

**For the Fiscal Year Ended March 31, 2012**

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**Annual Select<sup>®</sup> 2012**

# **Yachiyo Industry Co., Ltd.**

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**393 Kashiwabara, Sayama City, Saitama 350-1335 Japan**

**(Securities Code: 7298)**

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## **Annual Report**

Yachiyo Industry Co., Ltd.'s origins date back to 1953, when the company, then known as Yachiyo Painting Co., Ltd., entered into a business relationship with Honda Motor Co., Ltd. At the time, Yachiyo's core business was metal parts painting. As the automobile market grew, we established a robust product manufacturing system in our parts production business, beginning with parts development and progressing through to the final production of fuel tanks and sunroofs. In our finished vehicle assembly business, we also commenced production of the "Step Van" and other vehicles on a consignment basis for Honda. To date, Yachiyo has produced more than four million mini vehicles.

Having gained a wealth of experience in both the automotive parts business and the finished vehicle assembly business, Yachiyo has accumulated in-house technologies and expertise that enable us to view automobile production in its entirety. Going forward, we will endeavor to expand our parts business overseas, in addition to focusing on the development of products that are more competitive. Effectively leveraging the technologies that Yachiyo possesses, we are also targeting entry into new businesses.



Sunroof



Fuel tank



Mini car

 **YACHIYO**

## Summary of Consolidated Financial Data

	55th term	56th term	57th term	58th term	59th term
Fiscal year ended March 31:	2008	2009	2010	2011	2012
Net sales (Millions of yen)	319,765	309,283	275,666	304,405	271,650
Ordinary income (Millions of yen)	8,124	5,619	2,035	5,665	3,391
Net income (loss) (Millions of yen)	7,360	391	(4,231)	1,430	(1,849)
Comprehensive income (Millions of yen)	—	—	—	(306)	(2,826)
Net assets (Millions of yen)	50,397	41,210	37,507	36,733	33,369
Total assets (Millions of yen)	126,844	120,054	125,443	113,605	131,526
Net assets per share (Yen)	1,916.98	1,545.33	1,406.69	1,350.90	1,190.65
Net income (loss) per share (Yen)	306.51	16.30	(176.21)	59.58	(77.00)
Diluted net income per share (Yen)	—	—	—	—	—
Equity ratio (%)	36.3	30.9	26.9	28.6	21.7
Return on equity (%)	16.7	0.9	—	4.3	—
Price earnings ratio (Times)	3.1	30.5	—	11.3	—
Cash flows from operating activities (Millions of yen)	11,329	13,224	14,989	18,083	9,555
Cash flows from investing activities (Millions of yen)	(10,870)	(26,000)	(12,555)	(9,781)	(11,699)
Cash flows from financing activities (Millions of yen)	(3,715)	15,336	(2,764)	(1,901)	(2,052)
Cash and cash equivalents at end of period (Millions of yen)	3,734	4,835	4,796	10,705	6,078
Number of employees [Separately, average number of temporary employees] (Persons)	6,872 [1,133]	6,877 [1,256]	6,569 [773]	6,943 [1,351]	7,484 [1,868]

- (Notes)
1. Net sales do not include consumption taxes.
  2. Diluted net income per share for the 55th, 56th and 58th terms are not presented since there were no dilutive shares in those terms. For the 57th and 59th terms, diluted net income per share is not presented since net loss per share was recognized and there were no dilutive shares in those terms.
  3. Return on equity and price earnings ratio for the 57th and 59th terms are not presented since net loss was recognized in those terms.
  4. The number of employees shown denotes full-time employees.
  5. The Company implemented a special early retirement support system and received 771 applications. Since the retirement date was April 30, 2012, applicants are included in the number of employees for the 59th term.

## Message from the President

### **We Will Implement Management with a Sense of Speed toward Achieving Our “Vision for 2020”**

Gen Tsujii  
President and  
Chief Executive Officer



Appointed Yachiyo's President and Chief Executive Officer in June of this year, I would like to take this opportunity to thank all our shareholders for their support. With a view to achieving the corporate image clearly specified in our “Vision for 2020,” I hope to step on the accelerator and firstly step up reform and reinforcement.

From 2009 to early 2011, I discussed with former president, Masaaki Kato, the corporate philosophy, which is the values shared by the Group companies across the world and deliberated systematically what form the Company should ideally take on that basis. The Vision for 2020 summarizes the essence of our discussion and deliberation. Under the Vision, we declare our intention to become a true global player with outstanding technologies and distinctive products by 2020. At the same time, we set the milestones of the 11th Medium-Term Management Plan (a period of reform and reinforcement), the 12th Medium-Term Management Plan (a period of nurturing) and the 13th Medium-Term Management Plan (a period of reaping the benefits) to light the way to achieving our Vision.

