

<Translation>



November 4, 2016

## **Consolidated Financial Results for the Six Months Ended September 30, 2016 <under Japanese GAAP>**

Company Name: **Yushin Precision Equipment Co., Ltd.**  
Listing: First Section of the Tokyo Stock Exchange  
Securities code: 6482  
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Scheduled date to submit quarterly report: November 14, 2016  
Scheduled date to commence dividend payments: December 1, 2016  
Preparation of supplementary materials on financial results: Yes  
Holding of financial results briefing: Yes (for Analysts)

(Amounts less than one million yen are omitted, unless otherwise noted)

### **1. Consolidated Business Results for the Six Months Ended September 30, 2016 (from April 1, 2016 to September 30, 2016)**

#### **(1) Consolidated operating results (Cumulative)**

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2016	8,949	(9.8)	1,343	(10.6)	1,150	(20.3)	849	(16.2)
September 30, 2015	9,919	20.0	1,502	35.1	1,444	17.9	1,014	28.0

Note: Comprehensive income

Six months ended September 30, 2016: 447 million yen [(50.1) %]

Six months ended September 30, 2015: 896 million yen [( 8.1) %]

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
September 30, 2016	48.60	-
September 30, 2015	58.00	-

#### **(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	29,553	24,767	83.3
As of March 31, 2016	29,409	24,715	83.3

Reference: Equity capital (Net assets less non-controlling interests)

As of September 30, 2016: 24,609 million yen

As of March 31, 2016: 24,509 million yen

**2. Cash Dividends**

	Annual dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY2016	-	15.00	-	21.00	36.00
FY2017	-	15.00			
FY2017 (Forecast)			-	21.00	36.00

Note: Revisions to projected dividends most recently announced: None

**3. Consolidated Earnings Forecasts for the FY2017 (from April 1, 2016 to March 31, 2017)**

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2017	20,000	(5.4)	3,200	3.7	3,000	2.7	1,980	3.7	113.22

Note: Revisions to projected results most recently announced: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries accompanying changes in scope of consolidation): None

(2) Adoption of the special accounting methods: Yes

Note: Please refer to "2. Other Information (Notes), (2) Adoption of special accounting methods for preparation of quarterly financial statements" on page 2 of [Attached Material] for further information.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- |   |      |
|---|------|
| 1) Changes in accounting policies due to revisions to accounting standards and other regulations: | Yes  |
| 2) Changes in accounting policies due to other reasons:   | None |
| 3) Changes in accounting estimates:   | None |
| 4) Restatement:   | None |

(4) Number of issued shares (Common stock)

1) Number of issued shares at the end of the period (including shares of treasury stock)

As of September 30, 2016 17,819,033 shares

As of March 31, 2016 17,819,033 shares

2) Number of shares of treasury stock at the end of the period

As of September 30, 2016 331,424 shares

As of March 31, 2016 331,208 shares

3) Average number of outstanding shares during the period

Six months ended September 30, 2016 17,487,740 shares

Six months ended September 30, 2015 17,488,056 shares

\* Information regarding the implementation of quarterly review procedures

This quarterly financial information included in this summary is out of scope of quarterly review procedure under the Financial Instruments and Exchange Act. Quarterly review procedure under the Financial Instruments and Exchange Act has not been completed at the date of submission of this summary.

\* Cautionary statement with respect to forward-looking statements and other special remarks

The forecasts above are based on the information currently available. A number of factors could cause actual results to differ materially from expectations.

For more information about these assumptions and notes regarding the use of earnings forecasts, please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation on the forecast information including consolidated earnings forecast and others” on page 2 of [Attached Material].

\* Disclaimer

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation on the business results

As for the world economy during the six month ended September 30, 2016, US economy had remained a mild escalation tendency along with a steady employment and individual consumption. However, US economic forecast has been in unclarity due to a trend of United States President Election and a possibility of interest rate rise. And there was a limited “Brexit” impact on the European economy. Therefore, European economy had been on a stable trend. As a whole, the economy centered around developed countries remained in a moderate recovery trend. But then, the economy in China slowed down due to excess investments. And in some of Asian countries, there also seemed to be in stagnation.

In these circumstances, Yushin Group has strived to expand operation in a new business area, to develop new products and to obtain new world-class customers. However, due to a significant Japanese Yen appreciation in the foreign exchange market, consolidated net sales decreased by 9.8% year on year to 8,949 million yen. Its profitability of the business was improved but operating income decreased by 10.6% year on year to 1,343 million yen because of a decline in consolidated net sales and an appreciation of Japanese Yen. As the result, ordinary income decreased by 20.3% year on year to 1,150 million yen and net income attributable to the parent company decreased by 16.2% year on year to 849 million yen.

### (2) Explanation on the financial condition

#### <Assets>

Total assets increased by 143 million yen from the end of the previous fiscal year to 29,553 million yen. This was due to increase of “Work in process” by 305 million yen and decrease of “Notes and accounts receivable - trade” by 247 million yen.

#### <Liabilities>

Total liabilities increased by 91 million yen from the end of the previous fiscal year to 4,785 million yen.

