Financial Report for Period #40

July 20th, 2013

Toyooka 1280, Koshi-shi, Kumamoto-ken
Goshi Giken Co., Ltd.
Kazuhiro Asabuki, Representative Director

CONSOLIDATED BALANCE SHEET

As of March 31st, 2013

(units: JPY1000)

Category	Amount	Category	Amount
ASSETS	**21,556,961**	**LIABILITIES**	**13,801,746**
I. Current Assets	**11,548,281**	**I. Current liabilities**	**10,596,652**
Cash	3,501,551	Notes & accounts payable	7,007,454
Notes & accounts receivable	5,478,368	Short-term loans payable	660,000
Inventories	2,227,846	Long-term loans expected to be paid within 1 year	873,868
Deferred tax assets	102,247	Lease obligations	68,812
Other	238,268	Unpaid amount	426,344
		Income taxes payable	424,829
II. Fixed Assets	**10,008,679**	Consumption taxes payable	26,103
(PP&E)	**(9,625,461)**	Deferred tax liabilities	319,001
Buildings & constructions	7,233,816	Director bonus allowances	5,483
Machinery & transport	13,910,045	Bonus allowances	305,778
Tools, appliances, & fixtures	6,743,387	Equipment notes payable	5,600
Land	1,527,567	Other	473,376
Construction in process	320,439	**II. Fixed liabilities**	**3,205,093**
Accumulated depreciation	△ 20,109,794	Long-term loans payable	807,127
(Intangible fixed assets)	**(134,352)**	Lease obligations	175,464
Software	78,463	Deferred tax liabilities	30,952
Leaseholds	52,208	Reserve for retirement allowances	2,074,549
Facility use rights	3,680	Reserve for retirement benefits for directors	117,000
(Investments & other assets)	**(248,865)**	**NET ASSETS**	**7,755,214**
Long-term loans	605	**I. Capital stock**	**6,405,498**
Deferred tax assets	93,314	Capital	500,000
Other	156,821	Earned surplus	5,905,498
Allowance for bad debts	△ 1,875	**II. Valuation & translation adjustments**	**△ 805,990**
		Foreign currency translation adjustments	△ 805,990
		III. Minority equity	**2,155,707**
Total for Assets	21,556,961	TOTAL LIABILITIES & NET ASSETS	21,556,961

CONSOLIDATED INCOME STATEMENT

From April 1st, 2012
to March 31st, 2013

(units: JPY1000)

Category	Amount
Sales	**51,003,096**
Cost of sales	**45,089,518**
Profit on sales	**5,913,578**
Selling, general and administrative expenses	**2,612,983**
Sales expenses	528,383
General and administration expenses	2,084,599
Operating profit	**3,300,595**
Non-operating income	**94,368**
Interest earned	54,128
Exchange loss	8,242
Other non-operating income	31,997
Non-operating expenses	**93,136**
Interest expenses	76,164
Other non-operating expenses	16,971
Ordinary profit	**3,301,827**
Extraordinary profit	**6,647**
Profit from sale of fixed assets	6,647
Extraordinary loss	**51,071**
Loss from sale of fixed assets	108
Loss of retirement of fixed assets	11,115
Environmental expenses	34,335
Redundancy pay	5,511
Net profit for the period before tax adjustment	**3,257,403**
Corporate tax, resident tax, business tax	1,127,451
Income taxes adjustment	137,702
Income before minority interests	**1,992,249**
Profit for minority interests	(subtraction) 695,826
Current Profit	**1,296,423**

CONSOLIDATED STATEMENT FOR CHANGES IN NET ASSETS

(units: JPY1000)