The Group's main strengths acquired thus far in the course of our business operations are the wealth of experience gained in both the finished vehicle assembly business and the automotive parts business and the technologies and expertise accumulated in-house that enable us to view automobile production in its entirety. By making full use of these valuable assets and offering sunroofs and fuel tanks as a system that includes peripheral products to a wide range of customers, we will endeavor to boost sales and earnings and also further expand our overseas business with a particular focus on emerging countries.

Aiming to nurture a robust corporate structure capable of generating stable revenue, the Company is promoting a range of measures, including corporate culture reform, visualization of indirect operations, enhanced buying capabilities, ongoing human resource development, and making steady progress in building the foundation for the Group to make significant advances in the years to come.

Due to such factors as the prolonged European sovereign debt crisis and concerns about an economic slowdown in China, the prospects for the global economy leave no room for optimism. Taking over the Group's helm in these uncertain times, I am concentrating my efforts on promoting the 11th Medium-Term Management Plan by speedy decision making and will meet the expectations of all stakeholders.

I would like to thank all our shareholders and investors for their ongoing support and cooperation for the Group's activities.

## **Yachiyo Corporate Philosophy**

### **Fundamental Beliefs**

RESPECT FOR THE INDIVIDUAL

CUSTOMER FIRST

### **Corporate Principles**

While maintaining a global viewpoint, we provide superior technologies and distinctive products for the satisfaction of our customers.

### **Code of Conduct**

- Pursue your dreams with ambition and a youthful spirit.
- Develop your awareness and improve skills.
- Create a safe, positive and harmonious working environment.
- Value time and originality.
- Strive persistently toward your goals.

Through implementation of the Yachiyo Corporate Philosophy, the Yachiyo group “aims to become a company that is recognized and valued by society.”

# Yachiyo Vision 2020 Milestone

## ● Goal setting/How Yachiyo achieves

**Goal setting/How Yachiyo achieves**  
**aims to become a company that is recognized and valued by society.**

**Statement of Yachiyo Vision 2020**  
**To become worldwide player in true sense with distinguished technology and distinctive products**  
 To become front-runner in three pillars of competitiveness, namely technology& products, business and personnel.

**To become worldwide player in true sense How to be "an internationally recognized corporation"**

- Technology/Products... To promote solid preparation against competitiveness during 11th mid term.
- Business... To urge an enterprise onward in order to sell other companies during 11th mid term and accomplish it during 12th and 13th.
- Manpower... To train workforce for six years in order to double capability.

## ● 11th mid term policy (April 2011 to March 2014)

**Position of the 11th mid term policy in milestones set for the Yachiyo Vision for 2020**

### 11th mid term

Time for innovation and preparation

- Technology and a competitive edge on products which are globally recognized
- Sales development to gain new customers
- Product development to meet the customers' requirements
- New business set-up

#### Ideas

11th mid term is "time for innovation and preparation" that corporate trend (organizational inclination) will be innovated and continuous business to the next term will be developed in order to maximize the middle to long term policy.

#### Crucial aim

1. Vehicles which meet the requirement of business environment change
2. To focus on organizational innovation and train workforce
3. To improve team building among SEDB about PFT/SR/BP
4. To expand scale and increase manpower about globally launched business
5. To focus on new business development

<p style="text-align: center;"><b>Purpose</b></p> <p>To establish basis as a global enterprise and "To be acknowledged worldwide"</p>	<p style="text-align: center;"><b>Major policy 1</b></p> <p>To reform business process and to strengthen human resource development</p>
<p style="text-align: center;"><b>Purpose (To establish the basis)</b></p> <p>Evolution of company climate as the basis</p> <ol style="list-style-type: none"> <li>1. Competitiveness of technology and products No.1 in the world.</li> <li>2. To win new customers (More than 1 company)</li> <li>3. To meet change in business environment of compact vehicle manufacturing</li> <li>4. To enter new business (More than 3)</li> <li>5. To strengthen global operation system (Start up of new model at overseas plants without trouble spike)</li> <li>6. Rapid evolution of administrative indirect business (Improve efficiency by 30%)</li> </ol> <p style="text-align: center;">All business/To attain surplus at all plants (Consolidated ordinary profit:3%,BP:2.5%,PFT:5%,SR:6%)</p>	<p style="text-align: center;"><b>Major policy 2</b></p> <p>To strengthen SEDB function of major business (PFT-SR-BP)</p>
	<p style="text-align: center;"><b>Major policy 3</b></p> <p>To strengthen constitution of overseas plants and to be independent in each region</p>
	<p style="text-align: center;"><b>Major policy 4</b></p> <p>Smooth reorganization of compact vehicle manufacturing business</p>
	<p style="text-align: center;"><b>Major policy 5</b></p> <p>To complete new model promotion system</p>
<p><b>To own Yachiyo corporate philosophy jointly / to continue human resource development</b></p>	

