiscal year. On the other hand, in the latter half of the year those fell to year on year decline.

Under these circumstances, Yushin developed many new models of its core product line and enhanced its product lineups. Yushin also built No.6 Factory at the Head Office site to increase production capacity for the traverse take-out robots.

Net sales increased 11.0% to ¥19,548 million due to favorable demand for the core traverse take-out robots and downstream equipment for discs.

On the earnings front, ordinary income rose 23.2% to ¥2,986 million, thanks to contribution from large quantity production in the first half of the year and contribution of new model in the latter half of the year. Ordinary income on net sales ratio was improved by 1.5 point to 15.3% to achieve our target 15.0%.

Net income increased 17.6% to ¥1,713 million.

### Net sales by product

Net sales of take-out robot has increased by ¥329 million to ¥10,811 million, due to a favourable performance of the core traverse take-out robots in the automotive and mobile phone industry. Especially the Asian market was good.

Net sales of stock systems have decreased by ¥60 million to ¥594 million.

Net sales of custom-ordered equipment increased 29.4% to ¥3,265 million due to favourable sales of downstream equipment for optical disc.

As regards peripherals and parts and maintenance service, both were favourable, peripherals increased 27.0% to ¥3,667 million, parts and maintenance service increased 13.6% to ¥1,209 million.

### Performance of geographic segments

In Japan, net sales rose 9.2% year on year to ¥17,678 million and operating income increased 27.0% to ¥2,534 million, due to strong non-consolidated performance by the core traverse take-out robots and custom-order equipments.

In North America, net sales at our U.S. subsidiary rose 8.6% to ¥2,627 million and operating income increased 18.7% to ¥160million.

In Asia, net sales rose 10.4% year on year to ¥1,592 million, and operating income was ¥195 million, about the same as previous year, due to steadily expanding operations at the subsidiaries.

In Europe, net sales down 17.8% year on year to ¥256 million, however operating income increased 6.6% to ¥13 million, due to an improvement of operations at the UK subsidiary.

#### (4) Outlook for Fiscal Year 2007 (year ending March 31, 2008)

Regarding the economic environment around Yushin, the level of capital investment is expected to remain high because of high growth of China, India and East Europe. However, there are concerns about the effects of rising prices of raw materials and uncertainty of foreign exchange rates.

Under these circumstances, Yushin will set up new subsidiary in India in the early stage and reinforce Slovakia subsidiary to strengthen sales force, at the same time, Yushin will continue to improve productivity using new factory effectively.

Yushin forecast its business performance, based on the current information available, as follows.

(¥ millions)

	Net sales	Operating income	Ordinary income	Net income
Consolidated	21,000	3,190	3,268	1,968

## (2) Financial Position

Total assets increased ¥1,085 million compared with the end of the previous fiscal year to ¥22,863 million. Cash and time deposits increased ¥314 million, trade receivables decreased ¥284 million because net sales of the latter half of the year was decreased, and inventories increased ¥610 million, particularly increasing of work-in-process accompanying with increasing backlog of orders. As the result, current assets increased ¥715 million. In Tangible fixed assets, buildings and structures rose ¥376 million, mainly due to the construction of new No.6 factory at the headquarters site.

Current liabilities fell ¥160 million compared with the end of the previous fiscal year, mainly due to decreases in trade payables, account payable other and warranty for finished product, though income taxes payable rose. Long-term liabilities decreased ¥86 million compared with the end of the previous fiscal year due to the decrease in deferred tax liabilities. As a result, total liabilities fell ¥247 million compared with the end of the previous fiscal year.

Net assets increased ¥1,332 million compared with the end of the previous fiscal year to ¥16,557 million. This was mainly due to an increase in retained earnings caused by the appropriation of earnings in the previous fiscal year and earnings posted in the fiscal year under review.

### Cash flows

Cash and cash equivalents at end of year increased ¥314 million from the end of the previous fiscal year to ¥7,559 million, for the following reasons.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥1,351 million (¥1,894 million in the previous year).

This was due mainly to income before income taxes and minority interests of ¥3,002 million (increased ¥615 million from previous year). Major uses of cash were increases in inventories of ¥588 million and income taxes paid of ¥1,167 million (increased ¥546 million from previous year).

#### Cash flows from investment activities

Net cash used in investment activities amounted to ¥670 million (¥67 million in the previous year). This was due to acquisition of tangible fixed assets of ¥509 million, and acquisition of intangible fixed assets (software) of ¥125 million, mainly to install a new computer system.

#### Cash flows from financing activities

Net cash used in financing activities amounted to ¥392 million, an increase of ¥23 million compared with net cash used of ¥369 million in the previous year. This was mainly due to dividends paid of ¥388 million, an increase of ¥64 million from the previous fiscal year.

#### Trend of cash flow indexes

	FY 3/2003	FY 3/2004	FY 3/2005	FY 3/2006	FY 3/2007
Equity ratio	70.2%	70.3%	74.5%	69.8%	72.3%
Equity ratio based on market price	133.7%	224.1%	159.9%	173.2%	142.3%
Amortization term	-	0.1 year	0.0 year	-	-
Interest coverage ratio	25,180.1	1,472,415.8	115,644.4	64,713.6	142,908.9

1. Equity ratio : Shareholders' equity / Total assets

Equity ratio based on market price: Total amount of shares at market price / Total assets

Amortization term: Interest-bearing debt / Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities / Interest payment

2. Each index of the above calculates by the number of consolidated financial results.

3. Total amount of shares at market price is multiplied the ending market price of shares by the ending number of shares outstanding.

