



Consolidated Financial Results (Tanshin) for the Six Months Ended September 30, 2014
(Based on Japanese GAAP)

November 14, 2014

Name of listed company : CYBERDYNE Inc. Stock exchange listing : Mothers Section of TSE
 Stock code : 7779 URL : <http://www.cyberdyne.jp/>
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 Contact (title) : Director and CFO Name : Shinji Uga
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 Scheduled date for release of six-month report : Nov. 14, 2014 Scheduled start of dividend payment: —
 Explanatory materials to six-month financial results : Yes
 Information meeting for six-month financial results : Yes (for institutional investors)

(rounded down to the nearest JPY 1 million)

1. Consolidated financial results for the six months ended September 30, 2014 (April 1, 2014 – September 30, 2014)

(1) Consolidated result of operations (percentages denote year-on-year change)

	Net sales		Operating income		Ordinary income*		Net income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Six months ended September 30, 2014	212	—	-756	—	-368	—	-373	—
Six months ended September 30, 2013	—	—	—	—	—	—	—	—

*Income/loss before income tax, also called "Pretax income" or "Ordinary profit"

Note: Comprehensive income for the six months ended September 30, 2014: JPY -374million (—%)
 for the six months ended September 30, 2013: JPY—million (—%)

	Net income per share	Diluted net income per share
	JPY	JPY
Six months ended September 30, 2014	-3.96	—
Six months ended September 30, 2013	—	—

Note:

1. As the company's first consolidated financial results were prepared for the nine month-period ended December 31, 2013, the figures for the six months ended September 30, 2013 and the year on year changes in monetary and percentage terms are not indicated.

2. The company implemented a stock split of 1 to 5 for each ordinary share and Class B share on August 1, 2014. Net income (loss) per share for the six-month period ended September 30, 2014 is calculated, assuming that the stock split was executed at the beginning of the fiscal year (April 1, 2014).

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	JPY million	JPY million	%
As of September 30, 2014	7,210	6,657	92.3
As of March 31, 2014	6,434	5,995	93.2

Reference: shareholders' equity JPY 6,657 million (as of September 30, 2014), JPY 5,995 million (as of the fiscal year ended March 31, 2014)

2. Dividends

	1st quarter	2nd quarter	3rd quarter	Fiscal year end	Total
	JPY	JPY	JPY	JPY	JPY
Year ended March 31, 2014	—	0.00	—	0.00	0.00
Year ending March 31, 2015	—	0.00			
Year ending March 31, 2015 (estimated)			—	0.00	0.00

Note

Changes from the latest released dividend forecasts: none

3. Forecast of consolidated financial results for the year ending March 31, 2015 (April 1, 2014 –March 31, 2015)

(percentages indicate changes from previous year)

	Net sales		Operating income		Ordinary income*		Net income		Net income per share
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	(JPY)
Full year	750	64.3	—	—	—558	—	—576	—	—6.09

* Income/loss before income tax, also called “Pretax income” or “Ordinary profit”

Note:

Changes from the latest released forecast of financial result: Yes

Earnings per share in the “Forecast of consolidated financial results for the year ending March 31, 2015” above are calculated taking the stock split of 1 to 5 for each ordinary share and Class B share on August 1, 2014 into consideration.

The company often carries out research and development (hereinafter R&D) projects based on subsidies from administrative bodies, which are equivalent to expenses for the R&D projects. In such cases, the R&D expenses (sales and administrative costs) and the corresponding subsidy incomes (non-operating income) are posted at the same time. Due to this accounting operation, operating income/loss estimates might fluctuate drastically, depending on the existence of sizable R&D projects. Therefore, in order to avoid the risk of being misunderstood, operating income/loss estimates are not disclosed.