PFT... Plastic Fuel tank SR... Sunroof BP... Seat metal parts SEDB... S=Sales Division E=Production D=Development B=Buying

# Business Report

## (1) Business Progress and Achievements

Amid fears of the impact of such factors as crude oil price hikes across the world, the economic situation in Japan in the consolidated fiscal year ended March 31, 2012 remained harsh due to the effects of the Great East Japan Earthquake and the prolonged appreciation of the yen. Nevertheless, there were signs of a gradual pickup due to such factors as a recovery in capital investment and steady personal consumption. Overseas, the U.S. economy staged a gradual recovery, although the unemployment rate remained high. In Asia, economies in China and India continued to expand, albeit at a reduced tempo, mainly led by domestic demand in respective countries. Thailand's economy continued to recover from the effects of flooding. Although there was an overall recovery in other Asian countries, this eventually came to a standstill. The economies of the major European nations were stagnant, and weak movement was seen in some cases. Furthermore, there were fears of a downturn in the global economy due to growing uncertainty about financial prospects in some European countries and its impact on the financial and capital markets.

Under such circumstances, the Yachiyo Group enhanced its sales, engineering, development and buying (SEDB) functions, strengthened the business structure of its overseas bases and new business promotion system, reformed work processes and reinforced human resource development. From the research and development (R&D) aspect, the Company focused on three areas: enhancing the development of products that utilize innovative features and new materials to improve product competitiveness; researching next-generation technologies for its mainstay products toward parts business expansion with integrated SEDB functions with a view to the “continuous creation of advanced technologies and innovative products”; and working to build a system to develop products toward new business entry. From the production aspect, in addition to making further progress with reforms in Japan and overseas, the Company made preparations to establish new bases in Mexico and Indonesia, where the markets are expected to expand. Furthermore, we worked to respond to the cessation or reduction of production at our main customers in Japan and across the world as a result of the Great East Japan Earthquake and the flooding in Thailand.

In July 2010, the Company had taken the decision to halt construction of a new plant as a result of a Honda Group overall review—prompted by the changing economic conditions—of its finished vehicle production strategy. As this meant that the number of mini vehicles produced by the Company would be reduced from the following fiscal year, we worked to maintain work levels by, for example, generating new work. Also, by giving due consideration to changing the types of work performed by employees in the future and employee relocations, we offered our employees a special early retirement support system as one alternative, and received 771 applications.

Net sales in the consolidated fiscal year under review amounted to ¥271,650 million, a decrease of ¥32,755 million or 10.8% compared with the previous fiscal year. This decrease was mainly attributable to the decrease in orders associated with cessation or reduction of production at main customers in Japan and overseas following the Great East Japan Earthquake and the flooding in Thailand. Although there was an increase in profit associated with higher revenue from motorcycle parts principally in Asia, a cost

improvement effect and a decrease in depreciation and amortization, there was also a decrease in profit associated with reduced revenues from automotive parts and vehicle assembly as well as an increase in research and development expenses. As a result, ordinary income plummeted ¥2,273 million (40.1%) year on year to ¥3,391 million. Net loss for the fiscal year under review totaled ¥1,849 million, a decrease of ¥3,279 million compared with the net income of ¥1,430 million recorded in the previous fiscal year. Factors behind the net loss include an extraordinary loss of ¥601 million recorded as loss on disaster from the fixed costs incurred in the period when the Company and its consolidated subsidiaries ceased production due to the Great East Japan Earthquake and the flooding in Thailand and also a net of ¥1,696 million also recorded as extraordinary loss in connection with an agreement between the Company and Honda Motor Co., Ltd. to bear the costs related to the special extra payments and re-employment assistance under the special early retirement support system.

#### ■Business Results by Segment

##### ●Japan

Net sales in Japan totaled ¥179,524 million, a decrease of ¥28,193 million or 13.6% compared with the previous fiscal year, due to the significant decline in orders for automotive parts and vehicle assembly businesses. Although profit fell due to the revenue decrease, ordinary loss improved ¥312 million to ¥250 million due to such factors as the cost improvement effect and the decrease in depreciation and amortization.