4. Cash flow from operating activities is based on the statement of cash flow.

5. Interest-bearing liabilities is all the liabilities with interest on consolidated balance sheet.

## (2) Basic Policy on Allocation of Profits

Yushin regards the allocation of profits to shareholders as one of the most important management tasks. To this end, Yushin make efforts to maintain stable operating results and improve return on equity. Yushin's basic policy is to actively distribute profits to shareholders by way of dividends and /or stock splits, after taking into consideration each fiscal year's results.

Specifically, Yushin has targeted a dividend payout ratio of around 30% for the next several years.

For the year under review, Yushin plans to pay a full-year dividend of ¥24 per share, comprising an interim dividend of ¥12 per share and a year-end dividend of ¥12 per share. As a result, the consolidated dividend payout ratio will be 22.7%.

For the next year, Yushin plan to pay a full-year dividend of ¥35 per share, comprising an interim dividend of ¥15 per share and a year-end dividend of ¥15per share as a normal dividend and as a special dividend ¥5 for 35 anniversary of Yushin.

## **2 Outline of the Yushin Group**

Disclosure is omitted because there is no significant change from the “Business Organization Chart” and “Subsidiaries and Affiliates” in the most recent Securities Report (Yuka shoken houkokusho), issued on June 30, 2006.

## **3. Management Policies**

### **(1) Fundamental Management Policy**

Yushin’s fundamental policy is to contribute widely to society through the creation of innovative technology that enables customers to rationalize their production activities. The technology centers on robots that take out and handle plastic injection-molded products in the plastics molding industry. Yushin conducts its business so as to live up to the trust and expectations of its customers, shareholders, business partners and all other stakeholders.

### **(2) Managerial Indicators for Targets**

In line with the management strategies, Yushin has set targets for four years later, the year ending March 31, 2011, of net sales of ¥30 billion and ordinary income of ¥5 billion, and as an earnings index, ordinary income on net sales of 15% or more.

### **(3) Medium and Long-Term Management Strategies**

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

This will be achieved by the following product strategies:

1) Meet wide-ranging customer needs for take-out robots by providing a full line of products from entry to high-end machines in all sizes and by strengthening the lineup of dedicated machines to support the optimum production of molded goods for mass consumption.

As part of this strategy, place priority on raising our profile in the very broad-based automobile industry by aiming to become the world’s number-one supplier of take-out robots used in automotive manufacturing.

2) Develop businesses in new domains that have technological synergies.

Market strategies are as follows:

1) Yushin has developed a sales and service network for take-out robots in Japan, the U.S, Asia, and Europe. Expand and strengthen the network in areas where business is expected to grow, including Eastern Europe, Russia, India and Brazil, to develop a global business that can adequately respond to worldwide customer purchases.

2) Start businesses in new domains with existing business partners and others such that sales-related synergies are generated.

#### **(4) Issues to be Addressed**

In existing business area, Yushin must reinforce its products including price competitiveness and strengthen its power of global marketing.

In the new business area, in order to further continue to develop its businesses, Yushin must cultivate new business areas and new products that can manifest technological and/or sales synergies, aiming to establish multiple core businesses.

#### 4-(1) Consolidated Balance Sheets

(¥ thousands)

Account	Term	Previous year (as of March 31, 2006)		Current year (as of March 31, 2007)		Increase ( : decrease)
		Amount	%	Amount	%	Amount
<b>(ASSETS)</b>						
<b>I</b>	<b>Current assets</b>	<b>17,226,156</b>	<b>79.1</b>	<b>17,941,948</b>	<b>78.5</b>	<b>715,792</b>
	Cash and time deposits	7,244,287		7,559,035		314,747
	Trade Notes and accounts receivable	6,472,303		6,188,131		284,172
	Inventories	3,117,230		3,727,409		610,179
	Deferred tax assets	327,188		327,742		553
	Others	100,418		155,912		55,494
	Allowance for doubtful receivables	35,272		16,283		18,989
<b>II</b>	<b>Fixed assets</b>	<b>4,551,982</b>	<b>20.9</b>	<b>4,921,379</b>	<b>21.5</b>	<b>369,397</b>
	<b>Tangible fixed assets</b>	<b>3,272,131</b>	<b>15.0</b>	<b>3,670,167</b>	<b>16.0</b>	<b>398,035</b>
	Buildings and structures	968,815		1,345,278		376,463
	Machinery and automobiles	77,918		92,255		14,337
	Land	2,013,997		2,014,424		426
	Others	211,400		218,208		6,808
	<b>Intangible fixed assets</b>	<b>311,798</b>	<b>1.4</b>	<b>271,335</b>	<b>1.2</b>	<b>40,462</b>
	<b>Investments and other assets</b>	<b>968,052</b>	<b>4.5</b>	<b>979,876</b>	<b>4.3</b>	<b>11,824</b>
	Investment in securities	635,040		562,700		72,339
	Others	341,569		418,271		76,701
	Allowance for bad debt	8,557		1,095		7,462
<b>Total</b>		<b>21,778,138</b>	<b>100.0</b>	<b>22,863,327</b>	<b>100.0</b>	<b>1,085,189</b>

(¥ thousands)

