

**For the Fiscal Year Ended March 31, 2013**

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**Annual Select<sup>®</sup> 2013**

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

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## **Annual Report**

Yachiyo Industry Co., Ltd. was founded in 1953 as Yachiyo Painting Co., Ltd., a metal parts painting company. Since that time, Yachiyo has expanded its business operations, which have centered on 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 vehicle production 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 4.3 million mini vehicles.

Having gained a wealth of experience in both the parts production business and the vehicle production 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 production 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 entering into new businesses.



Sunroof



Fuel tank



Mini vehicle

 **YACHIYO**

## Summary of Consolidated Financial Data

	56th term	57th term	58th term	59th term	60th term
Fiscal year ended March 31,	2009	2010	2011	2012	2013
Net sales (Millions of yen)	309,283	275,666	304,405	271,650	238,967
Ordinary income (Millions of yen)	5,619	2,035	5,665	3,391	5,598
Net income (loss) (Millions of yen)	391	(4,231)	1,430	(1,849)	1,779
Comprehensive income (Millions of yen)	—	—	(306)	(2,826)	7,211
Net assets (Millions of yen)	41,210	37,507	36,733	33,369	40,068
Total assets (Millions of yen)	120,054	125,443	113,605	131,526	121,215
Net assets per share (Yen)	1,545.33	1,406.69	1,350.90	1,190.65	1,404.98
Net income (loss) per share (Yen)	16.30	(176.21)	59.58	(77.00)	74.10
Diluted net income per share (Yen)	—	—	—	—	—
Equity ratio (%)	30.9	26.9	28.6	21.7	27.8
Return on equity (%)	0.9	—	4.3	—	5.7
Price earnings ratio (Times)	30.5	—	11.3	—	9.6
Cash flows from operating activities (Millions of yen)	13,224	14,989	18,083	9,555	14,264
Cash flows from investing activities (Millions of yen)	(26,000)	(12,555)	(9,781)	(11,699)	(12,646)
Cash flows from financing activities (Millions of yen)	15,336	(2,764)	(1,901)	(2,052)	724
Cash and cash equivalents at end of period (Millions of yen)	4,835	4,796	10,705	6,078	9,360
Number of employees [Separately, average number of temporary employees] (Persons)	6,877 [1,256]	6,569 [773]	6,943 [1,351]	7,484 [1,868]	6,794 [2,252]

- (Notes)
1. Net sales do not include consumption taxes.
  2. Diluted net income per share for the 56th, 58th and 60th terms is not presented since there were no potential 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 potential 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 employees on duty.
  5. At the end of the 60th term, the number of employees in the Company Group decreased 690 persons compared to the end of the 59th term to 6,794 due to the special early retirement support system carried out in the 59th term.

## Message from the President

### **We Will Accelerate Management with a Sense of Speed toward Achieving “Yachiyo 2020 Vision”**

Gen Tsujii  
President and  
Chief Executive Officer



I would like to take this opportunity to thank all our shareholders and investors for their support.

The Yachiyo Group carries out its business activities with the aim to become a company that is recognized and valued by society through implementation of the Yachiyo Corporate Philosophy. In April 2011, we set the “Yachiyo 2020 Vision,” which is “to become a true worldwide player with superior technologies and distinctive products,” and we are now expanding our globalization in the automotive parts production business.

In the fiscal year under review (April 1, 2012 through March 31, 2013), the vehicle production business saw a decline in the number of vehicle orders, and an increase in costs associated with efforts to strengthen research and development, but the automotive parts production business saw an increase in orders and enjoyed the cost improvement effect. As a result, the Company posted a year-on-year decline in revenues and a year-on-year increase in profits.

During the period, the Company established new production bases in Mexico and Indonesia targeting future business development, and these sites will begin production from fiscal 2013 ending on March 31, 2014.

In addition, we have been taking steps to enhance our research and development capabilities, with the aim of providing attractive products that only Yachiyo can offer. In addition to the mass production development division’s Tochigi R&D Center, in November 2012 the Saitama R&D Center was launched as the next-generation research and development division. Going forward, we will advance development of fuel tanks and sunroofs as a system that includes peripheral products with an aim of expanding new sales channels, as we continue to bolster our sales activities.