##### ●The Americas

In the Americas, net sales fell ¥5,443 million or 14.6% to ¥31,853 million year on year due to such factors as a decrease from foreign currency translation and reduced orders at the Company's consolidated subsidiaries of Yachiyo Manufacturing of Alabama LLC, AY Manufacturing Ltd. and US Yachiyo Inc. in the United States and Yachiyo of Ontario Manufacturing Inc. in Canada. Ordinary loss amounted to ¥1,346 million, a decline of ¥1,540 million from the previous year, impacted by the fall in profit due to the revenue decrease and the costs associated with starting operations at Yachiyo do Brasil Industria e Comercio de Pecas Ltda. in Brazil.

##### ●China

Due to the decline in orders at one of the Company's consolidated subsidiaries in China, Yachiyo Zhongshan Manufacturing Co., Ltd., and a decrease from foreign currency translation, net sales in China fell ¥2,624 million or 13.1% year on year to ¥17,339 million. Ordinary income dropped ¥336 million or 12.2% to ¥2,413 million.

##### ●Asia

Despite a decrease from foreign currency translation, net sales increased ¥3,506 million or 8.9% to ¥42,932 million year on year due to increased orders at three of the Company's consolidated subsidiaries in Asia of Siam Goshi Manufacturing Co., Ltd. in Thailand, Goshi-Thanglong Auto Parts Co., Ltd. in

Vietnam, and Goshi India Auto Parts Private Limited in India. Although profit increased due to the increased revenue, ordinary income fell ¥466 million or 13.4% to ¥3,003 million due to such factors as the flooding in Thailand and the costs associated with starting operations at Yachiyo India Manufacturing Private Limited in India.

## **(2) Capital Investment**

The amount of capital investment carried out by the Group in the consolidated fiscal year under review totaled ¥11,450 million, a year-on-year decrease of ¥56 million. A breakdown of capital investment is as follows.

a. Japan	¥6,050 million
b. The Americas	¥1,122 million
c. China	¥1,703 million
d. Asia	¥2,574 million

## **(3) Financing**

In the consolidated fiscal year under review, the Group's financing mainly consisted of bank loans. There were no financing activities through the issuance of shares or bonds.

## **(4) Issues To Be Addressed**

With regard to the economic outlook, although the global economy as a whole is expected to continue its weak recovery, there are fears of a downturn in the global economy due to high crude oil prices, the growing uncertainty about financial prospects in some European countries and its impact on the financial and capital markets.

With regard to the automotive industry in which the Group operates, an increase in production is not expected to be possible in Japan due to the effect of the high yen on exports and the accelerated shift to overseas production. Outside Japan, however, recovery is expected in the U.S. market, as is solid market expansion in developing countries including China. Meanwhile, as competition for survival in the global market accelerates, especially on development, cost and quality grounds, including responses to environmental regulations that continue to become more stringent across the world and to increased demand for cost-effective, fuel-efficient mini vehicles, the business conditions are expected to become even harsher.

To emerge victorious from this intense global competition, the Group set its Vision for 2020 as the form that Yachiyo will take in ten years' time and established with that statement its avowed intention "to become a true global player with outstanding technologies and distinctive products." Toward achieving that aim the Company positioned April 2011 as the start of the 11th Medium-Term Management Plan (a period of reform and reinforcement). Under the Plan, the Company will target the establishment of its foundation as a global company to become a "globally recognized company" through: enhancing the

SEDB functions of its main businesses; strengthening the business structure of its overseas bases and expanding sales channels; enhancing the system for promoting new businesses; reforming work processes and reinforcing human resource development functions; and implementing business operations with a sense of speed by maximizing utilization of ICT\*.

\*ICT: Information and Communication Technology (Sharing information and knowledge via network communications)

**a. Enhance main business SEDB functions**

The Company will strengthen its development capabilities to bring about an improvement in product competitiveness and enhance the engineering of products that utilize innovative features and new materials. To give one example of these initiatives, the Company is researching next-generation technologies that will lead to mainstay products aimed at expanding the parts business and has established its Saitama R&D Center to undertake product R&D with a view to entering into new businesses. In the years to come, the R&D Division and the Production Technology Division will work together and dramatically improve the quality and speed of development to spur the development of competitive products. In terms of sales and buying, the Company will set up functions that can be developed globally and make further improvements in competitiveness.

**b. Strengthen the business structure of overseas bases and expand sales channels**

As the overseas parts business will gain in importance, the Group will establish a global support system and target the smooth launch of new models. The Group will also set up a global system in which sales, development and buying functions are integrated to develop products that are attractive to local needs with the aim of expanding sales channels. In order to continue to grow overseas, the Group will construct a program to train the employees of overseas bases.