Account \ Term	Previous year (as of March 31, 2006)		Current year (as of March 31, 2007)		Increase ( : decrease)
	Amount	%	Amount	%	Amount
(LIABILITIES)					
<b>I Current liabilities</b>	<b>6,219,509</b>	<b>28.6</b>	<b>6,058,938</b>	<b>26.5</b>	<b>160,570</b>
Trade notes and accounts Payable	4,337,338		4,176,912		160,425
Accounts payable-other	488,644		357,841		130,802
Income taxes payable	625,990		799,777		173,787
Accrued employees' bonuses	161,000		191,000		30,000
Accrued bonuses to directors and corporate auditor	-		35,000		35,000
Warranty for finished product	176,000		128,000		48,000
Others	430,535		370,405		60,129
<b>II Long-term liabilities</b>	<b>333,226</b>	<b>1.5</b>	<b>246,720</b>	<b>1.1</b>	<b>86,505</b>
Deferred tax liabilities	211,226		129,132		82,093
Liabilities for retirement benefits of a director and corporate auditor	108,478		100,132		8,345
Others	13,521		17,455		3,934
<b>Total liabilities</b>	<b>6,552,735</b>	<b>30.1</b>	<b>6,305,658</b>	<b>27.6</b>	<b>247,076</b>
(Net Assets)					
<b>Shareholders' equity</b>	<b>14,828,181</b>	<b>68.1</b>	<b>16,125,179</b>	<b>70.5</b>	<b>1,295,998</b>
Common stock	1,985,666		1,985,666		-
Additional paid-in capital	2,023,903		2,023,903		-
Retained earnings	10,846,971		12,145,992		1,299,021
Treasury stock-at cost	28,359		31,383		3,023
<b>Valuation and Translation adjustment</b>	<b>378,539</b>	<b>1.7</b>	<b>398,292</b>	<b>1.8</b>	<b>19,753</b>
Net unrealized gain or loss on available for sale securities	276,663		232,208		44,455
Foreign currency translation adjustments	101,875		166,083		64,208
<b>Minority interests</b>	<b>18,682</b>	<b>0.1</b>	<b>35,197</b>	<b>0.1</b>	<b>16,514</b>
<b>Total Net Assets</b>	<b>15,225,403</b>	<b>69.9</b>	<b>16,557,668</b>	<b>72.4</b>	<b>1,332,265</b>
<b>Total</b>	<b>21,778,138</b>	<b>100.0</b>	<b>22,863,327</b>	<b>100.0</b>	<b>1,085,189</b>

## 4-(2) Consolidated statements of Income

(¥ thousands)

Account	Term	Previous year (April 1, 2005 to March 31, 2006)		Current year (April 1, 2006 to March 31, 2007)		Increase ( : decrease)
		Amount	%	Amount	%	Amount
<b>Net sales</b>		<b>17,612,915</b>	<b>100.0</b>	<b>19,548,096</b>	<b>100.0</b>	<b>1,935,181</b>
<b>Cost of sales</b>		<b>11,116,941</b>	<b>63.1</b>	<b>12,407,245</b>	<b>63.5</b>	<b>1,290,303</b>
<b>Gross profit</b>		<b>6,495,973</b>	<b>36.9</b>	<b>7,140,851</b>	<b>36.5</b>	<b>644,877</b>
<b>Selling, general and administrative expenses</b>		<b>4,159,903</b>	<b>23.6</b>	<b>4,247,301</b>	<b>21.7</b>	<b>87,398</b>
<b>Operating income</b>		<b>2,336,070</b>	<b>13.3</b>	<b>2,893,549</b>	<b>14.8</b>	<b>557,479</b>
<b>Non-operating income</b>		<b>110,092</b>	<b>0.6</b>	<b>100,376</b>	<b>0.5</b>	<b>9,715</b>
Interest and dividend		8,016		33,038		25,021
Foreign exchange gain		54,114		28,965		25,149
Equity in gain on affiliate		7,024		-		7,024
Others		40,935		38,372		2,563
<b>Non-operating expenses</b>		<b>21,436</b>	<b>0.1</b>	<b>7,450</b>	<b>0.0</b>	<b>13,985</b>
Interest expense		3,084		887		2,197
Provision for bad debt		14,671		-		14,671
Equity in loss on affiliate		-		1,539		1,539
Others		3,680		5,023		1,343
<b>Ordinary income</b>		<b>2,424,725</b>	<b>13.8</b>	<b>2,986,474</b>	<b>15.3</b>	<b>561,749</b>
<b>Special credits</b>		<b>1,672</b>	<b>0.0</b>	<b>43,173</b>	<b>0.2</b>	<b>41,501</b>
Proceeds from sales of tangible fixed assets		1,672		283		1,388
Reversal of allowance for bad debt		-		2,510		2,510
Gain from shifting to defined contribution pension plan		-		40,379		40,379
<b>Special charges</b>		<b>39,982</b>	<b>0.3</b>	<b>27,494</b>	<b>0.1</b>	<b>12,488</b>
Loss on sales of tangible fixed assets		1,170		156		1,013
Loss on disposals of tangible fixed assets		4,515		22,339		17,823
Impairment loss		34,296		-		34,296
Other		-		4,998		4,998
<b>Income before income taxes and minority interests</b>		<b>2,386,415</b>	<b>13.5</b>	<b>3,002,154</b>	<b>15.4</b>	<b>615,738</b>
<b>Income taxes</b>						
Current		1,015,234	5.7	1,328,958	6.8	313,723
Deferred		94,192	0.5	53,209	0.3	40,982
<b>Minority interests in net income</b>		<b>8,727</b>	<b>0.0</b>	<b>13,006</b>	<b>0.1</b>	<b>4,278</b>
<b>Net income</b>		<b>1,456,645</b>	<b>8.3</b>	<b>1,713,398</b>	<b>8.8</b>	<b>256,753</b>