Furthermore, as part of our efforts to achieve lasting growth for the Company, we are examining new businesses that leverage the Company’s accumulated technologies and expertise with an aim to commercialize products in fields other than the automobile industry.

Fiscal 2013 is the final year of the 11th Medium-Term Management Plan, which was designated as a time for innovation and preparation. With the goal of achieving the targets set out in the business plan, each member of the Yachiyo Group will make good on the promise to increase the speed and quality of innovations.

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.”

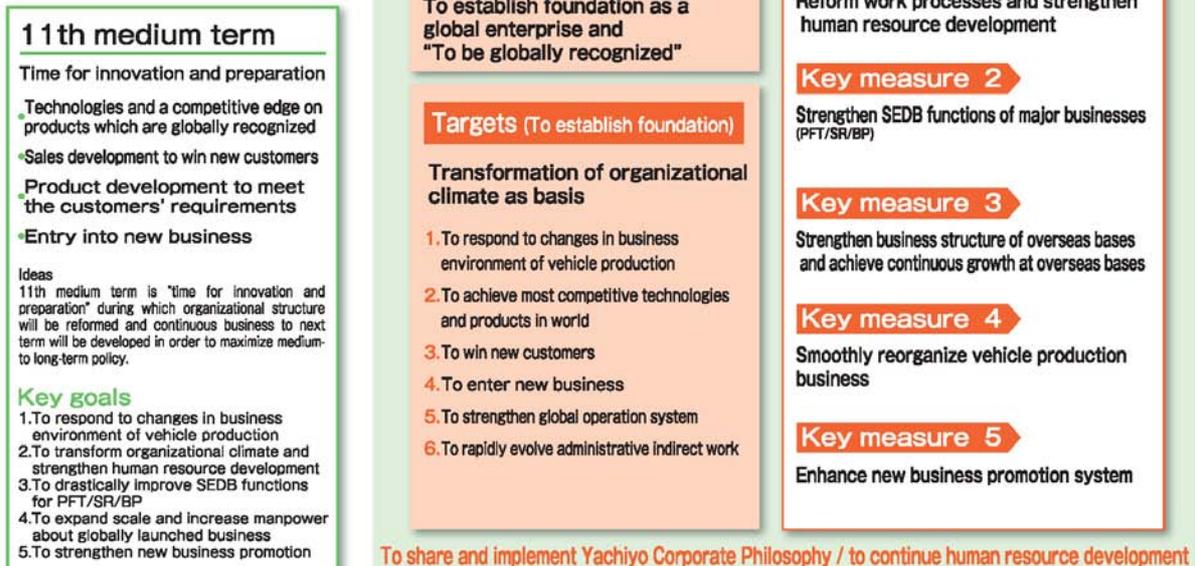
# Yachiyo 2020 Vision

## ● Goal



## ● 11th Medium-Term Management Plan (April 2011 to March 2014)

Position of the 11th Medium-Term Management Plan in milestones set for the Yachiyo 2020 Vision



PFT... Plastic Fuel Tank    SR... Sunroof    BP... *Bankin* (Sheet metal) Parts    SEDB... S=Sales    E=Engineering    D=Development    B=Buying

# Business Report

## (1) Business Progress and Achievements

In the fiscal year ended March 31, 2013, despite some weakness remaining in certain areas, the Japanese economy showed signs of a pickup, amid the correction of the strong yen and the rise in stock prices, such as the ongoing bottoming out of capital investment and firm personal consumption. Overseas, the US economy has continued its modest recovery despite the concern about the impacts of the response to fiscal problems. In Asia, the pace of China's economic growth was slowing, but this has started to recover somewhat, while India's economy experienced a modest slowdown. Other Asian economies showed signs of a pickup, primarily in the area of domestic demand. Meanwhile, the economies of key European countries performed weakly due to the impact of fiscal austerity measures and high unemployment rates, among other factors.