	Current Consolidated Financial Year From April 1st, 2012 to March 31st, 2013
Capital stock	
Capital	
Balance at period start	500,000
Amount of change for period	
Total amount of change for period	–
Balance at period end	500,000
Earned surplus	
Balance at period start	4,609,074
Amount of change for period	
Dividends of surplus	–
Current profit	1,296,423
Other	–
Total amount of change for period	1,296,423
Balance at period end	5,905,498
Capital stock total	
Balance at period start	5,109,074
Amount of change for period	
Dividends of surplus	–
Current profit	1,296,423
Other	–
Total amount of change for period	1,296,423
Balance at period end	6,405,498
Valuation & translation adjustments	
Foreign currency translation adjustments	
Balance at period start	△ 1,643,433
Amount of change for period	
Non-capital stock change items for the period (net price)	837,443
Total amount of change for period	837,443
Balance at period end	△ 805,990
Minority interests	
Minority interests	
Balance at period start	1,676,646
Amount of change for period	
Non-capital stock change items for the period (net price)	479,060
Total amount of change for period	479,060
Balance at period end	2,155,707
Total net assets	
Balance at period start	5,142,287
Amount of change for period	
Dividends of surplus	–
Current profit	1,296,423
Non-capital stock change items for the period (net price)	1,316,503
Other	–
Total amount of change for period	2,612,927
Balance at period end	7,755,214

CONSOLIDATED NOTES

1. Note on items that are fundamental to creating a Consolidated Financial Statement:

(1) Items on scope of consolidation

A. Status of consolidated subsidiaries
- No. of consolidated subsidiaries: 4
- Name of main consolidated subsidiaries:
  The names of the main consolidated subsidiaries are listed in 1. Items on status of business group 1-7. Statuses of important parent companies and subsidiaries B. Status of main consolidated subsidiaries.

B. Status of non-consolidated subsidiaries
Not applicable.

C. Status of companies that chose not to be a subsidiary and possess the majority of voting rights according to individual calculation.
Not applicable.

(2) Items on application of equity method

A. Status of affiliated companies that applied equity method
- No. of affiliated companies that applied equity method: 1
- Name of affiliated company that applied equity method: YG Tec Co., Ltd.

B. Status of companies that chose not to be a subsidiary and possess the 20% to 50% of voting rights according to individual calculation.
Not applicable.

C. Nothing particularly worth listing regarding procedures for application of equity method.

(3) Items related to business year, etc., of consolidated subsidiaries
Two of the overseas consolidated subsidiaries have settlement days on December 31st.
When creating the consolidated financial statement, financial statements for the same dates are used, and any important transaction occurs until the consolidated settlement date, the necessary adjustments are made with regard to consolidation.

(4) Items related to account processing standards

A. Assessment standards and methods of important assets

1. Securities
Other securities
Those with a market value are assessed via market value method based on the market value, etc., on the settlement day. (Assessment value differences are to be reported as a component of net assets, and cost of products sold is calculated via weighted average cost method.)
Those without a market value are assessed based on the prime cost principle via weighted average cost method.

2. Derivatives
Market value method used.

3. Inventories
Inventories are mainly assessed based on first-in-first-out method via

weighted average cost method. Additionally, for values on the balance sheet, book values were rounded off based on lowering profitability.

Overseas consolidated subsidiaries are mainly assessed based on either first-in-first-out method or prime cost principle via lower of cost or market value method.

(Changes to accounting policy)

The company's previous method for assessing inventory was prime cost principle (values on the balance sheet are were calculated via the book value reduction method based on decreased profitability), but starting this accounting year, we took the opportunity to change to weighted average cost method (values on the balance sheet are were calculated via the book value reduction method based on decreased profitability) via first-in-first-out method as a result of building an continuous record inventory system with a built-in first-in-first-out management system.

This is in order to calculate monthly and period profit and loss quickly and accurately using assessment of inventories.

This change in accounting policy involves using the previous accounting year inventory book value as the period start balance for this accounting year and applying the first-in-first-out method from the period start and on into the future, because the system came into use at the end of the current accounting year and it is impossible business-wise to calculate the cumulative impact on net assets at the end of the previous accounting year.

This change has an insignificant effect on profit and loss for this accounting year.

B. Method for depreciation of important fixed assets

A. PP&E (excluding leased assets)

The straight-line method is used.

2. Intangible fixed assets

For Intangible fixed assets, the straight-line method is used. For software used by the company, the straight-line method is used based on the expected usability period (mainly 5 years).

3. Leased assets

The lease period acts as the service life, and the straight-line method was used with the salvage value as zero.

(Changes to accounting policy)

The depreciation method used by the company and some consolidated subsidiaries for PP&E (excluding buildings (excluding equipment auxiliary to buildings) and molds obtained after April 1st, 1998)
was previously mainly the declining balance method, but from the current consolidated accounting year, it was changed to the straight-line method.