#### 4-(3) Consolidated Statements of Capital Surplus and Retained Earnings

(¥ thousands)

Account	Term	Previous year (April 1, 2005 to March 31, 2006)
		Amount
<b>Capital surplus, beginning of year</b>		<b>2,023,903</b>
<b>Capital surplus, end of year</b>		<b>2,023,903</b>
<b>Retained earnings at beginning of year</b>		<b>9,738,130</b>
<b>Increase</b>		
Net income		1,456,645
<b>Decrease</b>		
Cash dividends paid		323,764
Bonus to directors and corporate auditors		24,040
<b>Retained earnings at end of year</b>		<b>10,846,971</b>

#### 4-(4) Consolidated Statements of Changes in Net Assets

(¥ thousands)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	1,985,666	2,023,903	10,846,971	28,359	14,828,181
Changes in the current period					
Dividend on surplus			388,451		388,451
Bonus to Directors and Corporate Auditor			25,925		25,925
Net Income			1,713,398		1,713,398
Acquisition of treasury stock				3,023	3,023
Changes in items other than shareholders' equity					
Total change in the current period			1,299,021	3,023	1,295,998
Balance as of March 31, 2007	1,985,666	2,023,903	12,145,992	31,383	16,124,179

	Valuation and Translation adjustments			Minority equity	Total net assets
	Unrealized gain on other securities	Translation adjustments	Total		
Balance as of March 31, 2006	276,663	101,875	378,539	18,682	15,225,403
Changes in the current period					
Dividend on surplus					388,451
Bonus to Directors and Corporate Auditor					25,925
Net Income					1,713,398
Acquisition of treasury stock					3,023
Changes in items other than shareholders' equity	44,455	64,208	19,753	16,514	36,267
Total change in the current period	44,455	64,208	19,753	16,514	1,332,265
Balance as of March 31, 2007	232,208	166,083	398,292	35,197	16,557,668

## 4-(5) Consolidated Cash Flow Statements

(¥ thousands)

	Previous year (April 1, 2005 to March 31, 2006)	Current year (April 1, 2006 to March 31, 2007)
Term		
Account	Amount	Amount
<b>I Cash flows from operating activities</b>		
Income before income taxes and minority interests	2,386,415	3,002,154
Depreciation and amortization	210,688	260,628
Amortization of consolidated adjusting account	8,043	8,043
Increase (△ decrease) in allowance for bad debt	25,532	26,630
Increase in provision for employees' bonuses	1,000	30,000
Increase in provision for bonuses to directors and corporate auditor	-	35,000
Impairment loss	34,296	-
Interest and dividend income	8,016	33,038
Interest expense	3,084	887
Decrease (△ increase) in trade receivables	883,331	325,269
Decrease in inventories	523,451	588,672
Increase (△ decrease) in trade payables	928,430	193,459
Increase (△ decrease) in other current liabilities	304,421	243,951
Bonus to directors and corporate auditors	24,040	25,925
Others	48,653	63,432
Subtotal	2,509,726	2,486,873
Interest and dividends received	8,298	33,038
Interest paid	2,927	945
Income taxes paid	620,598	1,167,558
<b>Net cash provided by operating activities</b>	<b>1,894,499</b>	<b>1,351,407</b>
<b>II Cash flows from investing activities</b>		
Increase in time deposits	64,920	36,750
Decrease in time deposits	300,000	-
Purchases of tangible fixed assets	219,232	509,977
Proceeds from sales of tangible fixed assets	56,654	1,034
Purchases of intangible fixed assets	143,653	125,198
Purchase of investment securities	1,445	1,478
Proceeds from sales of investment of the subsidiary	3,210	-
Proceeds from collections of long-term loan receivable	1,970	2,142
<b>Net cash used in investing activities</b>	<b>67,416</b>	<b>670,228</b>
<b>III Cash flows from financing activities</b>		
Increase( decrease) in short-term bank loans	39,675	-
Purchase of treasury stock	5,854	3,023
Dividends paid	323,764	388,451
Dividend to minority interest	-	1,408
<b>Net cash used in financing activities</b>	<b>369,293</b>	<b>392,883</b>
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	<b>50,268</b>	<b>26,452</b>
<b>V Increase in cash and cash equivalents</b>	<b>1,508,057</b>	<b>314,747</b>
<b>VI Cash and cash equivalents at beginning of year</b>	<b>5,736,230</b>	<b>7,244,287</b>
<b>VII Cash and cash equivalents at end of year</b>	<b>7,244,287</b>	<b>7,559,035</b>

# **Basis of Presenting Consolidated Financial Statements**

## **1. Consolidation**

The consolidated financial statements as of March 31, 2007 include the accounts of the Company and all (11) subsidiaries.

Investment in 1 affiliate is accounted for by the equity method.