*Notes

(1) Changes in key subsidiaries during the six-month period under review (changes in specific subsidiaries resulting in changes of consolidation scope): none

new: — (company name: —)

excluded: — (company name: —)

(2) Application of special accounting for preparing quarterly consolidated financial statements: none

(3) Changes in accounting policies, accounting estimates, and restatement of error corrections

1) Changes in accounting policies due to revisions of accounting standards, and other regulations: none

2) Changes in accounting policies due to reasons other than 1): none

3) Changes in accounting estimates: none

4) Restatement of prior period financial statements after error corrections: none

(4) Total number of issued shares (ordinary shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2014	94,638,000 shares
As of March 31, 2014	93,117,000 shares

2) Total number of treasury shares at the end of the period

As of September 30, 2014	0 shares
As of March 31, 2014	0 shares

3) Average number of shares during the period

As of September 30, 2014	94,455,148 shares
As of September 30, 2014	— shares

Note:

The total number of issued shares at the end of the period and the average number of shares during the period include Class B shares as ordinary shares. Class B shares are ranked the same and paid at the same amount with regard to dividends of surplus and distribution of residual property. The company implemented a stock split of 1 to 5 with regard to both ordinary shares and Class B shares as of August 1, 2014. Therefore the total number of issued shares at the ends of the periods are calculated, assuming that the stock split was executed at the beginning of the previous consolidated fiscal year (April 1, 2013).

*Indication regarding execution of quarterly review procedures

Though this quarterly (six-month) financial results report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Law, at the time of disclosure of this quarterly (six-month) financial results report, the quarterly review procedures for the quarterly (six-month) consolidated financial statements have been completed.

*Proper use of the financial results forecast, and other special matters

1. Financial results forecast

Descriptions about the future of the company in this document, such as the financial results forecast, are based on information currently available to the company and on certain assumptions deemed to be reasonable. Nevertheless, materialization of them cannot be assured by the company. Actual business and other results might differ substantially from the forecast due to various factors. With regard to the financial results forecast as of the financial year ending March 31, 2015 above, see page 3. “1. Qualitative information regarding settlement of accounts for the six months, (3) Explanation of forecast of consolidated financial results and other forward-looking statements” of Attached Material.

2. Stock split

In accordance with the board resolution dated May 22, 2014, the company implemented a stock split of 1 to 5 for each ordinary share and Class B share effective as of August 1, 2014. With regard to influence of the stock split on the financial results forecast as of the financial year ending March 31, 2015 above, see “3. Forecast of consolidated financial results for the year ending March 31, 2015 (April 1, 2014 –March 31, 2015)” above.

cf. Dividends on class shares

Details of dividends on the company’s class shares of which number of share trading units differ from its ordinary shares are as below.

Class B shares	Dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
	JPY	JPY	JPY	JPY	JPY
Year ended March 31, 2014	—	0.00	—	0.00	0.00
Year ending March 31, 2015	—	0.00			
Year ending March 31, 2015 (estimation)			—	0.00	0.00

Note:

The company issued class B shares which were entitled the same rights as its ordinary shares with regard to dividend of surplus and distribution of residual property, but of which share trading units differ from the ordinary shares.

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1. Qualitative information regarding settlement of accounts for the six months

(1) Explanation of results of operation

Descriptions about the future of the company in this document are based on information currently available to the company and on certain assumptions deemed to be reasonable as of September 30, 2014. As the company did not prepare the consolidated financial results for the six months ended September 30, 2013, an year on year comparison of the six months ended September 30, 2014 and the corresponding period in the previous year was not done.

In the six-month period from April 1 to September 30, 2014, the Japanese government held “Conference for Materialization of Robot Revolution (temporary translation)”. The government recognized robots as effective means for solving labor shortage and lowering productivity in service sectors due to low birth rate and aging population in Japan. Simultaneously the government is assumed to establish national strategies to bring up a robot industry as a rapidly growing and highly competitive edge to cultivate world markets.

The fields of robots for medical-use, care-support and other services, in which the company group is active, are designated as important fields in terms of the national growth strategy, and further research and development and promotion will be carried out and expected to grow remarkably.

