

<Translation>



November 5, 2018

Consolidated Financial Results for the Six Months Ended September 30, 2018 <under Japanese GAAP>

Company Name: **YUSHIN PRECISION EQUIPMENT CO., LTD.**

Listing: First Section of the Tokyo Stock Exchange

Securities code: 6482

URL: <https://www.ype.co.jp/en/>

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Scheduled date to submit quarterly report: November 14, 2018

Scheduled date to commence dividend payments: December 3, 2018

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, 2018

(from April 1, 2018 to September 30, 2018)

(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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2018	10,586	8.7	1,203	21.5	1,228	18.2	861	15.6
September 30, 2017	9,743	8.9	990	(26.3)	1,039	(9.6)	745	(12.3)

Note: Comprehensive income Six months ended September 30, 2018: 1,001 million yen [13.8 %]

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

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
September 30, 2018	24.63	-
September 30, 2017	21.31	-

Note: The Company carried out a stock split on April 1, 2018, at a ratio of two shares per one common share.

Accordingly, Net income per share has been calculated presuming that this stock split was carried out at the start of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	32,826	27,123	81.9
As of March 31, 2018	32,572	26,472	80.6

Reference: Equity capital

As of September 30, 2018: 26,889 million yen

As of March 31, 2018: 26,243 million yen

2. Cash Dividends

	Annual dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY2018	-	15.00	-	18.00	33.00
FY2019	-	8.00			
FY2019 (Forecast)			-	9.00	17.00

Note 1: Revisions to projected dividends most recently announced: None

Note 2: The Company carried out a stock split on April 1, 2018 at a ratio of two shares per one common share.

The actual dividend amount prior to the stock split is noted here for the fiscal year ended in March 2018 (FY2018).

3. Consolidated Earnings Forecasts for the FY2019 (from April 1, 2018 to March 31, 2019)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2019	22,000	5.4	2,600	10.2	2,600	6.9	1,800	10.6	51.47

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) Notes related to quarterly consolidated financial statements < 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, 2018	35,638,066 shares
As of March 31, 2018	35,638,066 shares
 - 2) Number of shares of treasury stock at the end of the period

As of September 30, 2018	664,018 shares
As of March 31, 2018	663,964 shares
 - 3) Average number of outstanding shares during the period

Six months ended September 30, 2018	34,974,090 shares
Six months ended September 30, 2017	34,974,588 shares

Note: The Company carried out a stock split on April 1, 2018, at a ratio of two shares per one common share. Accordingly, Number of issued shares (Common stock), Number of shares of treasury stock at the end of the period, and Average number of outstanding shares during the period has been calculated presuming that this stock split was carried out at the start of the previous consolidated fiscal year.

* This “Consolidated Financial Results for the Six Months” report is not subject to quarterly review procedures by certified public accountant or by auditing firm.

* 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

The world economy during the six month ended September 30, 2018 continued to expand moderately while concerns about trade friction between the U.S. and China were increasing. In the U.S., employment environment continued to improve and individual consumption was steady. Similarly, in Europe, the economy remained steady in general based on improvements in the employment environment and income environment. In Asia, the economy remained relatively stable despite signs of economic slowdown in the Chinese economy, and in other emerging economies, the economy remained on recovery trend. However, the outlook for the economy is uncertain as crude oil prices rise, currencies of emerging countries decline and the impact on the world economy due to trade friction between the U.S. is concerned.

In these circumstances, Yushin Group has strived to obtain new world-class customers. Therefore, the booking remained steady in the six months ended September 30, 2018. The consolidated net sales increased by 8.7% year on year to 10,586 million yen due to the increase of sales of take-out robots in Japan, the U.S. and Southeast Asia, and custom-ordered equipment in Europe. In spite of increase in purchasing prices due to materials procurement difficulties, etc., operating income increased by 21.5% year on year to 1,203 million yen because of decrease in depreciation expenses and normalization of development expenses which was concentrated in the previous fiscal year for development of new model. Ordinary income increased by 18.2% year on year to 1,228 million yen, net income attributable to the parent increased by 15.6% year on year to 861 million yen.

(2) Explanation on the financial condition

<Assets>

Total assets increased by 253 million yen from the end of the previous fiscal year to 32,826 million yen.

This was mainly due to increase of “Cash and deposits” by 489 million yen.

<Liabilities>

Total liabilities decreased by 398 million yen from the end of the previous fiscal year to 5,702 million yen. This was mainly due to decrease of “Income taxes payable” by 304 million yen.

<Net assets>

Net assets increased by 651 million yen from the end of the previous fiscal year to 27,123 million yen.

This was due to increase of “Retained earnings” by 546 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 FY2019 released on May 10, 2018.

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

	(Thousands of yen)	
	As of March 31, 2018	As of September 30, 2018
<ASSETS>		
Current assets		
Cash and deposits	5,655,106	6,144,601
Notes and accounts receivable - trade	7,042,925	6,654,159
Merchandise and finished goods	825,365	810,637
Work in process	1,117,029	1,470,091
Raw materials and supplies	3,542,893	3,809,453
Other	764,426	488,306
Allowance for doubtful accounts	(20,151)	(20,962)
Total current assets	18,927,595	19,356,286
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,424,201	5,183,821
Land	6,133,446	6,142,361
Other	325,771	392,115
Total property, plant and equipment	11,883,420	11,718,298
Intangible assets	494,152	453,253
Investments and other assets		
Investment securities	276,387	278,201
Net defined benefit asset	274,331	271,764
Deferred tax assets	574,606	577,774
Other	162,895	190,602
Allowance for doubtful accounts	(20,501)	(20,011)
Total investments and other assets	1,267,720	1,298,332
Total non-current assets	13,645,293	13,469,883
Total assets	32,572,888	32,826,170