All subsidiaries are consolidated using a fiscal year ending December 31, which differs from that of the Company. Any material effects occurring during subsequent 3 months are adjusted in these consolidated financial statements.

## **2. Summary of Significant Accounting Policies**

### **(1) Valuation of Major Assets**

#### 1) Investment securities

Securities held by the Company other than investments in subsidiaries and affiliate are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. The cost of securities sold is determined based on the moving average method.

Available-for-sale securities which fair value is not readily determinable are stated at cost determined by the moving average method.

#### 2) Derivative financial instruments

The Company uses foreign currency contracts to manage its exposures to fluctuations in foreign exchange rates. The Company does not enter into derivatives for trading or speculative purpose.

All derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the income statement.

#### 3) Inventories

Finished products, work in process: Principally stated at cost on a specific identification method.

Raw materials and supplies: Stated at cost determined by the average method.

### **(2) Depreciation of Fixed Assets**

#### 1) Tangible fixed assets

Principally computed by the declining-balance method at rate based on the estimated useful lives of the assets. The range of useful lives is principally from 10 to 38 years for buildings and structures.

#### 2) Intangible fixed assets

Software for sale is amortized on a straight-line method based on the estimated sales volume during the valid sales period. Software for the Company's own use is amortized on a straight-line method over estimated useful life.

Others: Principally computed by the straight-line method.

### **(3) Standards for Recording Allowances**

#### 1) Allowance for bad debt

To provide for possible bad debt losses, the Company record an allowance based on historical rate for ordinary receivables and estimated amount for specific uncollectible receivables.

2) Accrued employees' bonuses

Accrued employees' bonuses are provided by the Parent Company based on the portion relevant to services rendered during the current fiscal year.

3) Accrued bonuses to directors and corporate auditor

Accrued bonuses to directors and corporate auditor are provided by the Parent Company based on the portion relevant to services rendered during the current fiscal year.

4) Warranty for finished products

In order to provide for the future after-sale expenses for the company's products, a warranty liability is estimated and recorded on the basis of the Company's past experience.

5) Retirement benefits of directors and corporate auditors

Retirement benefits to directors and corporate auditors of the Parent Company are provided at the amount which would be required if all directors and corporate auditors retired at the balance sheet date.

**(4) Employees Retirement Benefits**

The Company accounted for plan assets in excess of the projected benefit obligation as "Others" in "Investments and other assets" based on projected benefit obligations and plan assets at year end.

The actuarial loss or gain recognized every year will be amortized over the average years of service (15 –16 years) from the next fiscal year respectively.

**(5) Foreign currency transactions and Foreign currency financial statements.**

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the statement of income to the extent that they are not hedged by forward exchange contracts.

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for shareholders' equity that is translated at historical rates. Differences arising from such translation are shown as "foreign currency translation adjustments" in a separate component of shareholders' equity. Revenue and expenses accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate for the year.

**(6) Accounting for leases**

Finance leases other than those which are deemed to transfer ownership of the leased assets to lessees are accounted for as ordinary operating leases.

**(7) Accounting for consumption taxes**

Sales and purchases of goods and services are accounted for exclusive of consumption taxes.

**3. Profit Distribution Treatment**

In the consolidated statement of income and retained earnings, the profit distribution of consolidated companies is that which has been confirmed within the fiscal year period.

#### 4. Cash and cash equivalents

In preparing the consolidated statements of cash flow, cash on hand, readily available deposits and short-term highly liquid investments with maturities of not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

#### 5. New accounting standard

##### (1) Accounting for directors' bonus

Starting from this period, "Accounting Standard for Directors' bonus (Accounting Standards Board Statement No.4, 29 November 2005)" is applied. With this change, Operating income, ordinary income and income before income taxes and minority interests have decreased ¥35 million in comparison to the calculation by conventional method.

##### (2) Accounting standard for presentation of net assets in the balance sheets

Starting from this period, "Accounting standard for presentation of net assets in the balance sheets (Corporate Accounting Standards No.5, 9 December 2005), and "Guidance on Accounting standard for presentation of net assets in the balance sheets (Accounting Standards Board Statement No.8, 9 December 2005) are applied. For reference, the amount corresponding to the total in the shareholders' section before application of these standards is ¥16,522 million.

#### 6. Notes to the consolidated balance sheets, statement of income and cash flow statement

	Previous year	Current year
		(¥ thousands)
1) Accumulated Depreciation on Tangible Fixed Assets	2,359,054	2,378,000
2) Major assets to associated companies	13,338	13,611
3) Number of shares outstanding (unit: shares)	16,199,121	16,199,121
4) Treasury stocks (unit: shares)	13,209	14,533
5) Major accounts included in selling, general and administrative expenses		
Packing and freight expenses	684,243	693,171
Provision for product warranty	176,000	128,000
Provision for allowance of bad debt	14,142	-
Salaries	982,047	1,022,748
Provision for employees bonus	69,649	87,152
Provision for bonus to directors and corporate auditor	-	35,000
Provision for employees' retirement benefit	35,635	33,245
Depreciation	119,416	129,768
Research and development expenses	385,661	423,904
6) Reconciliation between cash and cash equivalents and the related accounts shown in the consolidated balance sheet at end of year are as follows.		
Cash and time deposits	7,244,287	7,559,035
Time deposits in which maturities are over three months	-	-
Cash and cash equivalents	7,244,287	7,559,035

## Segment Information

### (1) Industrial segments

Information about operations in Industrial segments is not required to be disclosed, since the Company has only one industry segment (industrial machinery device).