**c. Strengthen the new business promotion system**

To enter new businesses the Product Planning Division and the Sales Division will be established within the Saitama R&D Center, and the promotion system strengthened by working together with the Production Technology Division. In addition to effectively utilizing the facilities, resources and core technologies at its disposal, the Company will accelerate preparations toward building businesses that meet society's needs.

**d. Reform work processes and reinforce human resource development**

By visualizing administrative duties and undertaking work process reforms, the Company has implemented significant improvements in efficiency in administrative overhead areas. In addition to aiming for further business efficiency improvements in Japan, the corporate structure of the Yachiyo Group as a whole will also be strengthened by horizontally spreading work process reforms to overseas bases. Besides thorough on-site training, systems for improving ITC skills and practical training will be

set up to nurture talented staff members through human resource development. With the aim of sharing basic values, plans will be made to continuously disseminate and put into practice the Yachiyo Corporate Philosophy.

**e. Accelerate business operations by maximizing ICT utilization**

To promote speedy business operations, the Company will construct a system that maximizes the use of ICT across the Yachiyo Group's bases throughout the world. This will enable employees to understand a problem in real time and speedily resolve that problem regardless of where they are. For its R&D divisions the Company will set up a global information-sharing environment utilizing live images and promote a system that will enable the R&D Division in Japan to provide overseas development divisions with instant support.

**f. Response to cessation of new plant construction**

In July 2010, the Company took the decision to halt construction of a new plant as a result of a Honda Group overall review—prompted by the changing economic conditions—of its finished vehicle production strategy. The Company has taken measures, including consultations with Honda Motor Co., Ltd., to minimize the impacts of the cessation of plant construction on the Company's business performance, which range from the acquisition cost and other expenses incurred in association with the land that has been purchased and developed for the planned plant construction to the use of the developed site.

# Products

## ■ Parts and Components

### Four-wheel vehicles

Fuel tank



Sunroof



Sheet metal parts



### Motorcycles

Muffler



Frame



Catalyzer



## ■ Finished vehicle assembly

Life



Vamos



ACTY Truck



# Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
<b>Assets</b>		
Current assets		
Cash and deposits	10,722	6,079
Notes and accounts receivable-trade	24,943	36,754
Merchandise and finished goods	1,173	1,258
Work in process	1,820	1,932
Raw materials and supplies	4,354	5,301
Deferred tax assets	160	108
Accounts receivable-other	878	11,093
Other	973	1,522
Total current assets	45,027	64,050
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	42,170	42,196
Machinery, equipment and vehicles	83,233	84,138
Tools, furniture and fixtures	38,991	40,582
Land	18,220	18,457
Construction in progress	4,589	4,468
Accumulated depreciation	(122,379)	(125,767)
Total property, plant and equipment	64,824	64,076
Intangible assets		
Leasehold right	348	313
Right of using facilities	40	35
Goodwill	860	573
Other	–	54
Total intangible assets	1,249	976
Investments and other assets		
Investment securities	1,474	1,467
Long-term loans receivable	2,329	2,255
Deferred tax assets	379	278
Other	482	554
Allowance for doubtful accounts	(2,160)	(2,131)
Total investments and other assets	2,504	2,423
Total noncurrent assets	68,578	67,476
<b>Total assets</b>	<b>113,605</b>	<b>131,526</b>

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	22,544	33,331
Short-term loans payable	15,506	13,962
Current portion of long-term loans payable	6,106	7,926
Accounts payable-other	4,497	15,917
Income taxes payable	676	694
Deferred tax liabilities	1,094	1,001
Provision for bonuses	2,490	2,488
Provision for directors' bonuses	50	41
Notes payable-facilities	132	92
Other	2,504	2,733
Total current liabilities	55,603	78,189
Noncurrent liabilities		
Long-term loans payable	15,127	13,260
Deferred tax liabilities	660	578
Provision for retirement benefits	4,933	5,619
Provision for directors' retirement benefits	137	152
Other	409	358
Total noncurrent liabilities	21,268	19,968
Total liabilities	76,872	98,157
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,685	3,685
Capital surplus	3,504	3,504
Retained earnings	32,133	29,803
Treasury stock	(24)	(24)
Total shareholders' equity	39,298	36,968
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	94	75
Foreign currency translation adjustment	(6,952)	(8,452)
Total accumulated other comprehensive income	(6,858)	(8,377)
Minority interests	4,293	4,777
Total net assets	36,733	33,369
<b>Total liabilities and net assets</b>	<b>113,605</b>	<b>131,526</b>