Under such circumstances, the Yachiyo Group enhanced its sales, engineering, development and buying (SEDB) functions, strengthened the business structure of its overseas bases and enhanced the new business promotion system, reformed business processes and strengthened 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 production 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 operate new bases in Mexico and Indonesia, where the markets are expected to expand. Furthermore, the Company optimized production according to the demand from key domestic and overseas customers.

Net sales in the fiscal year under review amounted to ¥238,967 million, a decrease of ¥32,682 million or 12.0% compared with the previous fiscal year. This decrease was mainly attributable to a decrease in orders for vehicle production business, although there was an increase in orders for automotive parts production business. There were an increase in profit associated with higher revenues from automotive parts production business, a cost improvement effect and a decrease in depreciation and amortization expenses due to a change in depreciation method from the declining-balance method to the straight-line method, although there were a decrease in profit associated with lower revenues from vehicle production business and an increase in research and development expenses. As a result, ordinary income increased ¥2,206 million (65.1%) year on year to ¥5,598 million. Net income for the fiscal year under review totaled ¥1,779 million, an increase of ¥3,628 million compared with the net loss of ¥1,849 million recorded in the previous fiscal year. Factors behind the net income include an increase in ordinary income and an increase in gain on sales of noncurrent assets.

## ■ Business Results by Segment

### ● Japan

Net sales in Japan totaled ¥130,156 million, a decrease of ¥49,368 million or 27.5% compared with the previous fiscal year, due to the decline in the number of vehicle orders for vehicle production business. Despite the profit decrease associated with lower revenues from vehicle production business and an increase in research and development expenses, ordinary income increased ¥321 million to ¥71 million due to such factors as the cost improvement effect and the decrease in depreciation and amortization expenses due to a change in depreciation method from the declining-balance method to the straight-line method.

### ● The Americas

In the Americas, net sales increased ¥13,653 million or 42.9% to ¥45,507 million year on year due to such factors as starting operations at Yachiyo do Brasil Industria e Comercio de Pecas Ltda. in Brazil in November 2011 in addition to the significant increase in orders at the Company's consolidated subsidiaries of AY Manufacturing Ltd. and US Yachiyo Inc. in the United States, Yachiyo of Ontario Manufacturing Inc. in Canada and Yachiyo Manufacturing of Alabama LLC in the United States. Ordinary income amounted to ¥397 million, an increase of ¥1,744 million from the previous year, impacted by the higher profit associated with the revenue increase, although there were costs associated with starting operations at Yachiyo Mexico Manufacturing S.A. de C.V. in Mexico, which plans to start operation in September 2013.

### ● China

Due to such factors as the decreased orders attributable to production adjustment at main customers as their response to the situations in China, net sales in China fell ¥1,617 million or 9.3% year on year to ¥15,722 million. Ordinary income dropped ¥284 million or 11.8% to ¥2,128 million.

### ● Asia

Despite a decrease from foreign currency translation, net sales increased ¥4,648 million or 10.8% to ¥47,581 million year on year due to increased orders at two of the Company's consolidated subsidiaries in Asia of Siam Goshi Manufacturing Co., Ltd. and Siam Yachiyo Co., Ltd. in Thailand. Ordinary income increased ¥327 million or 10.9% to ¥3,331 million due to such factors as the profit increase in association with the higher revenues, despite the costs associated with starting operations at Yachiyo India Manufacturing Private Ltd. in India, which started operation in September 2012, and P.T. Yachiyo Trimitra Indonesia in Indonesia, which plans to start operation in August 2013.

## **(2) Capital Investment**

The amount of capital investment carried out by the Group in the fiscal year under review totaled ¥14,038 million, a year-on-year increase of ¥2,587 million. A breakdown of capital investment is as follows:

- a. Japan                    ¥5,060 million
- b. The Americas        ¥4,451 million
- c. China                    ¥ 946 million
- d. Asia                    ¥3,580 million

## **(3) Financing**

In the 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, in Japan we expect the economy to recover in conjunction with the improvements in the economic climate, such as the correction of the yen's appreciation and rising stock prices, due to the effects of monetary easing and other policies targeting the end of deflation. Despite the uncertainties such as the European debt crisis, the global economy is expected to gradually gain strength as it continues to follow a weak recovery path.

