

November 2, 2017

## Consolidated Financial Results for the Six Months Ended September 30, 2017 <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, Executive Officer and General Manager of Corporate Management Department

Tel: +81-75-933-9168 (from overseas)

Scheduled date to submit quarterly report: November 14, 2017

Scheduled date to commence dividend payments: December 1, 2017

Preparation of supplementary materials on financial results: Yes

Holding of financial results briefing: Yes (for Analysts)

*\* Disclaimer:*

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

**1. Consolidated Business Results for the Six Months Ended September 30, 2017****(from April 1, 2017 to September 30, 2017)****(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, 2017	9,743	8.9	990	(26.3)	1,039	(9.6)	745	(12.3)
September 30, 2016	8,949	(9.8)	1,343	(10.6)	1,150	(20.3)	849	(16.2)

Note: Comprehensive income Six months ended September 30, 2017: 880 million yen [ 96.7 %]

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

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
September 30, 2017	42.61	-
September 30, 2016	48.60	-

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	31,308	25,939	82.2
As of March 31, 2017	30,761	25,451	82.1

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

As of September 30, 2017: 25,736 million yen

As of March 31, 2017: 25,258 million yen

**2. Cash Dividends**

	Annual dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY2017	-	15.00	-	21.00	36.00
FY2018	-	15.00			
FY2018 (Forecast)			-	18.00	33.00

Note: Revisions to projected dividends most recently announced: None

**3. Consolidated Earnings Forecasts for the FY2018 (from April 1, 2017 to March 31, 2018)**

(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
FY2018	21,000	8.5	2,700	27.8	2,700	31.2	1,900	37.7	108.65

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. Quarterly Consolidated Financial Statements and Notes, (3) Adoption of special accounting methods for preparation of quarterly financial statements” on page 7 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: None
  - 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, 2017	17,819,033 shares
As of March 31, 2017	17,819,033 shares
  - 2) Number of shares of treasury stock at the end of the period
 

As of September 30, 2017	331,797 shares
As of March 31, 2017	331,715 shares
  - 3) Average number of outstanding shares during the period
 

Six months ended September 30, 2017	17,487,294 shares
Six months ended September 30, 2016	17,487,740 shares

\* Information regarding the implementation of quarterly review procedures

This quarterly financial information included in this summary is out of scope of quarterly review.

\* 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].

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## **1. Qualitative Information on Quarterly Consolidated Financial Performance**

### **(1) Explanation on the business results**

The world economy during the six month ended September 30, 2017 continued to recover moderately. In the United States, employment environment continued to improve, individual consumption was steady, and the economy continued to expand gently. Similarly in Europe, the employment environment improved and individual consumption continued to recover, and the economy remained on a recovery trend. In China, as a result of infrastructure investment, business confidence remained firm, and in other emerging economies, the economy remained favorable in general due to exports.

In these circumstances, Yushin Group has continued to expand operation in a new business area, to develop new products and to obtain new world-class customers. Despite sluggish sales of custom-ordered equipment in new business area, net sales increased by 8.9% year on year to 9,743 million yen due to strong sales of take-out robots, mainly in Japan and Asia. However, operating income decreased by 26.3% year on year to 990 million yen, due to the fact that development costs for new-type take-out robots concentrated in the first half and depreciation expenses of the new head quarter increased. Ordinary income decreased by 9.6% year on year to 1,039 million yen due to continued depreciation of the yen. As a result, net income attributable to the parent company decreased by 12.3% year on year to 745 million yen.

### **(2) Explanation on the financial condition**

#### <Assets>

Total assets increased by 546 million yen from the end of the previous fiscal year to 31,308 million yen.

This was mainly due to increase of “Raw materials and supplies” by 769 million yen.

#### <Liabilities>

Total liabilities increased by 58 million yen from the end of the previous fiscal year to 5,368 million yen.

#### <Net assets>

Net assets increased by 487 million yen from the end of the previous fiscal year to 25,939 million yen.

This was due to increase of “Retained earnings” by 377 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 FY2018 released on May 10, 2017.

**2. Quarterly Consolidated Financial Statements and Notes****(1) Quarterly consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2017	As of September 30, 2017
<b>&lt;ASSETS&gt;</b>		
Current assets		
Cash and deposits	5,734,493	6,187,314
Notes and accounts receivable - trade	6,479,748	6,021,311
Merchandise and finished goods	769,815	1,129,741
Work in process	884,830	937,383
Raw materials and supplies	2,179,141	2,948,845
Deferred tax assets	431,885	448,145
Other	890,084	548,627
Allowance for doubtful accounts	(21,298)	(21,001)
Total current assets	17,348,701	18,200,369
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,041,212	5,742,647
Land	5,784,160	5,734,710
Other, net	430,441	407,456
Total property, plant and equipment	12,255,813	11,884,813
Intangible assets	473,285	495,456
Investments and other assets		
Investment securities	220,783	270,127
Net defined benefit asset	292,959	291,610
Other	170,444	165,817
Allowance for doubtful accounts	(251)	(189)
Total investments and other assets	683,936	727,365
Total non-current assets	13,413,034	13,107,635
Total assets	30,761,736	31,308,005

(Thousands of yen)