In a review of the production system for the company and some subsidiaries, and due to completion of the foundation structure of a production system that meets the standards of received orders, another review of the PP&E depreciation was made, and the following was found. In recent years, investments in new models is being restrained, and equipment investment for the purpose of maintaining and upgrading existing equipment is anticipated. It is expected that use of PP&E will be focused on immediately after it goes on-line, and will continue stably for a long period during the its service life. As such, because we determined that we expect stable income, we made this change.

As a result, compared to a situation where the previous method was used, depreciation expenses decreased 331,877,000 yen.

C. Criteria for recording important allowances

1. Allowance for bad debts

In order to prepare for loss due to bad debt on credit, expected recovery amounts are recorded via past bad debt ratio for general credit, and by examining individual recovery potential for credit specified as credit with default possibility.

2. Bonus allowances

For the company and domestic consolidated subsidiaries, in order to set aside payments for bonuses to employees, the corresponding amount for the payment period belonging to the financial year of the company from among the planned bonus payment amount is recorded.

3. Director bonus allowances

In order to set aside payments for bonuses to directors, the expected payment amount is recorded.

4. Reserve for retirement allowances

For the company and some consolidated subsidiaries, in order to set aside retirement allowances to employees, the amount understood to be incurred at the current consolidated financial year end is recorded based on the expected amounts for liabilities for retirement allowances and pension assets at the current consolidated financial year end.

However, differences when accounting standards are changed are charged off proportionally for 15 years.

For past service liabilities, they are charged off via straight line method according to the specific number of years of the average period of employment of employees when the liability was incurred.

For actual variations, they are charged off in the following consolidated financial year for each variation, via straight line method according to the specific number of years of the of the average period of employment of employees when the variation occurred for each consolidated financial year.

Additionally, some consolidated subsidiaries utilize the simple method.

5. Reserve for retirement benefits for directors

For the company and domestic consolidated subsidiaries, in order to set aside payments for retirement benefits for directors, the necessary payment at the end of the consolidated financial year based on bylaws is recorded.

D. Accounting of consumption tax, etc.

Taxes are excluded.

(5) Items related to assets and liabilities of consolidated subsidiaries

Assets and liabilities for consolidated subsidiaries are assessed via full market value method.

Additionally, book values for assets of the company used as collateral and liabilities involved in collateral are as follows.

Assets used as collateral

PP&E book value: 620,721,000 yen

Liabilities involved in collateral

Short-term debts: 106,000,000 yen

2. Notes for Consolidated Balance Sheet

Amounts listed are rounded down to the nearest 1000 yen.

3. Notes on Consolidated Income Statement

(1) Amounts listed are rounded down to the nearest 1000 yen.

(2) Total R&D expenses for the current consolidated financial year is 293,174,000 yen.

4. Notes on Consolidated Statement for Changes in Net Assets
   (1) Amounts listed are rounded down to the nearest 1000 yen.
   (2) Type and totals of outstanding shares at the end of the current consolidated financial year are as follows. Outstanding shares (common shares): 1,000,000

5. Notes on financial products

   (1) Items on statuses of financial products

The Group limits fund management to short-term savings, etc., and raises funds through loans from financial institutions (banks, etc.).
Loans are used for working capital (mainly short-term) and equipment investment capital (long-term).
Derivatives are performed within the range of actual demand in accordance with in-house management rules.

   (2) Items related to market values of financial products

Values listed on the Consolidated Balance Sheet, market values and value differences on Marc 31st, 2013 are as follows.

(units: JPY1000)

	Consolidated Balance Sheet listed amount (*)	Market value (*)	Difference
1. Cash	3,501,551	3,501,551	–
2. Notes & accounts receivable	5,478,368	5,478,368	–
3. Investments in securities			–
Other securities	–	–	–
4. Notes & accounts payable	(7,007,454)	(7,007,454)	–
5. Short-term loans payable	(660,000)	(660,000)	–
6. Long-term loans payable planned to be repaid within 1 year	(873,868)	(873,868)	–
7. Long-term loans payable	(807,127)	(804,001)	△ 3,125
8. Derivatives transactions (*1)	(36,341)	(36,341)	–

(*1) The net amounts for net credits/debts resulting from derivatives transactions are shown.