In this business environment, the company group promoted product development in the medical device field and provision of services. “Robot Suit HAL for Medical Use” which obtained a medical device quality certification under EC’s Medical Device Directive, started functional improvement therapy using Robot Suit HAL for patients with cerebral, nervous and muscle impairment in the company’s subsidiary, Cyberdyne Care Robotics GmbH. Those therapeutic treatments are covered by Germany’s public labor insurance. As of September 30, 2014, six institutions use HAL for Medical Use in Europe. In Japan, HAL were used for clinical tests. As of the date, totally 104 units of HAL for Medical Use and clinical tests were in use in those two countries.

With regard to the non-medical device field, the “Robot Suit HAL for Welfare Use”, a total of 367 units in 158 facilities were in use as of September 30, 2014.

Further, in the field of service robots, the company group newly launched HAL for Labour Support (Lumber type) in September, 2014, and five units are operated in construction sites.

As the result of the above, for the six months ended September 30, 2014, net sales were JPY212,202 thousand, while:

- subsidy income JPY329,223 thousand, which were adopted before the listing of the Company’s common stocks in the previous fiscal year and of which JPY214,148 thousand was executed in the six months ended September 30, 2014
 - subsidy* income JPY501 thousand, of which granting was decided on July 29, 2014 and among which JPY501 thousand was executed in the six months ended September 30, 2014
- *“Subsidy for innovative manufacturing, trading and service by small and medium size companies (temporary translation)”: a planned application amount of JPY 6,994 thousand, a scheduled payment period in March, 2016
- grants for research received JPY 56,175 thousand, of which JPY38,537 thousand was executed in the six months ended September 30, 2014
 - other non-operating income JPY14,750 thousand which included income of CYBERDYNE STUDIO

JPY12,130 thousand, of which JPY6,651 thousand was posted in the six months ended September 30, 2014, and other JPY2,620 thousand, of which JPY1,733 thousand was posted in the six months ended September 30, 2014

- loss on reduction of fixed asset JPY6,869 thousand of which JPY6,869 thousand was posted in the six months ended September 30, 2014
 - share issuance cost JPY4,666 thousand related to the new share issuance by the third party allotment
- were posted. Consequently, ordinary loss (pre-tax loss) was JPY368,844 thousand, and net loss was JPY373,961 thousand.

(2) Explanation of financial position

[Assets, liabilities and net assets]

i) Assets:

Compared with the previous financial year end, total assets as of the second quarter end, September 30, 2014 increased JPY775,458 thousand to JPY7,210,227 thousand. This was primarily due to an increase of cash and deposit JPY845,014 thousand resulting from the third-party allocation.

ii) Liabilities:

Compared with the previous financial year end, total liabilities as of the second quarter end, September 30, 2014 increased JPY114,280 thousand to JPY553,220 thousand. This was primarily due to an increase of advances received JPY87,347 thousand resulting from advances received for subsidy(ies) and grants for research.

iii) Net assets:

Compared with the previous financial year end, net assets as of the second quarter end, September 30, 2014 increased JPY661,177 thousand to JPY6,657,006 thousand. This was primarily due to an increase of capital stock JPY517,748 thousand and capital surplus JPY517,748 thousand resulting from the third-party allocation, while net loss JPY373,961 thousand was posted.

[Cash flow]

Total cash and cash equivalents as of the consolidated second quarter end, September 30, 2014 were JPY5,186,278 thousand. The status of each cash flow item and its components for the consolidated six-month period ended September 30, 2014 was as follows.

i) Cash flows from operating activities

Cash flows from operating activities as of the consolidated second quarter end, September 30, 2014 were JPY74,819 thousand mainly due to net loss before provision for income taxes JPY368,844 thousand, depreciation JPY99,059 thousand, collection of account receivable-other JPY234,206 thousand and advances received JPY87,347 thousand.

ii) Cash flows from investing activities

Cash flows from investing activities as of the consolidated second quarter end, September 30, 2014 were negative JPY229,989 thousand mainly due to the outflow of JPY 233,056 thousand for purchasing property,

plant and equipment.

iii) Cash flows from financing activities

Cash flows from financing activities as of the consolidated second quarter end, September 30, 2014 were JPY1,000,312 thousand, mainly due to proceeds of JPY1,010,328 thousand from the issuance of shares.