	As of March 31, 2017	As of September 30, 2017
<b>&lt;LIABILITIES&gt;</b>		
Current liabilities		
Notes and accounts payable - trade	2,992,278	3,042,227
Accounts payable - other	750,992	552,774
Income taxes payable	100,112	255,089
Advances received	604,929	651,155
Provision for bonuses	252,861	264,455
Provision for directors' bonuses	22,710	19,248
Provision for product warranties	122,870	119,000
Other	253,458	227,521
Total current liabilities	5,100,213	5,131,472
Non-current liabilities		
Provision for directors' retirement benefits	66,780	66,780
Net defined benefit liability	53,853	50,818
Deferred tax liabilities	29,739	62,323
Other	59,431	57,227
Total non-current liabilities	209,805	237,149
Total liabilities	5,310,018	5,368,622
<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	21,273,290	21,651,238
Treasury stock	(353,994)	(354,241)
Total shareholders' equity	24,928,866	25,306,567
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	58,545	92,796
Foreign currency translation adjustment	203,291	269,664
Remeasurements of defined benefit plans	67,699	67,929
Total accumulated other comprehensive income	329,536	430,390
Non-controlling interests	193,315	202,425
Total net assets	25,451,718	25,939,383
Total liabilities and net assets	30,761,736	31,308,005

**(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income****Quarterly consolidated statements of income****First six months**

	(Thousands of yen)	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	8,949,104	9,743,897
Cost of sales	5,161,701	5,714,118
Gross profit	3,787,403	4,029,779
Selling, general and administrative expenses	2,443,935	3,039,183
Operating income	1,343,467	990,595
Non-operating income		
Interest income	3,445	2,893
Dividends income	2,346	2,337
Purchase discounts	6,595	7,279
Foreign exchange gains	-	24,829
Subsidy income	11,672	-
Other	9,686	12,594
Total non-operating income	33,744	49,934
Non-operating expenses		
Sales discounts	594	258
Foreign exchange losses	226,161	-
Other	0	330
Total non-operating expenses	226,755	588
Ordinary income	1,150,456	1,039,942
Extraordinary income		
Gain on sales of non-current assets	809	4,522
Total extraordinary income	809	4,522
Extraordinary loss		
Loss on sales and retirement of non-current assets	2,004	670
Other	-	92
Total extraordinary losses	2,004	763
Income before income taxes	1,149,261	1,043,701
Income taxes	283,167	271,591
Net income	866,093	772,109
Net income attributable to non-controlling interests	16,199	26,927
Net income attributable to shareholders of the parent company	849,893	745,181

**Quarterly consolidated statements of comprehensive income****First six months**

	(Thousands of yen)	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Net income	866,093	772,109
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,426)	34,250
Foreign currency translation adjustments	(417,037)	73,780
Remeasurements of defined benefit plans, net of tax	(30)	230
Total other comprehensive income	(418,494)	108,261
Comprehensive income	447,599	880,370
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	447,204	846,035
Comprehensive income attributable to non- controlling interests	394	34,335



**(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

**< Adoption of special accounting methods for preparation of quarterly financial statements >**

## Calculation method for tax expenses

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.

**< Segment information >**

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.

First Six Months of FY2018 (from April 1, 2017 to September 30, 2017)

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	5,390,230	1,523,325	2,618,146	212,195	9,743,897	-	9,743,897
Inter-segment sales or transfers	2,369,497	5,669	146,494	1,935	2,523,597	(2,523,597)	-
Total	7,759,727	1,528,995	2,764,641	214,130	12,267,494	(2,523,597)	9,743,897
Segment profit	526,147	138,713	324,361	45,323	1,034,545	(43,949)	990,595

\*Notes 1: The (43,949) thousand yen adjustment to segment profit includes 4,449 thousand yen eliminations for inter-segment transaction and (48,399) thousand yen inventory adjustments.

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

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

## a. Orders

## 1) Order received

(Thousands of yen)

Products	First Six Months of FY2017	First Six Months of FY2018	Change (%)
Take-out robots	6,596,083	8,043,701	121.9
Custom-ordered equipment	2,074,220	892,795	43.0
Parts and maintenance service	1,569,186	1,610,484	102.6
Total	10,239,490	10,546,981	103.0

## 2) Backlog of orders

(Thousands of yen)

Products	As of September 30, 2016	As of September 30, 2017	Change (%)
Take-out robots	2,405,354	3,225,197	134.1
Custom-ordered equipment	1,426,145	903,275	63.3
Parts and maintenance service	240,293	342,206	142.4
Total	4,071,793	4,470,680	109.8

## b. Net sales

(Thousands of yen)

Products	First Six Months of FY2017	First Six Months of FY2018	Change (%)
Take-out robots	6,111,880	7,239,436	118.4
Custom-ordered equipment	1,313,248	1,029,431	78.4
Parts and maintenance service	1,523,975	1,475,029	96.8
Total	8,949,104	9,743,897	108.9

**(2) Overseas Sales**

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

First Six Months of FY2018 (from April 1, 2017 to September 30, 2017)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	1,442,697	3,965,606	317,698	242,557	5,968,559
II Consolidated net sales					9,743,897
III Ratio of overseas sales to consolidated net sales (%)	14.8	40.7	3.3	2.5	61.3