#### <Net assets>

Net assets increased by 52 million yen from the end of the previous fiscal year to 24,767 million yen.

### (3) Explanation on the forecast information including consolidated earnings forecast and others

No revisions for full year have been made to consolidated earnings forecasts for the FY2017 released on August 3, 2016.

## 2. Other Information (Notes)

### (1) Changes in significant consolidated subsidiaries

None

### (2) Adoption of special accounting methods for preparation of quarterly financial statements

The effective tax rate on income before income taxes for the consolidated fiscal year after the application of tax effect accounting is reasonably estimated, and this estimated rate is applied to net income for the quarterly period under review.

Income taxes - deferred are included in Income taxes in the consolidated statements of income.

### (3) Changes in accounting principles, accounting estimates and retrospective restatement

(Application of guidance on “Recoverability of Deferred Tax Assets”)

The company has applied “Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan [ASBJ] Guidance No.26, March 28, 2016; hereafter “Guidance on Recoverability”) from the beginning of the current fiscal year and revised a part of the accounting procedure for recoverability of deferred tax assets.

The Company has applied “Guidance on Recoverability” in accordance with the provisions on transitional implementation indicated in Article 49(4) of “Guidance on Recoverability.” The differences between the amount of Deferred tax assets and Deferred tax liabilities in applying Article 49(3)① through ③ of “Guidance on Recoverability” at the beginning of the current fiscal year, and the amount of Deferred tax assets and Deferred tax liabilities at the end of the previous fiscal year have been added to Retained earnings and Accumulated other comprehensive income at the beginning of the current fiscal year.

As the result, at the beginning of the current fiscal year, Deferred tax assets (“Investments and other assets”) increased by 20,367 thousand yen and Retained earnings increased by 20,367 thousand yen.

**3. Quarterly Consolidated Financial Statements****(1) Quarterly consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2016	As of September 30, 2016
<ASSETS>		
Current assets		
Cash and deposits	5,341,166	5,447,240
Notes and accounts receivable - trade	6,026,195	5,778,954
Merchandise and finished goods	762,329	863,384
Work in process	625,413	930,651
Raw materials and supplies	2,286,051	2,182,367
Deferred tax assets	625,342	582,803
Other	320,955	421,892
Allowance for doubtful accounts	(30,483)	(21,038)
Total current assets	15,956,972	16,186,255
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,855,686	1,726,266
Land	5,779,928	5,758,199
Other, net	4,801,374	4,811,426
Total property, plant and equipment	12,436,989	12,295,892
Intangible assets	369,502	428,088
Investments and other assets		
Investment securities	185,438	183,446
Net defined benefit asset	266,874	267,441
Other	193,840	192,297
Allowance for doubtful accounts	(14)	(61)
Total investments and other assets	646,137	643,124
Total non-current assets	13,452,630	13,367,105
Total assets	29,409,602	29,553,360

(Thousands of yen)

	As of March 31, 2016	As of September 30, 2016
<b>&lt;LIABILITIES&gt;</b>		
Current liabilities		
Notes and accounts payable - trade	2,169,103	2,538,653
Accounts payable - other	776,774	571,063
Income taxes payable	548,986	322,214
Advances received	278,867	526,511
Provision for bonuses	236,000	252,000
Provision for directors' bonuses	29,960	14,700
Provision for product warranties	148,441	119,719
Other	204,559	203,408
Total current liabilities	4,392,694	4,548,270
Non-current liabilities		
Provision for directors' retirement benefits	66,780	66,780
Net defined benefit liability	44,043	45,351
Deferred tax liabilities	123,350	66,503
Other	67,065	58,642
Total non-current liabilities	301,239	237,276
Total liabilities	4,693,933	4,785,547
<b>&lt;NET ASSETS&gt;</b>		
Shareholders' equity		
Capital stock	1,985,666	1,985,666
Capital surplus	2,023,903	2,023,903
Retained earnings	20,502,208	21,005,225
Treasury stock	(352,731)	(353,162)
Total shareholders' equity	24,159,047	24,661,632
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	33,920	32,493
Foreign currency translation adjustment	266,643	(134,588)
Remeasurements of defined benefit plans	50,245	50,214
Total accumulated other comprehensive income	350,808	(51,880)
Non-controlling interests	205,812	158,060
Total net assets	24,715,668	24,767,813
Total liabilities and net assets	29,409,602	29,553,360

**(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income****Quarterly consolidated statements of income**

	(Thousands of yen)	
	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	9,919,506	8,949,104
Cost of sales	5,752,731	5,161,701
Gross profit	4,166,774	3,787,403
Selling, general and administrative expenses	2,664,166	2,443,935
Operating income	1,502,607	1,343,467
Non-operating income		
Interest income	8,906	3,445
Dividends income	2,386	2,346
Purchase discounts	7,465	6,595
Subsidy income	12,208	11,672
Other	16,408	9,686
Total non-operating income	47,375	33,744
Non-operating expenses		
Sales discounts	413	594
Foreign exchange losses	105,107	226,161
Other	215	0
Total non-operating expenses	105,735	226,755
Ordinary income	1,444,247	1,150,456
Extraordinary income		
Gain on sales of non-current assets	-	809
Gain on sales of investment securities	1,104	-
Total extraordinary income	1,104	809
Extraordinary loss		
Loss on sales and retirement of non-current assets	834	2,004
Total extraordinary losses	834	2,004
Income before income taxes	1,444,517	1,149,261
Income taxes	381,636	283,167
Net income	1,062,880	866,093
Net income attributable to non-controlling interests	48,658	16,199
Net income attributable to shareholders of the parent company	1,014,222	849,893