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Net sales	304,405	271,650
Cost of sales	286,115	254,482
Gross profit	18,290	17,167
Selling, general and administrative expenses	12,218	13,788
Operating income	6,071	3,378
Non-operating income		
Interest income	155	190
Dividends income	10	10
Rent income on noncurrent assets	115	91
Subsidy income	31	226
Other	120	210
Total non-operating income	433	729
Non-operating expenses		
Interest expenses	445	419
Foreign exchange losses	342	265
Other	52	32
Total non-operating expenses	840	716
Ordinary income	5,665	3,391
Extraordinary income		
Gain on sales of noncurrent assets	299	120
Compensation income	–	9,530
Other	0	21
Total extraordinary income	299	9,673
Extraordinary loss		
Loss on sales of noncurrent assets	31	13
Loss on retirement of noncurrent assets	421	184
Impairment loss	44	286
Special retirement expenses	354	11,449
Loss on disaster	915	601
Other	72	4
Total extraordinary losses	1,841	12,540
Income before income taxes and minority interests	4,123	524
Income taxes-current	1,948	1,651
Income taxes-deferred	(42)	(59)
Total income taxes	1,905	1,592
Income (loss) before minority interests	2,218	(1,067)
Minority interests in income	787	781
Net income (loss)	1,430	(1,849)

**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Income (loss) before minority interests	2,218	(1,067)
Other comprehensive income		
Valuation difference on available-for-sale securities	(94)	(19)
Foreign currency translation adjustment	(2,429)	(1,739)
Total other comprehensive income	(2,524)	(1,758)
Comprehensive income	(306)	(2,826)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(883)	(3,368)
Comprehensive income attributable to minority interests	577	541

### (3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
<b>Shareholders' equity</b>		
Capital stock		
Balance at the beginning of current period	3,685	3,685
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	3,685	3,685
Capital surplus		
Balance at the beginning of current period	3,504	3,504
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	3,504	3,504
Retained earnings		
Balance at the beginning of current period	31,158	32,133
Changes of items during the period		
Dividends from surplus	(456)	(480)
Net income (loss)	1,430	(1,849)
Total changes of items during the period	974	(2,329)
Balance at the end of current period	32,133	29,803
Treasury stock		
Balance at the beginning of current period	(24)	(24)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	(0)	(0)
Balance at the end of current period	(24)	(24)
<b>Total shareholders' equity</b>		
Balance at the beginning of current period	38,323	39,298
Changes of items during the period		
Dividends from surplus	(456)	(480)
Net income (loss)	1,430	(1,849)
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	974	(2,329)
Balance at the end of current period	39,298	36,968

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	189	94
Changes of items during the period		
Net changes of items other than shareholders' equity	(94)	(19)
Total changes of items during the period	(94)	(19)
Balance at the end of current period	94	75
Foreign currency translation adjustment		
Balance at the beginning of current period	(4,733)	(6,952)
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,219)	(1,499)
Total changes of items during the period	(2,219)	(1,499)
Balance at the end of current period	(6,952)	(8,452)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(4,543)	(6,858)
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,314)	(1,519)
Total changes of items during the period	(2,314)	(1,519)
Balance at the end of current period	(6,858)	(8,377)
Minority interests		
Balance at the beginning of current period	3,727	4,293
Changes of items during the period		
Net changes of items other than shareholders' equity	565	483
Total changes of items during the period	565	483
Balance at the end of current period	4,293	4,777
Total net assets		
Balance at the beginning of current period	37,507	36,733
Changes of items during the period		
Dividends from surplus	(456)	(480)
Net income (loss)	1,430	(1,849)
Purchase of treasury stock	(0)	(0)
Net changes of items other than shareholders' equity	(1,748)	(1,035)
Total changes of items during the period	(773)	(3,364)
Balance at the end of current period	36,733	33,369

#### (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	4,123	524
Depreciation and amortization	11,150	9,341
Impairment loss	44	286
Amortization of goodwill	286	286
Increase (decrease) in provision for bonuses	383	(1)
Increase (decrease) in provision for directors' bonuses	16	(8)
Increase (decrease) in provision for directors' retirement benefits	6	15
Increase (decrease) in provision for retirement benefits	316	703
Increase (decrease) in allowance for doubtful accounts	(14)	0
Interest and dividends income	(166)	(201)
Interest expenses	445	419
Loss (gain) on sales of property, plant and equipment	(255)	(107)
Loss on retirement of property, plant and equipment	421	184
Decrease (increase) in notes and accounts receivable-trade	11,671	(12,335)
Decrease (increase) in inventories	(628)	(1,464)
Increase (decrease) in notes and accounts payable-trade	(9,618)	11,744
Increase (decrease) in accrued consumption taxes	(291)	204
Other, net	2,066	1,824
Subtotal	19,960	11,418
Interest and dividends income received	154	205
Interest expenses paid	(429)	(426)
Income taxes (paid) refund	(1,601)	(1,641)
Net cash provided by (used in) operating activities	18,083	9,555
Net cash provided by (used in) investing activities		
Payments into time deposits	(17)	(0)
Proceeds from withdrawal of time deposits	448	15
Purchase of property, plant and equipment	(10,858)	(11,942)
Proceeds from sales of property, plant and equipment	685	283
Purchase of intangible assets	(121)	(54)
Proceeds from sales of intangible assets	78	—
Purchase of investment securities	(0)	(0)
Proceeds from sales of investment securities	3	—
Net cash provided by (used in) investing activities	(9,781)	(11,699)