(*) Items related to financial product market value calculation method and securities

1. Cash and savings, and 2. Notes & accounts receivable
Because these are to be settled in a short period and the market value is almost equivalent to the book value, this is the book value at the end of the current consolidated financial year.

3. Investments in securities, other securities
Because unlisted stocks do not have a market price, future cashflow estimates are impossible, and it is accepted as extremely difficult to apply a market value, they are not included.

4. Notes & accounts payable, 5. Short-term loans payable, and 6. Long-term loans payable planned to be repaid within 1 year
Because these are to be settled in a short period and the market value is almost equivalent to the book value, this is the book value at the end of the current consolidated financial year.

7. Long-term loans payable
Market value of long-term loans payable is calculated by reducing by the interest rate estimated if a new loan was made with equivalent total sum of principal and interest.

8. Derivatives transactions (*1)

Those not subject to hedge accounting:

Currency related (units: 1000 yen)

Category	Transaction type	Contract price, etc.	Over 1 year within contract price, etc.	Market value	Assessed profit or loss
Off-market transaction	Exchange reservation transaction Liquidation Yen	200,000	-	△ 36,341	△ 36,341

(Note) Market value calculation method
Calculated based on the prices, etc., provided by client financial institution.

(2) There is nothing that applies to anything subject to hedge accounting.

6. Notes on per share information

(1) Net assets amount per share 5,736.34 yen

(2) Current profit per share 1,296.42 yen

BALANCE SHEET

As of March 31st, 2013

(units: JPY1000)

Category	Amount	Category	Amount
ASSETS	8,150,062	LIABILITIES	**5,148,397**
I **Current Assets**	2,214,058	I **Current liabilities**	**2,316,030**
Cash	37,324	Notes payable	70,200
Notes receivable	47,994	Accounts payable	770,368
Accounts receivable	1,200,232	Short-term loans payable	180,000
Products & goods	58,285	Long-term loans payable planned to be repaid within 1 year	
Goods in process	77,869	Long-term loans payable	673,868
Raw materials and stored items	222,552	Lease obligations	46,966
Prepaid expenses	22,212	Unpaid amount	168,311
Affiliated company short-term loans receivable	244,000	Unpaid expenses	87,105
Uncollected accounts	289,796	Income taxes payable	5,997
Other	13,790	Consumption taxes payable	10,822
		Advances received	1,589
		Deposits payable	22,417
		Bonus allowances	268,999
		Director bonus allowances	5,483
		Equipment notes payable	3,900
II **Fixed Assets**	**5,936,003**	II **Fixed liabilities**	**2,832,367**
(PP&E)	**(3,251,792)**	Long-term loans payable	807,127
Buildings	946,586	Lease obligations	150,479
Structures Machinery & equipment	34,627	Deferred tax liabilities	30,952
	958,000	Reserve for retirement allowances	1,739,408
Vehicles & transport equipment	26,423	Reserve for retirement benefits for directors	104,400
Tools, appliances, & fixtures	189,543		
Casts	227,411		
Land	841,070	NET ASSETS	**3,001,664**
Construction in process	28,129		
(Intangible fixed assets)	**(36,366)**	I **Capital stock**	**3,001,664**
Telephone subscription right	2,952	Capital	500,000
Software	33,414	Earned surplus	2,501,664
		Reserved surplus	50,000
		Other earned surpluses	2,451,664
		Contingent reserves	1,150,000
(Investments & other assets)	**(2,647,844)**	Earned surplus carried forward	1,301,664
Affiliated company shares	1,742,488		
Investments	20,284		
Affiliated company investments	395,592		
Affiliated company long-term loans receivable	389,000		
Long-term prepaid expenses	97,656		
Membership	630		
Lease deposits	2,119		
Rental deposits	50		
Other	22		
Assets total	8,150,062	Total for Liabilities and Net Assets	8,150,062

INCOME STATEMENT

From April 1st, 2012 to March 31st, 2013

(units: JPY1000)