(3) Explanation of forecast of consolidated financial results and other forward-looking statements

In Germany, therapeutic treatments for functional improvement with Robot Suit HAL which were covered by public labor insurance was started in Bergmannsheil University Hospital, Bochum of Berufsgenossenschaft (“BG”) Group (Occupational Insurance Association). Then a superior body, Deutschen Gesetzliche Unfallversicherung Spitzenverband (“DGUV”, Public Labor Insurance Federation, hereinafter “the federation”) suggested to close a comprehensive agreement with the Company group to use Robot Suit HAL in all member hospitals in Germany as their official device. The Company group and the federation have negotiated terms and conditions for several months. In November, the federation notified that they decided whole treatment fees (Euro 500/one time x X times) for therapeutic training with Robot Suit HAL would be covered by public labor insurance. The Company’s German subsidiary and DGUV’s Klinikenverbund der gesetzlichen Unfallversicherung (“KUV”), which stands for Hospital Group of Public Labor Insurance in Germany will carry out administrative procedures for the agreement. As these nine labor insurance hospitals are eminent in the country, dissemination of therapeutic treatment with HAL to all over Germany from these hospitals become possible. In the short run, however, as the closing of the agreement was delayed in comparison to an initial plan, posting of sales which consisted of compensation for treatment fees from the KUV member hospitals was also delayed in comparison to the Company group’s forecast.

During the period, the Company in consultation with Bergmannsheil University Hospital which is performing clinical investigation of the treatment with Robot Suit HAL, for mutual benefit in the long run, asked for majority patients’ cooperation to clinical tests in prior to therapeutic treatment in order to collect more clinical data for verifying efficacy of the therapy with Robot Suit HAL (On October 30, 2014, the hospital received prestigious Herbert Lauterbach Award 2014 for a remarkable result of the clinical tests.) . Due to those factors, compensation for treatment with Robot Suit HAL was reduced in comparison to the Company’s initial forecast. Mainly attributable to lower sales related to German business than forecast, the Company group revised “Forecast of consolidated financial results” downward.

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Initial estimation (A)	JPY million 902	JPY million —	JPY million -303	JPY million -377	JPY -3.99
Revised estimation (B)	750	—	-558	-576	-6.09
(A) – (B)	-152	—	-255	-199	—
(A)/(B)	-16.9%	—	—	—	—
cf. Fiscal year ended March 31, 2014	456	-1,154	-682	-688	-7.90

2. Matters regarding summary information (Notes)

(1) Changes in key subsidiaries during the six months under review

No items to report.

(2) Application of special accounting for preparing quarterly consolidated financial statements

No items to report.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

No items to report.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(unit JPY thousand)

	As of March 31, 2014	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	4,341,264	5,186,278
Accounts receivable	66,126	39,045
Merchandise and finished goods	19,669	23,228
Work in process	9,932	10,115
Raw materials and supplies	170,054	211,302
Other	459,085	238,580
Allowance for doubtful accounts	-362	-158
Total current assets	5,065,769	5,708,392
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	838,231	804,126
Assets for rent, net	110,127	130,716
Other, net	176,988	338,945
Total property, plant and equipment	1,125,347	1,273,789
Intangible assets	50,754	42,198
Investments and other assets, gross	192,896	185,846
Total non-current assets	1,368,999	1,501,835
Total assets	6,434,768	7,210,227
Liabilities		
Current liabilities		
Accounts payables - trade	26,210	99,660
Income taxes payable	26,469	17,596
Other	222,277	282,482
Total current liabilities	274,956	399,740
Non-current liabilities		
Asset retirement obligations	68,762	69,465
Other	95,221	84,015
Total non-current liabilities	163,983	153,480
Total liabilities	438,938	553,220
Net assets		
Shareholders' equity		
Capital stock	5,428,919	5,946,667
Capital surplus	5,364,919	5,882,667
Retained earnings	-4,799,064	-5,173,026
Total shareholders' equity	5,994,773	6,656,308
Other comprehensive income		
Foreign currency translation adjustment	1,055	698
Total accumulated other comprehensive income	1,055	698
Total net assets	5,995,828	6,657,006
Total liabilities and net assets	6,434,768	7,210,227

