

<Translation>



February 5, 2019

Consolidated Financial Results for the Nine Months Ended December 31, 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/>

Representative: Mayumi Kotani, President and Representative Director

Inquiries: Masahito Fukui, Executive Officer and General Manager of Corporate Management Department

Tel: +81-75-933-9555

Scheduled date to submit quarterly report: February 14, 2019

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, 2018 (from April 1, 2018 to December 31, 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	%
Nine months ended								
December 31, 2018	15,981	4.8	1,916	19.3	1,854	9.7	1,329	15.3
December 31, 2017	15,251	10.4	1,606	(3.5)	1,690	6.7	1,153	2.6

Note: Comprehensive income Nine months ended December 31, 2018: 1,321 million yen [(6.7) %]

Nine months ended December 31, 2017: 1,416 million yen [19.9 %]

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2018	38.03	-
December 31, 2017	32.98	-

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 December 31, 2018	32,921	27,163	81.8
As of March 31, 2018	32,572	26,472	80.6

Reference: Equity capital

As of December 31, 2018: 26,927 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 Forecast 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 December 31, 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 December 31, 2018 664,124 shares

As of March 31, 2018 663,964 shares

3) Average number of outstanding shares during the period

Nine months ended December 31, 2018 34,974,056 shares

Nine months ended December 31, 2017 34,974,494 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 “Quarterly Consolidated Financial Results” 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:*

This English version is not an official translation of the original Japanese document. In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail. YUSHIN PRECISION EQUIPMENT CO., LTD. shall accept no responsibility or liability for damages or loss caused by any error, inaccuracy, misunderstanding or misspelling with regard to this translation. This translation may be used only for reference purposes. YUSHIN PRECISION EQUIPMENT CO., LTD. maintains the right to claim compensation from violators for any damage or loss it may suffer from the violation of these conditions.

[Attached Material]**INDEX**

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation on the business results	2
(2) Explanation on the financial condition	2
(3) Explanation on the forecast information including consolidated earnings forecast and others	2
2. Quarterly Consolidated Financial Statements and Notes	3
(1) Quarterly consolidated balance sheets	3
(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income	5
Quarterly consolidated statements of income	5
Quarterly consolidated statements of comprehensive income	6
(3) Notes related to quarterly consolidated financial statements	7
< Notes related to going concern assumption >	7
< Notes in the event of significant changes in shareholders' equity >	7
< Adoption of special accounting methods for preparation of quarterly financial statements >	7
< Additional information >	7
< Segment information >	7
3. Supplemental Information	8
(1) Orders, backlog and sales	8
(2) Overseas sales	8

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation on the business results

The world economy during the nine month ended December 31, 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, although the overall economy remained steady, the economic slowdown in China began to emerge. The outlook for the economy is growing uncertain since there is concern about the global economic impact due to the trade friction between the U.S. and China, and political unrest in some countries.

In these circumstances, Yushin Group has strived to obtain new world-class customers. Therefore, the booking remained steady in the nine months ended December 31, 2018. The consolidated net sales increased by 4.8% year on year to 15,981 million yen due to strong sales of custom-ordered equipment in Japan and overseas. In spite of increase in purchasing prices due to materials procurement difficulties, etc. in the first half, operating income increased by 19.3% year on year to 1,916 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. Although foreign exchange loss occurred in the third quarter, ordinary income increased by 9.7% year on year to 1,854 million yen, net income attributable to shareholders of the parent increased by 15.3% year on year to 1,329 million yen.

(2) Explanation on the financial condition

<Assets>

Total assets increased by 348 million yen from the end of the previous fiscal year to 32,921 million yen. This was mainly due to increase of “Cash and deposits” by 640 million yen.

<Liabilities>

Total liabilities decreased by 342 million yen from the end of the previous fiscal year to 5,758 million yen. This was mainly due to decrease of “Income taxes payable” by 507 million yen.

<Net assets>

Net assets increased by 691 million yen from the end of the previous fiscal year to 27,163 million yen. This was mainly due to increase of “Retained earnings” by 735 million yen.

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

No revisions have been made to consolidated earnings forecasts for full year of 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 December 31, 2018
<ASSETS>		
Current assets		
Cash and deposits	5,655,106	6,295,783
Notes and accounts receivable - trade	7,042,925	6,651,151
Merchandise and finished goods	825,365	1,053,494
Work in process	1,117,029	1,639,311
Raw materials and supplies	3,542,893	3,684,150
Other	764,426	335,899
Allowance for doubtful accounts	(20,151)	(22,171)
Total current assets	18,927,595	19,637,619
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,424,201	5,127,334
Land	6,133,446	6,134,167
Other	325,771	287,041
Total property, plant and equipment	11,883,420	11,548,543
Intangible assets	494,152	452,072
Investments and other assets		
Investment securities	276,387	213,211
Net defined benefit asset	274,331	270,286
Deferred tax assets	574,606	625,796
Other	162,895	193,788
Allowance for doubtful accounts	(20,501)	(19,603)
Total investments and other assets	1,267,720	1,283,478
Total non-current assets	13,645,293	13,284,094
Total assets	32,572,888	32,921,714

(Thousands of yen)