Category	Amount
Sales	10,196,958
Cost of sales	9,187,446
Profit on sales	1,009,512
Selling, general and administrative expenses	932,968
Selling expenses	152,779
General and administration expenses	780,189
Operating profit	76,543
Non-operating income	1,404,055
Interest earned	6,890
Dividends earned	1,390,675
Other non-operating income	6,489
Non-operating expenses	39,862
Interest expenses	22,788
Exchange loss	205
Other non-operating expenses	16,868
Ordinary profit	1,440,736
Extraordinary profit	57
Gain from sale of fixed assets	57
Extraordinary losses	49,282
Loss from sale of fixed assets	108
Loss of retirement of fixed assets	9,327
Environmental expenses	34,335
Redundancy pay	5,511
Current profit before tax	1,391,510
Corporate tax, resident tax, business tax	401,363
Income taxes adjustment	3,100
Current Profit	987,046

STATEMENT FOR CHANGES IN NET ASSETS

(units: JPY1000)

	Current business year From April 1st, 2012 to March 31st, 2013
Capital stock	
Capital	
Balance at period start	500,000
Amount of change for period	-
Total amount of change for period	
Balance at period end	500,000
Earned surplus	
Reserved surplus	
Balance at period start	50,000
Amount of change for period	
Total amount of change for period	-
Balance at period end	50,000
Contingent reserves	
Balance at period start	1,150,000
Amount of change for period	
Total amount of change for period	-
Balance at period end	1,150,000
Earned surplus carried forward	
Balance at period start	314,618
Amount of change for period	
Current Profit	987,046
Total amount of change for period	987,046
Balance at period end	1,301,664
Earned surplus total	
Balance at period start	1,514,618
Amount of change for period	
Current Profit	987,046
Total amount of change for period	987,046
Balance at period end	2,501,664
Capital stock total	
Balance at period start	2,014,618
Amount of change for period	
Current profit	987,046
Total amount of change for period	987,046
Balance at period end	3,001,664
Total net assets	
Balance at period start	2,014,618
Amount of change for period	
Current profit	987,046
Total amount of change for period	987,046
Balance at period end	3,001,664

Individual Notes Table

1. Important accounting policy

(1) Assessment standards and methods of assets

A. Securities

1. Subsidiary company shares and affiliated company shares

These are assessed based on the prime cost principle via weighted average cost method.

2. Other securities

Those with a market value are assessed via market value method based on the market value, etc., on the settlement day.

(Assessment value differences are to be reported as a component of net assets, and cost of products sold is calculated via weighted average cost method.)

Those without a market value are assessed based on the prime cost principle via weighted average cost method.

B. Inventories

Inventories are assessed based on first-in-first-out method via weighted average cost method.

Additionally, for values on the balance sheet, book values were rounded off based on lowering profitability.

(Changes to accounting policy)

The company's previous method for assessing inventory was prime cost principle (values on the balance sheet are were calculated via the book value reduction method based on decreased profitability), but starting this business year, we took the opportunity to change to weighted average cost method (values on the balance sheet are were calculated via the book value reduction method based on decreased profitability) via first-in-first-out method as a result of building an continuous record inventory system with a built-in first-in-first-out management system.

This is in order to calculate monthly and period profit and loss quickly and accurately using assessment of inventories.

This change in accounting policy involves using the previous business year inventory book value as the period start balance for this business year and applying the first-in-first-out method from the period start and on into the future, because the system came into use at the end of the current business year and it is impossible business-wise to calculate the cumulative impact on net assets at the end of the previous business year.

This change has an insignificant effect on profit and loss for this business year.

(2) Method for depreciation of fixed assets

A. PP&E (excluding leased assets)

The straight-line method is used.

B. Intangible fixed assets

For Intangible fixed assets, the straight-line method is used. For software used by the company, the straight-line method is used based on the expected usability period (mainly 5 years).

C. Leased assets

The lease period acts as the service life, and the straight-line method was used with the salvage value as zero.

D. Long-term prepaid expenses

Performed by straight-line method.

(Changes to accounting policy)

The depreciation method for PP&E (excluding buildings (excluding equipment auxiliary to buildings) and molds obtained after April 1st, 1998) was previously the declining balance method, but from the current period, it was changed to the straight-line method.

In a review of the production system, and due to completion of the foundation structure of a production system that meets the standards of received orders, another review of the PP&E depreciation was made, and the following was found. In recent years, investments in new models is being restrained, and equipment investment for the purpose of maintaining and upgrading existing equipment is anticipated. It is expected that use of PP&E will be focused on immediately after it goes on-line, and will continue stably for a long period during the its service life. As such, because we determined that we expect stable income, we made this change.

