

<Translation>



February 3, 2017

Consolidated Financial Results for the Nine Months Ended December 31, 2016 <under Japanese GAAP>

Company Name: **YUSHIN PRECISION EQUIPMENT CO., LTD.**
Listing: First Section of the Tokyo Stock Exchange
Securities code: 6482
URL: <http://www.yushin.com>
Representative: Mayumi Kotani, President and Representative Director
Inquiries: Masahito Fukui, Accounting Manager
Tel: +81-75-933-9168 (from overseas)

Scheduled date to submit quarterly report: February 14, 2017
Scheduled date to commence dividend payments: -
Preparation of supplementary materials on the quarterly financial results: None
Holding of quarterly financial results briefing: None

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

1. Consolidated Business Results for the Nine Months Ended December 31, 2016 (from April 1, 2016 to December 31, 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	%
Nine months ended								
December 31, 2016	13,813	(11.0)	1,664	(33.2)	1,584	(33.4)	1,123	(32.6)
December 31, 2015	15,527	22.5	2,494	70.1	2,379	38.9	1,668	54.3

Note: Comprehensive income

Nine months ended December 31, 2016: 1,181 million yen [(24.0) %]

Nine months ended December 31, 2015: 1,554 million yen [(5.1) %]

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2016	64.27	-
December 31, 2015	95.39	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2016	30,263	25,242	82.8
As of March 31, 2016	29,409	24,715	83.3

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

As of December 31, 2016: 25,055 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 Forecast 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 December 31, 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 December 31, 2016 331,436 shares

As of March 31, 2016 331,208 shares

3) Average number of outstanding shares during the period

Nine months ended December 31, 2016 17,487,700 shares

Nine months ended December 31, 2015 17,488,006 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 forecast above is 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 forecast, 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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[Attached Material]

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation on the business results

The world economy during the nine months ended December 31, 2016, as a whole, remained in a moderate recovery trend with the economy centered around developed countries. US economy had maintained a stable tendency along with a brisk of individual consumptions. And there was a temporary “Brexit” impact on the European economy. Therefore, European economy had been on a mild recovering trend. Regarding Asian economy, there seemed that the economy in China was still in a slowdown trend and some emerging countries in Asia, there also seemed to be in stagnation of economy. However, it is uncertain on the US economy to forecast influences from the economic and trade policies worked out by a new administration in Washington.

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. In December 2016, Yushin Group constructed a new headquarters and factory to improve productivity and streamline business processes and then took another first step there. However, due to a Japanese Yen appreciation in first half of this fiscal year, consolidated net sales decreased by 11.0% year on year to 13,813 million yen. Operating income decreased by 33.2% year on year to 1,664 million yen because of a decline in consolidated net sales and recording expenses for relocating to the new facility, and ordinary income decreased by 33.4% year on year to 1,584 million yen. As the result, net income attributable to the parent company decreased by 32.6% year on year to 1,123 million yen.

(2) Explanation on the financial condition

<Assets>

Total assets increased by 853 million yen from the end of the previous fiscal year to 30,263 million yen. This was mainly due to decrease of “Construction in progress” in “Other, net” in “Property, plant and equipment” for a construction of the new headquarters and factory by 4,583 million yen, and increase of “Buildings and structures, net” by 4,166 million yen and “Notes and accounts receivable - trade” by 588 million yen.

<Liabilities>

Total liabilities increased by 327 million yen from the end of the previous fiscal year to 5,020 million yen. This was mainly due to increase of “Notes and accounts payable - trade” by 575 million yen.

<Net assets>

Net assets increased by 526 million yen from the end of the previous fiscal year to 25,242 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 tax 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 December 31, 2016
<ASSETS>		
Current assets		
Cash and deposits	5,341,166	4,594,058
Notes and accounts receivable - trade	6,026,195	6,615,084
Merchandise and finished goods	762,329	903,614
Work in process	625,413	1,010,737
Raw materials and supplies	2,286,051	2,274,597
Consumption taxes receivable	102,232	476,064
Deferred tax assets	625,342	582,198
Other	218,723	520,183
Allowance for doubtful accounts	(30,483)	(23,749)
Total current assets	15,956,972	16,952,789
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,855,686	6,022,639
Land	5,779,928	5,777,059
Other, net	4,801,374	406,117
Total property, plant and equipment	12,436,989	12,205,816
Intangible assets	369,502	405,222
Investments and other assets		
Investment securities	185,438	234,292
Net defined benefit asset	266,874	267,496
Other	193,840	197,529
Allowance for doubtful accounts	(14)	(61)
Total investments and other assets	646,137	699,258
Total non-current assets	13,452,630	13,310,296
Total assets	29,409,602	30,263,085

(Thousands of yen)

	As of March 31, 2016	As of December 31, 2016
<LIABILITIES>		
Current liabilities		
Notes and accounts payable - trade	2,169,103	2,744,961
Accounts payable - other	776,774	678,533
Income taxes payable	548,986	162,707
Advances received	278,867	517,282
Provision for bonuses	236,000	132,806
Provision for directors' bonuses	29,960	22,050
Provision for product warranties	148,441	128,372
Other	204,559	350,021
Total current liabilities	4,392,694	4,736,735
Non-current liabilities		
Provision for directors' retirement benefits	66,780	66,780
Net defined benefit liability	44,043	46,650
Deferred tax liabilities	123,350	107,941
Other	67,065	62,851
Total non-current liabilities	301,239	284,223
Total liabilities	4,693,933	5,020,959
<NET ASSETS>		
Shareholders' equity		
Capital stock	1,985,666	1,985,666
Capital surplus	2,023,903	2,023,903
Retained earnings	20,502,208	21,016,927
Treasury stock	(352,731)	(353,520)
Total shareholders' equity	24,159,047	24,672,976
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	33,920	67,810
Foreign currency translation adjustment	266,643	264,413
Remeasurements of defined benefit Plans	50,245	50,199
Total accumulated other comprehensive income	350,808	382,423
Non-controlling interests	205,812	186,725
Total net assets	24,715,668	25,242,126
Total liabilities and net assets	29,409,602	30,263,085