With regard to the automotive industry in which the Group operates, an increase in sales volume is not anticipated to be possible in Japan due to the maturation of the market, and we have concerns about the impacts of the increase in crude oil prices on raw materials and energy costs. Outside Japan, however, recovery is anticipated in the U.S. market and market expansion in emerging countries including China.

Under such circumstances, in addition to the fact that customers will demand products according to regional properties based on the market needs, competition for survival in the global market has increased, especially in responses to environmental regulations and to increased demand for cost-effective, fuel-efficient mini vehicles, and further on development, cost and quality grounds. In addition, automakers including key clients of the Company, are increasingly implementing modularization and shifting to efficient and speedy development platforms, and we must respond to such changes in order to win orders.

To emerge victorious from this intense global competition, the Group set in 2011 the "Yachiyo 2020 Vision," as the goal that Yachiyo will achieve in ten years' time, and established with that statement its avowed intention "To become a true worldwide player with superior technologies and distinctive products." Toward achieving that aim the Company positioned the 11th Medium-Term Management Plan as a time for innovation and preparation. Under the Plan, the Company will target the establishment of its foundation as a global enterprise to become an "globally recognized corporation" through: strengthening the SEDB functions of its major businesses; strengthening the business structure of its overseas bases and expanding sales channels; enhancing the new business promotion system; reforming business processes

and strengthening human resource development; and implementing business operations with an enhanced sense of speed and quality in implementing policies to complete the 11th Medium-Term Management Plan by maximizing utilization of ICT\*.

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

**a. Strengthen SEDB functions of major businesses**

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 production 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, aiming at further enhancement of the competitiveness of technologies and products, 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. Additionally, in terms of sales and buying, the Company will accelerate its global development with a view to expand sales channels and make further improvements in competitiveness.

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

As the overseas parts production 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, and the results of initiatives aimed at expanding sales channels have emerged. We will continue to develop products on a timely basis, which are attractive to local needs with the aim of expanding sales channels. In order to achieve continuous growth at overseas bases, the Group will construct a program to train the employees of each overseas base.

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

To enter new businesses, the Product Planning Division and the Sales Division have been set up within the Saitama R&D Center and the promotion system has been established 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 establishing businesses and new product launches that meet society's needs.

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

By visualizing administrative work and undertaking work process reforms, the Company has implemented significant improvements in efficiency in administrative indirect work areas. In addition to aiming for further work efficiency improvements in Japan, the corporate structure of the Yachiyo Group

as a whole will also be strengthened further by horizontally spreading work processes reforms to overseas bases. Besides thorough on-site training, systems for improving ICT 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 implement the Yachiyo Corporate Philosophy.

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

To promote speedy business operations, the Company has constructed a system that maximizes the use of ICT across the Yachiyo Group's bases throughout the world. This enabled employees to understand, share and solve a problem in real time regardless of where they are. Furthermore, for its R&D divisions the Company has promoted a global environment for taking advantages of live images and sharing information, and is strengthening a system that will enable the R&D Division in Japan to provide overseas development divisions with instant support. Going forward, the Company will utilize ICT to increase the speed and quality of business operations.

**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 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 of the Yachiyo Group

### ■ Four-Wheeled Vehicle Parts

Plastic fuel tank



Sunroof



Sheet metal parts



Steel fuel tank



Plastic instrumental panel

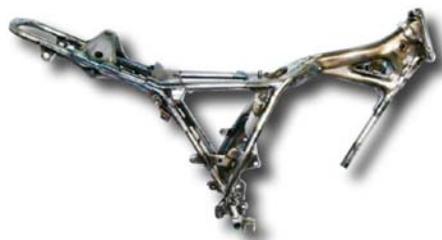


### ■ Motorcycle Parts

Muffler



Frame



Catalyzer



■ Finished Vehicles

ACTY TRUCK



ACTY VAN



Life



VAMOS



VAMOS Hobio



■ Special-Needs Vehicles and Special Purpose Vehicles

Life  
(the car whose passenger seat has lift-up function)