As a result, compared to a situation where the previous method was used, depreciation expenses decreased 180,738,000 yen.

(3) Criteria for recording allowances

A. Allowance for bad debts

In order to prepare for loss due to bad debt on credit, expected recovery amounts are recorded via past bad debt ratio for general credit, and by examining individual recovery potential for credit specified as credit with default possibility.

B. Bonus allowances

In order to set aside payments for bonuses to employees, the corresponding amount for the current payment period from among the planned bonus payment amount is recorded.

C. Director bonus allowances

In order to set aside payments for bonuses to directors, the expected payment amount is recorded.

D. Reserve for retirement allowances

In order to set aside retirement allowances to employees, the amount understood to be incurred at the current period end is recorded based on the expected amounts for liabilities for retirement allowances and pension assets at the current year end.

However, differences when accounting standards are changed are charged off proportionally for 15 years.

For past service liabilities, they are charged off via straight line method according to the specific number of years of the average period of employment of employees when the liability was incurred.

For actual variations, they are charged off in the following period for each variation, via straight line method according to the specific number of years of the of the average period of employment of employees when the variation occurred for each period.

E. Reserve for retirement benefits for directors

In order to set aside payments for retirement benefits for directors, the necessary payment at the end of the period based on bylaws is recorded.

(4) Accounting of consumption tax, etc.

Taxes are excluded. However, asset-related consumption tax that cannot be excluded is processed as an expense for the business year in which it is incurred.

2. Notes for Balance Sheet

(1) Amounts listed are rounded down to the nearest 1000 yen.

(2) Accumulated depreciation for PP&E is 11,154,199,000 yen.

(3) Monetary claims and debts for affiliated companies are as follows.

Short-term monetary claims	1,417,603,000 yen
Short-term monetary debts	495,801,000 yen
Long-term monetary claims	389,000,000 yen

3. Notes on Income Statement

(1) Amounts listed are rounded down to the nearest 1000 yen.

(2) Transaction volume with affiliated companies is shown below.

Transaction volume from business transactions	
Sales	7,836,366,000 yen
Total purchases	5,750,799,000 yen
Transaction volume from non-business transactions	1,397,566,000 yen

(3) Total R&D expenses for the current period is 293,174,000 yen.

4. Notes on Statement for Changes in Net Assets

Amounts listed are rounded down to the nearest 1000 yen.

5. Notes on tax effect accounting

A detailed list of items divided based on main cause of deferred tax assets or deferred tax liabilities is as follows.

		(units: JPY1000)
(1)	Deferred tax assets (current)	
	Bonus allowances	100,014
	Loss from inventory evaluation	17,146
	Other	16,466
	Deferred tax assets subtotal	133,627
(2)	Deferred tax assets (fixed)	
	Carryover loss	842,519
	Reserve for retirement allowances	605,314
	Overdepreciation	61,104
	Other	90,276
	Deferred tax assets subtotal	1,599,214
	Valuation allowance	△ 1,732,841
	Deferred tax assets total	-
(3)	Deferred tax liabilities (fixed)	
	Prepaid pension expenses	30,952
	Deferred tax liabilities total	30,952
	Net deferred tax liabilities	30,952

6. Notes on leased fixed assets

Omitted as scarce importance in listing the amount.

7. Notes on transactions with related parties

Subsidiary companies, etc.

(units: JPY1000)

Type	Name of company, etc.	Address	Capital	Business details or occupation	Possess voting rights	Ratio (holdings, %)	Relation to related party	Transaction details		Transaction amount	Category	Balance at period end
Subsidiary company	Uemura Tec Co., Ltd.	Kuma-gun, Kumamoto-ken	100,000	Manufacture of two- and four-wheeled vehicle parts, etc.	Yes	Direct 100%	Financer of capital	Capital transaction	Financing	200,000	Affiliated company short-term loans receivable	244,000
									Financing recovery	224,000		
									Interest earned	6,871	Affiliated company long-term loans receivable	389,000

(Note 1) Terms and policy for deciding terms, etc.
Interest on loans is decided by considering procurement interest rate standards for the company, and discussing this with each investee.

8. Notes on per share information

(1) Net asset value per share 3,001.66 yen

(2) Current loss per share 987.05 yen