	As of March 31, 2018	As of December 31, 2018
<LIABILITIES>		
Current liabilities		
Notes and accounts payable - trade	2,905,292	2,589,860
Accounts payable - other	505,356	513,015
Income taxes payable	608,628	100,632
Advances received	1,175,887	1,717,378
Provision for bonuses	256,847	139,146
Provision for directors' bonuses	29,840	25,317
Provision for product warranties	145,325	144,989
Other	270,318	320,371
Total current liabilities	5,897,496	5,550,710
Non-current liabilities		
Provision for directors' retirement benefits	66,780	66,780
Net defined benefit liability	51,486	65,108
Deferred tax liabilities	32,855	30,114
Other	52,236	45,897
Total non-current liabilities	203,358	207,900
Total liabilities	6,100,854	5,758,610
<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	23,005,948
Treasury stock	(354,848)	(355,033)
Total shareholders' equity	25,925,238	26,660,485
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	97,103	53,274
Foreign currency translation adjustment	164,323	160,003
Remeasurements of defined benefit plans	56,982	53,814
Total accumulated other comprehensive income	318,409	267,092
Non-controlling interests	228,385	235,526
Total net assets	26,472,034	27,163,103
Total liabilities and net assets	32,572,888	32,921,714

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income**Quarterly consolidated statements of income****Nine months ended December**

	(Thousands of yen)	
	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales	15,251,785	15,981,981
Cost of sales	8,979,577	9,568,519
Gross profit	6,272,208	6,413,461
Selling, general and administrative expenses	4,665,220	4,496,590
Operating income	1,606,987	1,916,871
Non-operating income		
Interest income	4,368	4,396
Dividends income	4,695	5,159
Purchase discounts	11,117	10,421
Foreign exchange gains	52,448	-
Other	11,586	19,148
Total non-operating income	84,216	39,125
Non-operating expenses		
Sales discounts	530	660
Foreign exchange losses	-	99,301
Other	331	1,516
Total non-operating expenses	861	101,479
Ordinary income	1,690,342	1,854,517
Extraordinary income		
Gain on sales of non-current assets	5,711	733
Total extraordinary income	5,711	733
Extraordinary loss		
Loss on sales and retirement of non-current assets	1,433	9,298
Other	92	204
Total extraordinary losses	1,526	9,503
Income before income taxes	1,694,527	1,845,746
Income taxes	498,451	472,416
Net income	1,196,076	1,373,330
Net income attributable to non-controlling interests	42,742	43,339
Net income attributable to shareholders of the parent	1,153,333	1,329,991

Quarterly consolidated statements of comprehensive income
Nine months ended December

	(Thousands of yen)	
	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net income	1,196,076	1,373,330
Other comprehensive income		
Valuation difference on available-for-sale securities	49,487	(43,829)
Foreign currency translation adjustment	170,643	(4,530)
Remeasurements of defined benefit plans, net of tax	345	(3,168)
Total other comprehensive income	220,476	(51,528)
Comprehensive income	1,416,552	1,321,802
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	1,362,238	1,278,673
Comprehensive income attributable to non-controlling interests	54,313	43,128

(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 >

Nine Months of FY2018 (from April 1, 2017 to December 31, 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	8,272,100	2,442,849	3,959,023	577,811	15,251,785	-	15,251,785
Inter-segment sales or transfers	3,531,388	11,013	216,643	2,199	3,761,244	(3,761,244)	-
Total	11,803,489	2,453,863	4,175,667	580,011	19,013,030	(3,761,244)	15,251,785
Segment profit	840,209	239,685	408,728	126,411	1,615,035	(8,048)	1,606,987

*Notes 1: The (8,048) thousand yen adjustment to segment profit includes eliminations for inter-segment transactions of 6,124 thousand yen and inventory adjustments of (14,172) 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 FY2019 (from April 1, 2018 to December 31, 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	8,756,696	2,622,963	3,851,698	750,621	15,981,981	-	15,981,981
Inter-segment sales or transfers	3,786,231	17,154	202,889	3,129	4,009,405	(4,009,405)	-
Total	12,542,928	2,640,117	4,054,588	753,751	19,991,386	(4,009,405)	15,981,981
Segment profit	1,324,917	250,105	403,077	78,919	2,057,020	(140,149)	1,916,871

*Notes 1: The (140,149) thousand yen adjustment to segment profit includes eliminations for inter-segment transactions of 20,270 thousand yen and inventory adjustments of (160,420) thousand yen.

*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	Nine Months of FY2018	Nine Months of FY2019	Change (%)
Take-out robots	12,314,667	12,137,313	98.6
Custom-ordered equipment	2,953,583	2,970,034	100.6
Parts and maintenance service	2,467,792	2,629,517	106.6
Total	17,736,042	17,736,865	100.0

2) Backlog of orders

(Thousands of yen)

Products	As of December 31, 2017	As of December 31, 2018	Change (%)
Take-out robots	3,501,347	3,720,061	106.2
Custom-ordered equipment	2,323,023	3,245,933	139.7
Parts and maintenance service	327,482	325,817	99.5
Total	6,151,853	7,291,812	118.5

b. Net sales

(Thousands of yen)

Products	Nine Months of FY2018	Nine Months of FY2019	Change (%)
Take-out robots	11,234,253	11,384,963	101.3
Custom-ordered equipment	1,670,471	2,046,010	122.5
Parts and maintenance service	2,347,061	2,551,006	108.7
Total	15,251,785	15,981,981	104.8

(2) Overseas sales

Nine Months of FY2018 (from April 1, 2017 to December 31, 2017)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	2,508,164	5,986,804	512,674	400,282	9,407,926
II Consolidated net sales					15,251,785
III Ratio of overseas sales to consolidated net sales (%)	16.4	39.3	3.4	2.6	61.7

Nine Months of FY2019 (from April 1, 2018 to December 31, 2018)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	2,464,272	5,925,934	727,854	507,556	9,625,619
II Consolidated net sales					15,981,981
III Ratio of overseas sales to consolidated net sales (%)	15.4	37.1	4.6	3.2	60.2