### (2) Geographical segments

The geographical segments of the Company and its consolidated subsidiaries for the years ended March 31, 2006 and 2007 are summarized as follows:

Previous year (April 1, 2005 to March 31, 2006)

(¥ thousands )							
	Japan	North America	Asia	Europe	Total	Eliminations and Corporate	Consolidated
<b>I Sales</b>							
(1) Sales to customers	13,831,155	2,298,777	1,177,112	305,869	17,612,915	–	17,612,915
(2) Inter-segment sales	2,359,740	121,609	265,151	5,707	2,752,209	(2,752,209)	–
<b>Total sales</b>	<b>16,190,896</b>	<b>2,420,386</b>	<b>1,442,264</b>	<b>311,576</b>	<b>20,365,124</b>	<b>(2,752,209)</b>	<b>17,612,915</b>
Operating expenses	14,195,088	2,285,525	1,247,547	299,369	18,027,531	(2,750,686)	15,276,845
Operating income	1,995,807	134,861	194,716	12,207	2,337,592	(1,522)	2,336,070
Assets	12,642,709	1,519,662	976,742	111,804	15,250,918	6,527,219	21,778,138

Current year (April 1, 2006 to March 31, 2007)

(¥ thousands )							
	Japan	North America	Asia	Europe	Total	Eliminations and Corporate	Consolidated
<b>Sales</b>							
(1) Sales to customers	15,474,910	2,535,801	1,286,679	250,704	19,548,096	–	19,548,096
(2) Inter-segment sales	2,203,726	91,703	305,594	5,303	2,606,328	(2,606,328)	–
<b>Total sales</b>	<b>17,678,636</b>	<b>2,627,505</b>	<b>1,592,274</b>	<b>256,008</b>	<b>22,154,424</b>	<b>(2,606,328)</b>	<b>19,548,096</b>
Operating expenses	15,144,312	2,467,393	1,396,429	242,991	19,251,127	(2,596,580)	16,654,547
Operating income	2,534,323	160,111	195,844	13,017	2,903,297	(9,747)	2,893,549
Assets	13,235,952	1,362,225	1,123,652	159,377	15,881,207	6,982,120	22,863,327

Notes: 1. Segmentation of areas is based on geographical proximity.

2. Major countries and areas included in each category:

North America: The United States

Asia: South Korea, Singapore, Malaysia, Taiwan, China and Thailand

Europe: UK, Netherlands, Slovakia

3. Assets mainly compose cash and cash equivalents, long-term investments, and deferred tax assets.

### (3) Overseas Sales

Previous year (April 1, 2005 to March 31, 2006)

(¥ thousands)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	3,235,282	4,768,070	725,418	159,973	8,888,745
II Consolidated sales	–	–	–	–	17,612,915
III Share of overseas sales	18.4%	27.1%	4.1%	0.9%	50.5%

Current year (April 1, 2006 to March 31, 2007)

(¥ thousands)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	3,576,512	6,113,142	1,166,006	89,662	10,945,323
II Consolidated sales	–	–	–	–	19,548,096
III Share of overseas sales	18.3%	31.3%	6.0%	0.4%	56.0%

- Notes: 1. Segmentation of areas is based on geographical proximity.  
 2. Major countries and areas included in each category:  
 (1) North America: The United States and Canada  
 (2) Asia: China, Taiwan, Thailand, South Korea, Singapore, Malaysia, Vietnam, Philippine, Indonesia etc.  
 (3) Europe: Ireland, England, Germany, Netherlands, Austria, etc.  
 (4) Other areas: South America, Oceania, Middle East, etc.  
 3. Overseas sales mean the sales of the Company and its overseas consolidated subsidiaries for countries or areas other than Japan.

### Per share indexes

(yen)

	Previous year	Current year
Book-value per share (BPS)	937.90	1,020.88
Earnings per share (EPS)	88.38	105.86

Notes: The basis for calculating Earnings per share (EPS) are followings

(¥ thousands)

	Previous year	Current year
A: Net income	1,456,645	1,713,398
B: Non-stockholders' equity (Net profit appropriation of directors and corporate auditors bonuses)	25,925 (25,925)	- ( - )
A-B: Net income for common shares	1,430,720	1,713,398
Average number of shares	16,187,401	16,185,214

## Order, Backlog and Sales

### Order, Backlog by product

(¥ thousands)

Product	Orders received		Backlog of orders	
	Amount	Year-to-year comparison	Amount	Year-to-year comparison
Robot	10,495,344	3.8 %	1,502,342	17.4 %
Stock systems	581,095	20.3	110,990	10.5
Custom-ordered equipment	4,228,202	30.3	2,810,107	52.1
Peripheral equipment	3,705,297	23.2	483,860	8.4
Parts & maintenance services	1,209,098	13.6	-	-
Total	20,219,038	6.7	4,907,300	15.8

### Sales by product

(¥ thousands)

Product	Amount	Year-to-year comparison
		%
Robot	10,811,951	3.1
Stock systems	594,119	9.2
Custom-ordered equipment	3,265,088	29.4
Peripheral equipment	3,667,838	27.0
Parts & maintenance services	1,209,098	13.6
Total	19,548,096	11.0

**Non-consolidated Financial Statements**  
**(1) Non-consolidated Balance Sheets**

(¥ thousands)