**Quarterly consolidated statements of comprehensive income**

	(Thousands of yen)	
	Six months ended September 30, 2015	Six months ended September 30, 2016
Net income	1,062,880	866,093
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,141)	(1,426)
Foreign currency translation adjustments	(155,708)	(417,037)
Remeasurements of defined benefit plans, net of tax	(2,223)	(30)
Total other comprehensive income	(166,073)	(418,494)
Comprehensive income	896,806	447,599
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	869,784	447,204
Comprehensive income attributable to non-controlling interests	27,022	394

**(3) Notes related to quarterly consolidated financial statements****< Notes related to going concern assumption >**

None

**< Notes in the event of significant changes in shareholders' equity >**

None

**< Segment information >**

First Six Months of FY2016 (from April 1, 2015 to September 30, 2015)

Information related to sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment				Total	Adjustment *1	Amounts shown on quarterly consolidated statements of income *2
	Japan	U.S.A.	Asia	Europe			
Net sales							
Sales to customers	5,094,860	1,555,258	2,931,179	338,207	9,919,506	-	9,919,506
Inter-segment sales or transfers	2,163,553	6,326	168,208	410	2,338,498	(2,338,498)	-
Total	7,258,414	1,561,584	3,099,388	338,617	12,258,004	(2,338,498)	9,919,506
Segment profit	720,240	132,240	631,458	36,885	1,520,824	(18,216)	1,502,607

\*Notes 1: The (18,216) thousand yen adjustment to segment profit includes 21,101 thousand yen eliminations for inter-segment transaction and (39,318) thousand yen inventory adjustments.

\*Notes 2: Segment profit is adjusted to be consistent with operating income shown on the quarterly consolidated statements of income.

First Six Months of FY2017 (from April 1, 2016 to September 30, 2016)

Information related to sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment				Total	Adjustment *1	Amounts shown on quarterly consolidated statements of income *2
	Japan	U.S.A.	Asia	Europe			
Net sales							
Sales to customers	5,111,803	1,559,267	2,070,539	207,492	8,949,104	-	8,949,104
Inter-segment sales or transfers	2,043,290	6,118	109,121	220	2,158,750	(2,158,750)	-
Total	7,155,094	1,565,386	2,179,661	207,712	11,107,855	(2,158,750)	8,949,104
Segment profit	837,398	180,789	202,434	10,653	1,231,275	112,192	1,343,467

\*Notes 1: The 112,192 thousand yen adjustment to segment profit includes 51,764 thousand yen eliminations for inter-segment transaction and 60,428 thousand yen inventory adjustments.

\*Notes 2: Segment profit is adjusted to be consistent with operating income shown on the quarterly consolidated statements of income.

**4. Supplemental Information****(1) Orders, backlog and sales**

## a. Orders

## 1) Order received

(Thousands of yen)

Products	First Six Months of FY2016	First Six Months of FY2017	Change (%)
Take-out robots	7,053,196	6,596,083	93.5
Custom-ordered equipment	1,601,599	2,074,220	129.5
Parts and maintenance service	1,618,604	1,569,186	96.9
Total	10,273,401	10,239,490	99.7

## 2) Backlog of orders

(Thousands of yen)

Products	As of September 30, 2015	As of September 30, 2016	Change (%)
Take-out robots	2,347,151	2,405,354	102.5
Custom-ordered equipment	2,657,497	1,426,145	53.7
Parts and maintenance service	215,852	240,293	111.3
Total	5,220,500	4,071,793	78.0

## b. Net sales

(Thousands of yen)

Products	First Six Months of FY2016	First Six Months of FY2017	Change (%)
Take-out robots	7,211,062	6,111,880	84.8
Custom-ordered equipment	1,106,925	1,313,248	118.6
Parts and maintenance service	1,601,518	1,523,975	95.2
Total	9,919,506	8,949,104	90.2

**(2) Overseas Sales**

First Six Months of FY2016 (from April 1, 2015 to September 30, 2015)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	1,524,413	4,868,692	506,095	203,206	7,102,409
II Consolidated net sales					9,919,506
III Ratio of overseas sales to consolidated net sales (%)	15.4	49.1	5.1	2.0	71.6

First Six Months of FY2017 (from April 1, 2016 to September 30, 2016)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	1,946,749	3,023,244	326,871	188,418	5,485,283
II Consolidated net sales					8,949,104
III Ratio of overseas sales to consolidated net sales (%)	21.8	33.8	3.7	2.1	61.3