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

Quarterly consolidated statements of income (cumulative)

	(unit JPY thousand)
	Six months ended September 30, 2014
Net sales	212,202
Costs of sales	187,730
Gross profit	24,472
Selling, general and administrative expenses	
Research and development expenses	320,648
Other	460,338
Total selling, general and administrative expenses	780,986
Operating loss	-756,514
Non-operating income	
Interest income	437
Subsidy income	329,725
Grants for research received	56,175
Other	14,750
Total non-operating income	401,089
Non-operating expenses	
Interest expenses	1,760
Share issuance cost	4,666
Loss on reduction of non-current assets	6,869
Other	122
Total non-operating expenses	13,418
Ordinary loss (*)	-368,844
Loss before provision for income taxes	-368,844
Income taxes-current	5,929
Income taxes-deferred	-812
Total income taxes	5,117
Loss before minority interest	-373,961
Net loss	-373,961

* Income/loss before income tax without extraordinary income/loss, also called "Pretax income" or "Ordinary profit"

Quarterly consolidated statements of comprehensive income (cumulative)

	(unit JPY thousand)
	Six months ended September 30, 2014
Net loss before minority interest	-373,961
Other comprehensive income	
Foreign currency translation adjustment	-357
Total other comprehensive income	-357
Total comprehensive loss	-374,319
(Comprehensive loss attributable to)	
Comprehensive loss attributable to owners of the parent	-374,319
Comprehensive income attributable to minority interests	—

(3) Quarterly consolidated statements of cash flows

	(unit JPY thousand)
	Six months ended September 30, 2014
Cash flows from operating activities	
Net loss before provision for income taxes	-368,844
Depreciation	99,059
Loss on reduction of non-current assets	6,869
Increase (decrease) in allowance for doubtful accounts	-204
Interest income	-437
Interest expenses	1,760
Share issuance cost	4,666
Decrease (increase) in notes and accounts receivable - trade	27,080
Decrease (increase) in inventories	-44,989
Increase (decrease) in notes and accounts payable - trade	73,450
Other	289,098
Subtotal	87,508
Interest and dividend income received	437
Interest expenses paid	-1,760
Income taxes paid	-11,366
Cash flows from operating activities	74,819
Cash flows from investing activities	
Purchase of property, plant and equipment	-233,056
Purchase of intangible assets	-1,808
Other	4,875
Cash flows from investing activities	-229,989
Cash flows from financing activities	
Proceeds from issuance of common shares	1,010,328
Other	-10,016
Cash flows from financing activities	1,000,312
Effect of exchange rate changes on cash and cash equivalents	-127
Net increase (decrease) in cash and cash equivalents	845,014
Cash and cash equivalents at beginning of fiscal year	4,341,264
Cash and cash equivalents at end of six months	5,186,278

(4) Notes to consolidated financial statements

(Notes on premise of going concern)

There are no items to report.

(Notes on significant changes in the amount of shareholder's equity)

Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)

i) Dividends paid

There are no items to report.

ii) Among dividends for which the record date falls within the six months ended September 30, 2014, the

dividends for which the effective date of payment is after the last date of the six months ended September 30, 2014

There are no items to report.

iii) Significant changes in the amount of shareholder's equity

On April 23, 2014, the company received paid amount of the third-party allocation, related to a secondary offering through over allotment, from SMBC Nikko Securities Inc. As a result, capital stock increased JPY517,748 thousand to 5,946,667 thousand and capital surplus increased JPY517,748 thousand to JPY5,882,667 thousand as of the end of six-month period September 30, 2014.

(Segment Information and so on)

Segment information :

Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)

Since the company group has a single segment of Robot Suit and related items, segment information is omitted.