(Thousands of yen)

	As of March 31, 2018	As of September 30, 2018
<LIABILITIES>		
Current liabilities		
Notes and accounts payable - trade	2,905,292	2,745,687
Accounts payable - other	505,356	457,320
Income taxes payable	608,628	303,638
Advances received	1,175,887	1,309,481
Provision for bonuses	256,847	288,842
Provision for directors' bonuses	29,840	16,878
Provision for product warranties	145,325	139,185
Other	270,318	225,274
Total current liabilities	5,897,496	5,486,307
Non-current liabilities		
Provision for directors' retirement benefits	66,780	66,780
Net defined benefit liability	51,486	64,399
Deferred tax liabilities	32,855	31,902
Other	52,236	53,355
Total non-current liabilities	203,358	216,437
Total liabilities	6,100,854	5,702,744
<NET ASSETS>		
Shareholders' equity		
Capital stock	1,985,666	1,985,666
Capital surplus	2,023,903	2,023,903
Retained earnings	22,270,517	22,817,261
Treasury stock	(354,848)	(354,910)
Total shareholders' equity	25,925,238	26,471,921
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	97,103	98,321
Foreign currency translation adjustment	164,323	264,484
Remeasurements of defined benefit plans	56,982	54,870
Total accumulated other comprehensive income	318,409	417,676
Non-controlling interests	228,385	233,827
Total net assets	26,472,034	27,123,425
Total liabilities and net assets	32,572,888	32,826,170

(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, 2017	Six months ended September 30, 2018
Net sales	9,743,897	10,586,849
Cost of sales	5,714,118	6,437,841
Gross profit	4,029,779	4,149,007
Selling, general and administrative expenses	3,039,183	2,945,828
Operating income	990,595	1,203,178
Non-operating income		
Interest income	2,893	2,999
Dividends income	2,337	2,538
Purchase discounts	7,279	6,950
Foreign exchange gains	24,829	-
Other	12,594	17,408
Total non-operating income	49,934	29,896
Non-operating expenses		
Sales discounts	258	435
Foreign exchange losses	-	3,789
Other	330	0
Total non-operating expenses	588	4,224
Ordinary income	1,039,942	1,228,851
Extraordinary income		
Gain on sales of non-current assets	4,522	722
Total extraordinary income	4,522	722
Extraordinary loss		
Loss on sales and retirement of non-current assets	670	9,278
Other	92	-
Total extraordinary losses	763	9,278
Income before income taxes	1,043,701	1,220,295
Income taxes	271,591	323,823
Net income	772,109	896,472
Net income attributable to non-controlling interests	26,927	34,961
Net income attributable to shareholders of the parent	745,181	861,511

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

	(Thousands of yen)	
	Six months ended September 30, 2017	Six months ended September 30, 2018
Net income	772,109	896,472
Other comprehensive income		
Valuation difference on available-for-sale securities	34,250	1,218
Foreign currency translation adjustments	73,780	106,362
Remeasurements of defined benefit plans	230	(2,112)
Total other comprehensive income	108,261	105,468
Comprehensive income	880,370	1,001,940
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	846,035	960,778
Comprehensive income attributable to non-controlling interests	34,335	41,162

(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.

< Additional information >

Adoption the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.

Effective beginning the three-month period ended June 30, 2018, Yushin Group has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (ASBJ Guidance No.28 of February 16, 2018)." As a result of adoption, deferred tax assets have been classified in the section of investments and other assets, and deferred tax liabilities have been classified in the section of non-current liabilities.

< Segment information >

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.

First Six Months of FY2019 (from April 1, 2018 to September 30, 2018)

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	5,759,160	1,767,171	2,647,226	413,290	10,586,849	-	10,586,849
Inter-segment sales or transfers	2,386,511	11,282	143,882	3,129	2,544,805	(2,544,805)	-
Total	8,145,672	1,778,453	2,791,108	416,419	13,131,654	(2,544,805)	10,586,849
Segment profit	778,850	151,830	304,441	31,881	1,267,003	(63,825)	1,203,178

*Notes 1: The (63,825) thousand yen adjustment to segment profit includes 5,694 thousand yen eliminations for inter-segment transaction and (69,519) 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 FY2018	First Six Months of FY2019	Change (%)
Take-out robots	8,043,701	8,272,842	102.8
Custom-ordered equipment	892,795	1,604,414	179.7
Parts and maintenance service	1,610,484	1,781,783	110.6
Total	10,546,981	11,659,040	110.5

2) Backlog of orders

(Thousands of yen)

Products	As of September 30, 2017	As of September 30, 2018	Change (%)
Take-out robots	3,225,197	3,549,567	110.1
Custom-ordered equipment	903,275	2,728,948	302.1
Parts and maintenance service	342,206	330,603	96.6
Total	4,470,680	6,609,118	147.8

b. Net sales

(Thousands of yen)

Products	First Six Months of FY2018	First Six Months of FY2019	Change (%)
Take-out robots	7,239,436	7,690,986	106.2
Custom-ordered equipment	1,029,431	1,197,376	116.3
Parts and maintenance service	1,475,029	1,698,486	115.1
Total	9,743,897	10,586,849	108.7

(2) Overseas Sales

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

First Six Months of FY2019 (from April 1, 2018 to September 30, 2018)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	1,610,706	4,042,449	589,602	364,502	6,607,260
II Consolidated net sales					10,586,849
III Ratio of overseas sales to consolidated net sales (%)	15.2	38.2	5.6	3.4	62.4