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(7,287)	(1,441)
Proceeds from long-term loans payable	11,600	6,200
Repayment of long-term loans payable	(5,664)	(6,206)
Repayments of finance lease obligations	(81)	(97)
Cash dividends paid	(456)	(480)
Cash dividends paid to minority shareholders	(429)	(244)
Other, net	417	218
Net cash provided by (used in) financing activities	(1,901)	(2,052)
Effect of exchange rate change on cash and cash equivalents	(490)	(431)
Net increase (decrease) in cash and cash equivalents	5,909	(4,627)
Cash and cash equivalents at beginning of period	4,796	10,705
Cash and cash equivalents at end of period	10,705	6,078

## Overview of the Company (as of June 30, 2012)

### ●Profile

Name:	Yachiyo Industry Co., Ltd. ( <i>Yachiyo Kogyo Kabushiki Kaisha</i> in Japanese)
Establishment:	August 27, 1953
Capital stock:	3,685,600,000 yen
Number of employees:	1,587
Headquarters:	393, Kashiwabara, Sayama-City, Saitama 350-1335, Japan
Telephone:	+ 81 4 2955 1211

### ●Directors and Corporate Auditors

President:	Gen Tsujii*
Executive Directors:	Kazuyoshi Itai* Akira Namiki* Tsugio Motoori*
Senior Executive Director:	Yasushi Ota
Director:	Kazuhiro Asabuki
Full-time Corporate Auditors:	Yoshitaka Takahashi Hideo Sakata
Corporate Auditors:	Masahiko Sano
President:	Nobuo Okada

### ●Corporate Officers

Executive Corporate Officer:	Jun Ono
Corporate Officers:	Tomohiro Fujimoto Susumu Enokida Masami Matsumoto Yasushi Kanaoya Hideaki Hanada Tetsuya Kitamura Shinji Hashimoto

Persons with an asterisk (\*) are Representative Directors.

- (Notes) 1. Yoshitaka Takahashi, Masahiko Sano and Nobuo Okada are Outside Corporate Auditors as provided for in Article 2, item (xvi) of the Companies Act.  
2. The Company has introduced the Corporate Officer system.

● **Subsidiaries and Affiliates**

Subsidiaries

Goshi Giken Co., Ltd. (Japan)

Uemura Tec Co., Ltd. (Japan)

YG TECH Co., Ltd. (Japan)

Yachiyo of Ontario Manufacturing Inc. (Canada)

Yachiyo of America Inc. (US)

US Yachiyo Inc. (US)

Yachiyo Manufacturing of Alabama LLC (US)

AY Manufacturing Limited (US)

Yachiyo do Brasil Industria e Comercio de Pecas Ltda. (Brazil)

Yachiyo Mexico Manufacturing S. A. de C. V. (Mexico)

Yachiyo Zhongshan Manufacturing Co., Ltd. (China)

Yachiyo Wuhan Manufacturing Co., Ltd. (China)

Siam Yachiyo Co., Ltd. (Thailand)

Siam Goshi Manufacturing Co., Ltd. (Thailand)

Goshi-Thanglong Auto Parts Co., Ltd. (Vietnam)

Goshi India Auto Parts Private Limited (India)

Yachiyo India Manufacturing Private Limited (India)

P. T. Yachiyo Trimitra Indonesia (Indonesia)

Yachiyo Industry (UK) Limited (UK)

Affiliates

UYT Limited (UK)

Hirata Yachiyo Leasing Limited (UK)