Driver assistance equipment  
Honda Techmatic System



Driver assistance equipment  
Honda FRANZ System



Acty special purpose vehicle



# Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	6,079	9,728
Notes and accounts receivable-trade	36,754	24,080
Merchandise and finished goods	1,258	1,380
Work in process	1,932	2,314
Raw materials and supplies	5,301	4,739
Deferred tax assets	108	112
Accounts receivable-other	11,093	2,361
Other	1,522	1,136
Total current assets	64,050	45,853
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	42,196	47,187
Machinery, equipment and vehicles	84,138	91,354
Tools, furniture and fixtures	40,582	44,330
Land	18,457	19,562
Construction in progress	4,468	4,790
Accumulated depreciation	(125,767)	(135,418)
Total property, plant and equipment	64,076	71,806
Intangible assets		
Leasehold right	313	337
Right of using facilities	35	33
Goodwill	573	286
Software in progress	—	155
Other	54	54
Total intangible assets	976	867
Investments and other assets		
Investment securities	1,467	1,646
Long-term loans receivable	2,255	2,484
Deferred tax assets	278	272
Other	554	500
Allowance for doubtful accounts	(2,131)	(2,216)
Total investments and other assets	2,423	2,687
Total noncurrent assets	67,476	75,361
Total assets	131,526	121,215

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	33,331	23,504
Short-term loans payable	13,962	15,971
Current portion of long-term loans payable	7,926	8,398
Accounts payable-other	15,917	5,634
Income taxes payable	694	905
Deferred tax liabilities	1,001	1,481
Provision for bonuses	2,488	1,863
Provision for directors' bonuses	41	35
Notes payable-facilities	92	44
Other	2,733	2,565
<b>Total current liabilities</b>	<b>78,189</b>	<b>60,403</b>
Noncurrent liabilities		
Long-term loans payable	13,260	12,496
Deferred tax liabilities	578	928
Provision for retirement benefits	5,619	6,826
Provision for directors' retirement benefits	152	117
Other	358	374
<b>Total noncurrent liabilities</b>	<b>19,968</b>	<b>20,743</b>
<b>Total liabilities</b>	<b>98,157</b>	<b>81,147</b>
Net assets		
Shareholders' equity		
Capital stock	3,685	3,685
Capital surplus	3,504	3,504
Retained earnings	29,803	31,103
Treasury stock	(24)	(24)
<b>Total shareholders' equity</b>	<b>36,968</b>	<b>38,268</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	75	193
Foreign currency translation adjustment	(8,452)	(4,722)
<b>Total accumulated other comprehensive income</b>	<b>(8,377)</b>	<b>(4,529)</b>
Minority interests	4,777	6,329
<b>Total net assets</b>	<b>33,369</b>	<b>40,068</b>
<b>Total liabilities and net assets</b>	<b>131,526</b>	<b>121,215</b>

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

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Net sales	271,650	238,967
Cost of sales	254,482	218,033
Gross profit	17,167	20,933
Selling, general and administrative expenses	13,788	15,512
Operating income	3,378	5,421
Non-operating income		
Interest income	190	172
Dividends income	10	8
Rent income on noncurrent assets	91	87
Foreign exchange gains	–	203
Other	437	179
Total non-operating income	729	651
Non-operating expenses		
Interest expenses	419	417
Foreign exchange losses	265	–
Other	32	57
Total non-operating expenses	716	474
Ordinary income	3,391	5,598
Extraordinary income		
Gain on sales of noncurrent assets	120	585
Compensation income	9,530	–
Other	21	–
Total extraordinary income	9,673	585
Extraordinary loss		
Loss on sales of noncurrent assets	13	10
Loss on retirement of noncurrent assets	184	230
Impairment loss	286	–
Special retirement expenses	11,449	15
Loss on disaster	601	–
Other	4	–
Total extraordinary losses	12,540	256
Income before income taxes and minority interests	524	5,928
Income taxes-current	1,651	2,134
Income taxes-deferred	(59)	815
Total income taxes	1,592	2,949
Income (loss) before minority interests	(1,067)	2,978
Minority interests in income	781	1,199
Net income (loss)	(1,849)	1,779