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

	(Thousands of yen)	
	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	15,527,582	13,813,418
Cost of sales	8,964,585	8,130,020
Gross profit	6,562,997	5,683,398
Selling, general and administrative expenses	4,068,843	4,018,499
Operating income	2,494,154	1,664,898
Non-operating income		
Interest income	10,308	4,761
Dividends income	4,722	4,683
Purchase discounts	11,216	9,800
Subsidy income	12,208	11,672
Other	15,719	12,289
Total non-operating income	54,175	43,206
Non-operating expenses		
Sales discounts	617	857
Foreign exchange losses	167,910	116,673
Other	214	5,829
Total non-operating expenses	168,742	123,361
Ordinary income	2,379,586	1,584,744
Extraordinary income		
Gain on sales of non-current assets	121	905
Gain on sales of investment securities	1,104	-
Total extraordinary income	1,226	905
Extraordinary loss		
Loss on sales and retirement of non-current assets	833	48,909
Total extraordinary losses	833	48,909
Income before income taxes	2,379,980	1,536,739
Income taxes	648,369	389,535
Net income	1,731,610	1,147,204
Net income attributable to non-controlling interests	63,426	23,293
Net income attributable to shareholders of the parent company	1,668,184	1,123,910

Quarterly consolidated statements of comprehensive income

(Thousands of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net income	1,731,610	1,147,204
Other comprehensive income		
Valuation difference on available-for-sale securities	(12,256)	33,890
Foreign currency translation adjustments	(161,467)	304
Remeasurements of defined benefit plans, net of tax	(3,335)	(45)
Total other comprehensive income	(177,060)	34,149
Comprehensive income	1,554,550	1,181,353
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	1,510,040	1,155,525
Comprehensive income attributable to non-controlling interests	44,509	25,828

(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 >

Nine Months of FY2016 (from April 1, 2015 to December 31, 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	7,597,719	2,647,127	3,976,678	1,306,057	15,527,582	-	15,527,582
Inter-segment sales or transfers	3,416,953	11,636	249,024	2,670	3,680,285	(3,680,285)	-
Total	11,014,672	2,658,763	4,225,703	1,308,727	19,207,867	(3,680,285)	15,527,582
Segment profit	1,096,468	315,987	691,999	301,539	2,405,996	88,157	2,494,154

*Notes 1: The 88,157 thousand yen adjustment to segment profit includes eliminations for inter-segment transactions of 59,586 thousand yen and inventory adjustments of 28,571 thousand yen.

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

Nine Months of FY2017 (from April 1, 2016 to December 31, 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	7,942,648	2,386,574	3,194,568	289,627	13,813,418	-	13,813,418
Inter-segment sales or transfers	2,839,287	9,220	171,886	445	3,020,838	(3,020,838)	-
Total	10,781,935	2,395,794	3,366,454	290,072	16,834,257	(3,020,838)	13,813,418
Segment profit (loss)	1,029,164	235,281	277,753	(13,353)	1,528,845	136,052	1,664,898

*Notes 1: The 136,052 thousand yen adjustment to segment profit includes eliminations for inter-segment transactions of 39,795 thousand yen and inventory adjustments of 96,257 thousand yen.

*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	Nine Months of FY2016	Nine Months of FY2017	Change (%)
Take-out robots	10,044,719	10,016,915	99.7
Custom-ordered equipment	1,984,828	2,674,262	134.7
Parts and maintenance service	2,456,912	2,322,984	94.5
Total	14,486,460	15,014,163	103.6

2) Backlog of orders

(Thousands of yen)

Products	As of December 31, 2015	As of December 31, 2016	Change (%)
Take-out robots	2,044,648	2,418,198	118.3
Custom-ordered equipment	1,550,709	1,331,984	85.9
Parts and maintenance service	230,125	231,969	100.8
Total	3,825,483	3,982,152	104.1

b. Net sales

(Thousands of yen)

Products	Nine Months of FY2016	Nine Months of FY2017	Change (%)
Take-out robots	10,505,087	9,519,868	90.6
Custom-ordered equipment	2,596,941	2,007,452	77.3
Parts and maintenance service	2,425,553	2,286,097	94.3
Total	15,527,582	13,813,418	89.0

(2) Overseas sales

Nine Months of FY2016 (from April 1, 2015 to December 31, 2015)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	2,819,756	6,465,736	1,238,477	322,333	10,846,303
II Consolidated net sales					15,527,582
III Ratio of overseas sales to consolidated net sales (%)	18.2	41.6	8.0	2.1	69.9

Nine Months of FY2017 (from April 1, 2016 to December 31, 2016)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	2,730,397	4,692,385	490,895	297,789	8,211,468
II Consolidated net sales					13,813,418
III Ratio of overseas sales to consolidated net sales (%)	19.8	34.0	3.6	2.2	59.4