Account	Term	Previous year (as of March 31, 2006)		Current year (as of March 31, 2007)		Increase ( : decrease)
		Amount	%	Amount	%	Amount
<b>(ASSETS)</b>						
<b>I Current assets</b>		<b>16,124,998</b>	<b>76.8</b>	<b>16,594,423</b>	<b>76.1</b>	<b>469,425</b>
Cash and time deposits		6,678,050		6,968,757		290,706
Notes receivable-trade		2,641,941		1,853,214		788,727
Accounts receivable-trade		3,860,093		4,088,474		228,381
Finished goods		661,197		573,103		88,094
Raw materials		1,205,793		1,120,439		85,353
Work in process		777,017		1,632,978		855,960
Supplies		1,388		1,505		117
Prepaid expenses		29,678		43,223		13,545
Deferred tax assets		226,930		230,467		3,536
Others		52,406		89,259		36,852
Allowance for bad debt		9,500		7,000		2,500
<b>II Fixed assets</b>		<b>4,859,483</b>	<b>23.2</b>	<b>5,224,516</b>	<b>23.9</b>	<b>365,032</b>
<b>(1) Tangible fixed assets</b>		<b>2,936,282</b>	<b>14.0</b>	<b>3,349,354</b>	<b>15.3</b>	<b>413,071</b>
Buildings		816,463		1,190,362		373,899
Structures		20,934		28,402		7,468
Machinery and equipment		31,457		49,046		17,589
Automobiles		3,140		2,698		442
Tools, furniture and fixtures		98,698		108,308		9,609
Land		1,965,588		1,965,588		-
Construction in progress		-		4,947		49,947
<b>(2) Intangible fixed assets</b>		<b>279,625</b>	<b>1.3</b>	<b>247,205</b>	<b>1.1</b>	<b>32,419</b>
Telephone subscription rights		11,430		11,430		-
Facility right		21		-		21
Patents		1,600		1,400		200
Software		266,573		234,375		32,198
<b>(3) Investments and other assets</b>		<b>1,643,575</b>	<b>7.9</b>	<b>1,627,956</b>	<b>7.5</b>	<b>15,618</b>
Investments in securities		621,702		549,089		72,613
Investments in subsidiaries		815,089		834,674		19,584
Investments in partnership		170		170		-
Long-term loans		3,915		1,773		2,142
Reorganization claims		8,936		1,270		7,666
Long-term prepaid expenses		119		215		96
Guarantee deposits		29,392		29,713		321
Others		172,807		212,144		39,337
Allowance for bad debt		8,557		1,095		7,462
<b>Total</b>		<b>20,984,481</b>	<b>100.0</b>	<b>21,818,940</b>	<b>100.0</b>	<b>834,458</b>

(¥ thousands )

Account	Term	Previous year (as of March 31, 2006)		Current year (as of March 31, 2007)		Increase ( : decrease)
		Amount	%	Amount	%	Amount
<b>(LIABILITIES)</b>						
<b>I</b>	<b>Current liabilities</b>	<b>6,089,345</b>	<b>29.0</b>	<b>5,952,366</b>	<b>27.3</b>	<b>136,978</b>
	Notes payable-trade	3,359,548		2,832,789		526,759
	Accounts payable-trade	1,140,058		1,376,699		236,641
	Accounts payable-other	388,065		351,342		36,723
	Accrued expenses	57,483		56,282		1,201
	Income tax payable	588,000		767,000		179,000
	Advance received	172,918		63,614		109,304
	Deposits received	36,477		37,693		1,215
	Accrued employees' bonuses	161,000		191,000		30,000
	Accrued bonuses to directors and corporate auditor	-		35,000		35,000
	Warranties for product	176,000		128,000		48,000
	Notes payable-construction	9,760		112,659		102,899
	Others	32		285		253
<b>II</b>	<b>Long-term liabilities</b>	<b>225,951</b>	<b>1.1</b>	<b>109,506</b>	<b>0.5</b>	<b>116,444</b>
	Differed tax liabilities	116,753		8,894		107,858
	Liabilities for retirement benefits of directors and corporate auditors	108,478		100,132		8,345
	Deposit	720		480		240
<b>Total liabilities</b>		<b>6,315,296</b>	<b>30.1</b>	<b>6,061,873</b>	<b>27.8</b>	<b>253,423</b>
<b>(Net Assets)</b>						
	<b>Shareholders' equity</b>	<b>14,392,520</b>	<b>68.6</b>	<b>15,524,857</b>	<b>71.1</b>	<b>1,132,336</b>
	Common stock	1,985,666		1,985,666		-
	Capital surplus	2,023,903		2,023,903		-
	Retained earnings	10,411,310		11,546,671		1,135,360
	Legal reserve	286,314		286,314		-
	Voluntary reserve	8,808,364		9,701,154		892,790
	Reserve for special depreciation	8,364		1,154		7,209
	Reserve for dividend	550,000		1,000,000		450,000
	General reserve	8,250,000		8,700,000		1,450,000
	Inappropriate retained earnings	1,316,631		1,559,201		242,570
	Treasury stock, at cost	28,359		31,383		3,023
	<b>Valuation and Translation adjustment</b>	<b>276,663</b>	<b>1.3</b>	<b>232,208</b>	<b>1.1</b>	<b>44,455</b>
	Net unrealized gain on securities	276,663		232,208		44,455
<b>Total Net Assets</b>		<b>14,669,184</b>	<b>69.9</b>	<b>15,757,066</b>	<b>72.2</b>	<b>1,087,882</b>
<b>Total</b>		<b>20,984,481</b>	<b>100.0</b>	<b>21,818,940</b>	<b>100.0</b>	<b>834,458</b>