**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Income (loss) before minority interests	(1,067)	2,978
Other comprehensive income		
Valuation difference on available-for-sale securities	(19)	117
Foreign currency translation adjustment	(1,739)	4,115
Total other comprehensive income	(1,758)	4,232
Comprehensive income	(2,826)	7,211
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(3,368)	5,627
Comprehensive income attributable to minority interests	541	1,584

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

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
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
<b>Capital surplus</b>		
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
<b>Retained earnings</b>		
Balance at the beginning of current period	32,133	29,803
Changes of items during the period		
Dividends from surplus	(480)	(480)
Net income (loss)	(1,849)	1,779
Total changes of items during the period	(2,329)	1,299
Balance at the end of current period	29,803	31,103
<b>Treasury stock</b>		
Balance at the beginning of current period	(24)	(24)
Changes of items during the period		
Purchase of treasury stock	(0)	–
Total changes of items during the period	(0)	–
Balance at the end of current period	(24)	(24)
<b>Total shareholders' equity</b>		
Balance at the beginning of current period	39,298	36,968
Changes of items during the period		
Dividends from surplus	(480)	(480)
Net income (loss)	(1,849)	1,779
Purchase of treasury stock	(0)	–
Total changes of items during the period	(2,329)	1,299
Balance at the end of current period	36,968	38,268

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	94	75
Changes of items during the period		
Net changes of items other than shareholders' equity	(19)	117
Total changes of items during the period	(19)	117
Balance at the end of current period	75	193
Foreign currency translation adjustment		
Balance at the beginning of current period	(6,952)	(8,452)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,499)	3,729
Total changes of items during the period	(1,499)	3,729
Balance at the end of current period	(8,452)	(4,722)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(6,858)	(8,377)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,519)	3,847
Total changes of items during the period	(1,519)	3,847
Balance at the end of current period	(8,377)	(4,529)
Minority interests		
Balance at the beginning of current period	4,293	4,777
Changes of items during the period		
Net changes of items other than shareholders' equity	483	1,552
Total changes of items during the period	483	1,552
Balance at the end of current period	4,777	6,329
Total net assets		
Balance at the beginning of current period	36,733	33,369
Changes of items during the period		
Dividends from surplus	(480)	(480)
Net income (loss)	(1,849)	1,779
Purchase of treasury stock	(0)	–
Net changes of items other than shareholders' equity	(1,035)	5,399
Total changes of items during the period	(3,364)	6,698
Balance at the end of current period	33,369	40,068

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

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	524	5,928
Depreciation and amortization	9,341	7,589
Impairment loss	286	–
Amortization of goodwill	286	286
Increase (decrease) in provision for bonuses	(1)	(625)
Increase (decrease) in provision for directors' bonuses	(8)	(6)
Increase (decrease) in provision for directors' retirement benefits	15	(35)
Increase (decrease) in provision for retirement benefits	703	1,175
Increase (decrease) in allowance for doubtful accounts	0	–
Interest and dividends income	(201)	(181)
Interest expenses	419	417
Loss (gain) on sales of property, plant and equipment	(107)	(575)
Loss on retirement of property, plant and equipment	184	230
Decrease (increase) in notes and accounts receivable-trade	(12,335)	13,960
Decrease (increase) in inventories	(1,464)	689
Increase (decrease) in notes and accounts payable-trade	11,744	(10,420)
Increase (decrease) in accrued consumption taxes	204	(451)
Other, net	1,824	(1,838)
Subtotal	11,418	16,145
Interest and dividends income received	205	178
Interest expenses paid	(426)	(454)
Income taxes (paid) refund	(1,641)	(1,605)
Net cash provided by (used in) operating activities	9,555	14,264
<b>Net cash provided by (used in) investing activities</b>		
Payments into time deposits	(0)	(385)
Proceeds from withdrawal of time deposits	15	51
Purchase of property, plant and equipment	(11,942)	(13,046)
Proceeds from sales of property, plant and equipment	283	896
Purchase of intangible assets	(54)	(162)
Purchase of investment securities	(0)	(0)
Net cash provided by (used in) investing activities	(11,699)	(12,646)