## History of the Company

Date	Event
April 1947	Eiichi Otake founded Otake Painting Co. Ltd., a machine components painting company, in Itabashi-ku, Tokyo Started painting of motorcycle parts and components for Honda Motor Co., Ltd. in 1951, when Honda Motor Co., Ltd. established its business base in Tokyo
August 1953	Established Yachiyo Painting Co., Ltd. to engage in the baking finish of metals Appointed as a designated plant by Honda Motor Co., Ltd.
May 1960	Established Suzuka Plant in Suzuka City in Mie Prefecture to engage in the buffing and painting of motorcycle parts and components
September 1968	Changed company name to Yachiyo Industry Co., Ltd.
August 1972	Established Kashiwabara Plant in Sayama City in Saitama Prefecture and started commissioned production of mini vehicles for Honda Motor Co., Ltd. Accepted an investment from Honda and became its affiliated company
November 1974	Jointly established Goshi Giken Co., Ltd. with Honda Motor Co., Ltd. and Sankei Giken Kogyo Co., Ltd.
February 1976	Started commissioned production of buggies for overseas markets for Honda Motor Co., Ltd.
August 1977	Started production of fuel tanks for vehicles
July 1981	Moved head office to Toshima-ku in Tokyo
June 1983	Established Yokkaichi Factory in Yokkaichi City in Mie Prefecture to engage in the pressing and welding of auto parts
August 1985	Expanded Yokkaichi Factory and started commissioned production of mini trucks for Honda Motor Co., Ltd.
January 1986	Established Tochigi R&D Center in Sakura City in Tochigi Prefecture
June 1986	Started production of sunroofs for vehicles
January 1989	Established Yachiyo of Ontario Manufacturing Inc. (currently a consolidated subsidiary) in Canada
October 1994	Registered stock of the Company as over-the-counter stock with the Japan Security Dealers Association
May 1996	Started commissioned production of mini vehicles at Yokkaichi Factory for Honda Motor Co., Ltd.
June 1996	Established Yachiyo Industry (UK) Limited (currently a consolidated subsidiary) in the UK
June 1996	Established UYT Limited in the UK jointly with other local corporations
January 1997	Established Siam Yachiyo Co., Ltd. (currently a consolidated subsidiary) in Thailand
May 1997	Moved head office to Sayama City in Saitama Prefecture
September 1997	Established Yachiyo of America Inc. (currently a consolidated subsidiary) in the US
October 1997	Jointly established AY Manufacturing Limited (currently a consolidated subsidiary) in the US with other local corporations
January 1999	Established US Yachiyo Inc. (currently a consolidated subsidiary) in the US
September 2000	Established Yachiyo Manufacturing of Alabama LLC (currently a consolidated subsidiary) in the US
April 2002	Established Yachiyo Zhongshan Manufacturing Co., Ltd. (currently a consolidated subsidiary) in China
August 2002	Additionally acquired shares in Goshi Giken Co., Ltd. to make it a subsidiary of the Company (currently a consolidated subsidiary) Made also Uemura Tec Co., Ltd., a domestic subsidiary of Goshi Giken Co., Ltd., Siam Goshi Manufacturing Co., Ltd. (Thailand) and Goshi-Thang Long Auto-Parts Co., Ltd. (Vietnam), overseas subsidiaries of Goshi Giken Co., Ltd., subsidiaries of the Company (All three companies are currently consolidated subsidiaries of the Company.)

Date	Event
December 2004	Deregistered stock of the Company as over-the-counter stock from the Japan Security Dealers Association and listed the shares of the Company on the JASDAQ Securities Exchange (currently the Osaka Stock Exchange JASDAQ Securities Exchange)
July 2005	Established Yachiyo Wuhan Manufacturing Co., Ltd. (currently a consolidated subsidiary) in China
October 2005	Additionally acquired equity interest in AY Manufacturing Limited (US) (currently a consolidated subsidiary) to make it a subsidiary of the Company
November 2005	Jointly established Hirata Yachiyo Leasing Limited in the UK with Hirata Technical Co., Ltd. (currently H-ONE Co., Ltd.)
December 2006	Honda Motor Co., Ltd. became the parent company of the Company by means of tender offer of the shares in the Company
April 2008	Established YG TECH Co., Ltd. (currently a consolidated subsidiary) in Toin-cho, Inabe-gun in Mie Prefecture by investment by the group companies of the Company
April 2008	Established Yachiyo India Manufacturing Private Limited (currently a consolidated subsidiary) in India
December 2008	Goshi India Auto Parts Private Limited (currently a consolidated subsidiary) in India started operation
September 2009	Established Yachiyo do Brasil Industria e Comercio de Pecas Ltda. (currently a consolidated subsidiary) in Brazil
February 2012	Established Yachiyo Mexico Manufacturing S. A. de C. V. (currently a consolidated subsidiary) in Mexico
April 2012	Established Saitama R&D center in Sayama City in Saitama Prefecture
May 2012	Established P. T. Yachiyo Trimitra Indonesia (currently a consolidated subsidiary) in Indonesia