## (2) Non-consolidated statements of Income

(¥ thousands)

Account	Term	Previous year (April 1, 2005 to March 31, 2006)		Current year (April 1, 2004 to March 31, 2005)		Increase ( : decrease)
		Amount	%	Amount	%	Amount
<b>Net sales</b>		<b>16,190,896</b>	<b>100.0</b>	<b>17,678,636</b>	<b>100.0</b>	<b>1,487,740</b>
<b>Cost of sales</b>		<b>10,742,536</b>	<b>66.3</b>	<b>11,573,771</b>	<b>65.5</b>	<b>831,235</b>
<b>Gross profit</b>		<b>5,448,359</b>	<b>33.7</b>	<b>6,104,865</b>	<b>34.5</b>	<b>656,505</b>
<b>Selling, general and administrative expenses</b>		<b>3,452,552</b>	<b>21.4</b>	<b>3,570,541</b>	<b>20.2</b>	<b>117,989</b>
<b>Operating income</b>		<b>1,995,807</b>	<b>12.3</b>	<b>2,534,323</b>	<b>14.3</b>	<b>538,516</b>
<b>Non-operating income</b>		<b>78,172</b>	<b>0.5</b>	<b>138,568</b>	<b>0.8</b>	<b>60,396</b>
Interest income		7,206		15,337		8,130
Dividend income		13,163		71,095		57,932
Purchase discounts		23,328		22,546		781
Foreign exchange gain		11,887		10,965		922
Others		22,584		18,621		3,962
<b>Non-operating expenses</b>		<b>8,792</b>	<b>0.0</b>	<b>7,907</b>	<b>0.0</b>	<b>885</b>
Provision for allowance for bad debt		5,213		3,187		2,026
Others		3,578		4,719		1,141
<b>Ordinary income</b>		<b>2,065,186</b>	<b>12.8</b>	<b>2,664,985</b>	<b>15.1</b>	<b>599,798</b>
<b>Special credits</b>		<b>27</b>	<b>0.0</b>	<b>40,379</b>	<b>0.2</b>	<b>40,352</b>
Gain on sales of tangible fixed assets		27		-		27
Gain from shifting to defined contribution pension plan		-		40,379		40,379
<b>Special charges</b>		<b>39,348</b>	<b>0.3</b>	<b>30,568</b>	<b>0.2</b>	<b>8,779</b>
Loss on disposal and sales of tangible fixed assets		5,051		20,538		15,487
Impairment loss on fixed assets		34,296		-		34,296
Impairment loss on investment in subsidiary		-		8,706		8,076
Other		-		1,323		1,323
<b>Income before income taxes</b>		<b>2,025,866</b>	<b>12.5</b>	<b>2,674,796</b>	<b>15.1</b>	<b>648,930</b>
<b>Income taxes</b>						
Current		912,376	5.6	1,206,817	6.8	294,441
Deferred		131,192	0.8	81,758	0.5	49,433
<b>Net income</b>		<b>1,244,682</b>	<b>7.7</b>	<b>1,549,737</b>	<b>8.8</b>	<b>305,055</b>
Inappropriate retained earnings brought forward		201,448		-		-
Interim dividends paid		129,499		-		-
<b>Inappropriate retained earnings at end of the year</b>		<b>1,316,631</b>		<b>-</b>		<b>-</b>

### (3) Non-consolidated Appropriation of Retained Earnings

(¥ thousands)

Account	Term	Previous year
Inappropriate retained earnings at the end of the year		1,316,631
Reversal of reserve for special depreciation		3,604
<b>Total</b>		<b>1,320,236</b>
Appropriations		
Cash dividends		194,230
Bonus for directors and corporate auditors		25,925
Reserve for dividend		450,000
Transfer to general reserve		450,000
<b>Total</b>		<b>1,120,155</b>
<b>Inappropriate retained earnings carried forward</b>		<b>200,080</b>

#### (4) Non-Consolidated Statements of Changes in Net Assets

(¥ thousands)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	1,985,666	2,023,903	10,411,310	28,359	14,392,520
Changes in the current period					
Dividend on surplus			388,451		388,451
Bonus to Directors and corporate Auditor			25,925		25,925
Net Income			1,549,737		1,549,737
Acquisition of treasury stock				3,023	3,023
Changes in items other than shareholders' equity					
Total change in the current period			1,135,360	3,023	1,132,336
Balance as of March 31, 2007	1,985,666	2,023,903	11,546,671	31,383	15,524,857

	Valuation and Transfer adjustments		Total net assets
	Unrealized gain on other securities	Total	
Balance as of March 31, 2006	276,663	276,663	14,669,184
Changes in the current period			
Dividend on surplus			388,451
Bonus to Directors and Auditor			25,925
Net Income			1,549,737
Acquisition of treasury stock			3,023
Changes in items other than shareholders' equity	44,455	44,455	44,455
Total change in the current period	44,455	44,455	1,087,881
Balance as of March 31, 2007	232,208	232,208	15,757,066