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,441)	1,843
Proceeds from long-term loans payable	6,200	7,715
Repayment of long-term loans payable	(6,206)	(8,182)
Repayments of finance lease obligations	(97)	(138)
Cash dividends paid	(480)	(480)
Proceeds from stock issuance to minority shareholders	218	572
Cash dividends paid to minority shareholders	(244)	(605)
Other, net	(0)	—
Net cash provided by (used in) financing activities	(2,052)	724
Effect of exchange rate change on cash and cash equivalents	(431)	939
Net increase (decrease) in cash and cash equivalents	(4,627)	3,281
Cash and cash equivalents at beginning of period	10,705	6,078
Cash and cash equivalents at end of period	6,078	9,360

## Overview of the Company (as of June 30, 2013)

### ● 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:	1,529
Headquarters:	393 Kashiwabara, Sayama-City, Saitama 350-1335, Japan
Telephone:	+ 81 4 2955 1211

### ● Directors and Audit and Supervisory Board Members

President:	Gen Tsujii*
Senior Managing Directors:	Kazuyoshi Itai* Akira Namiki* Tsugio Motoori*
Managing Director:	Yasushi Ota
Director:	Kazuhiro Asabuki
Audit and Supervisory Board Members (Full-time):	Hideo Sakata Masahiko Sano
Audit and Supervisory Board Members:	Megumi Yamamuro Masanobu Muramatsu

### ● Executive Officers

Senior Operating Officer:	Jun Ono
Operating Officers:	Tomohiro Fujimoto Susumu Enokida Yasushi Kanaoya Hideaki Hanada Tetsuya Kitamura Shinji Hashimoto Yoshiyasu Ito

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

(Notes) 1. Masahiko Sano, Megumi Yamamuro and Masanobu Muramatsu are Outside Audit and Supervisory Board Members as provided for in Article 2, item 16 of the Companies Act.

2. The Company has introduced the Executive 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. (U.S.A.)

US Yachiyo, Inc. (U.S.A.)

Yachiyo Manufacturing of Alabama, LLC (U.S.A.)

AY Manufacturing Ltd. (U.S.A.)

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 Ltd. (India)

Yachiyo India Manufacturing Private Ltd. (India)

P. T. Yachiyo Trimitra Indonesia (Indonesia)

Yachiyo Industry (UK) Ltd. (U.K.)

Affiliates

UYT Ltd. (U.K.)

Hirata Yachiyo Leasing Ltd. (U.K.)

## 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 passenger vehicles at Yokkaichi Factory for Honda Motor Co., Ltd.
June 1996	Established Yachiyo Industry (UK) Limited (currently a consolidated subsidiary) in the U.K.
June 1996	Established UYT Ltd. in the U.K. 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 U.S.A.
October 1997	Jointly established AY Manufacturing Ltd. (currently a consolidated subsidiary) in the U.S.A. with other local corporations
January 1999	Established US Yachiyo, Inc. (currently a consolidated subsidiary) in the U.S.A.
September 2000	Established Yachiyo Manufacturing of Alabama, LLC (currently a consolidated subsidiary) in the U.S.A.
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-Thanglong 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 Tokyo Stock Exchange JASDAQ (Standard))
July 2005	Established Yachiyo Wuhan Manufacturing Co., Ltd. (currently a consolidated subsidiary) in China
October 2005	Additionally acquired equity interest in AY Manufacturing Ltd. (U.S.A.) (currently a consolidated subsidiary) to make it a subsidiary of the Company
November 2005	Jointly established Hirata Yachiyo Leasing Ltd. in the U.K. with Hirata Technical Co., Ltd. (currently H-ONE Co., Ltd.)
June 2006	Established Goshi India Auto Parts Private Ltd. (currently a consolidated subsidiary) in India
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 Ltd. (currently a consolidated subsidiary) in India
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