



Consolidated Financial Results (Tanshin) for the Six Months Ended September 30, 2015
(Based on Japanese GAAP)

November 13, 2015

Name of listed company : CYBERDYNE Inc. Stock exchange listing : Mothers Section of TSE
 Stock code : 7779 URL : <http://www.cyberdyne.jp/>
 Representative (title) : President and CEO Name : Yoshiyuki Sankai
 Contact (title) : Director and CFO Name : Shinji Uga
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Scheduled date for release of six-month report : November 13, 2015 Scheduled start of dividend payment: —

Additional materials for the financial results : yes

Information meeting for the 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, 2015 (April 1, 2015 – September 30, 2015)

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

	Net sales		Operating income		Ordinary income*		Net income attributable to owners of the parent	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Six months ended September 30, 2015	555	161.6	-530	—	-387	—	-387	—
Six months ended September 30, 2014	212	—	-756	—	-368	—	-373	—

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

Note: Comprehensive income for the six months ended September 30, 2015: JPY -389million (—%)
 for the six months ended September 30, 2014: JPY -374million (—%)

	Net income per share	Diluted net income per share
	JPY	JPY
Six months ended September 30, 2015	-1.90	—
Six months ended September 30, 2014	-1.98	—

Note:

- Dilutive shares exist but diluted net income per share of each term is not recorded due to net loss per share.
- CYBERDYNE Inc. (the “Company”) implemented stock splits of 1 to 5 for each Common Share and Class B Share on August 1, 2014 and 1 to 2 for each Common Share and Class B Share on August 1, 2015. Net income (loss) per share for each term is calculated, assuming that the stock splits were executed at the beginning of the previous fiscal year (April 1, 2014).

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	JPY million	JPY million	%
As of September 30, 2015	47,987	27,393	56.0
As of March 31, 2015	48,289	27,777	56.4

cf. shareholders' equity JPY 26,856 million as of September 30, 2015

JPY 27,244 million as of the fiscal year ended March 31, 2015

2. Dividends

	Dividend payments for each term and the year				
	1st quarter	2nd quarter	3rd quarter	Fiscal year end	Total
Fiscal year ended March 31, 2015	JPY —	JPY 0.00	JPY —	JPY 0.00	JPY 0.00
Fiscal year ending March 31, 2016	—	0.00			
Fiscal year ending March 31, 2016 (estimated)			—	0.00	0.00

Note

1. Changes from the latest released dividend forecasts: none
2. The table of “Dividends” indicates dividend payments on Common Shares. Dividends on Class B Shares (non-listed) for which the number of share units differs from Common Shares are shown below as “Dividends on Class Shares”.

3. Forecast of consolidated financial results for the year ending March 31, 2016 (April 1, 2015 –March 31, 2016)

(percentages indicate changes from the previous year)

	Net sales		Operating income		Ordinary income*		Net income attributable to owners of the parent		Net income per share
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	(JPY)
Full year	1,000	58.5	—	—	—600	—33.8	—600	—34.4	—2.95

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

Note:

1. Changes from the latest released forecasts of consolidated financial results for the fiscal year: none
2. Net income per share in the forecast of consolidated financial results for the year ending March 31, 2016 is calculated, taking the stock split of 1 to 2 for each Common Share and Class B Share effective as of August 1, 2015 into consideration.
3. The Company often carries out research and development (“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 misunderstanding, 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 six-month 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: yes
- 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 (Common Shares)

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

As of Sept. 30, 2015	203,276,000 shares	As of March 31, 2015	203,276,000 shares
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2) Total number of treasury shares at the end of the period

As of Sept. 30, 2015	138 shares	As of March 31, 2015	0 shares
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3) Average number of shares during the six-month period

Apr. 1 – Sept. 30, 2015	203,275,960 shares	Apr. 1 – Sept. 30, 2014	188,910,296 shares
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Note:

1. Class B Shares are ranked the same as Common Shares and paid the same amount as Common Shares with regard to dividends and distribution of residual assets. Therefore the total number of issued shares at each end of period and the average number of shares during each period include Class B Shares as Common Shares.
2. The Company implemented stock splits of 1 to 5 for each Common Share and Class B Share on August 1, 2014 and 1 to 2 for each Common Share and Class B Share on August 1, 2015. Therefore the number of issued shares is calculated, assuming that the stock splits were executed at the beginning of the previous consolidated fiscal year (April 1, 2014).

***Indication regarding execution of quarterly review procedures**

Though this 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 six-month financial results report, the quarterly review procedures for the 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.

2. Stock split

In accordance with the board resolution dated May 25, 2015, the Company implemented a stock split of 1 to 2 for each Common Share and Class B Share effective as of August 1, 2015. With regard to influence of the stock split on the financial results forecast as of the financial year ending March 31, 2016 above, see “3. Forecast of consolidated financial results for the year ending March 31, 2016 (April 1, 2015 –March 31, 2016)” above.

Dividends on Class Shares

Details of dividends on the Company's class shares for which the number of share units differs from its Common Shares are as below.

Class B Shares	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	Fiscal year end	Total
	JPY	JPY	JPY	JPY	JPY
Fiscal year ended March 31, 2015	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2016	—	0.00			
Fiscal year ending March 31, 2016 (estimation)			—	0.00	0.00

Note:

The Company issued Class B Shares which were accorded the same rights as its Common Shares with regard to dividends and distribution of residual assets, but for which share units differ from Common Shares.

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1. Qualitative information regarding settlement of accounts for the six months ended September 30, 2015

(1) Explanation of results of operation

All forward-looking statements included in this explanation were determined reasonable by CYBERDYNE, Inc. and group companies (collectively referred as the “Group”) based on currently available information as of the six-month period ended September 30, 2015 and certain assumptions by it.

On September 2015, Prime Minister Abe proposed the “Japan 100 Million Total Success Plan” and launched “three new arrows” as the second stage of his Abenomics. Part of the third arrow themed “social security that leads to peace of mind,” called upon a goal for “zero resignations for nursing care” and a “society of active participation for life” through health care system reforms with a focus on prevention, and various work opportunities for the elderly. Combined with the “new robot strategy” adopted in February 2015 at the Japanese Economy Revitalization Headquarters, this new policy will accelerate the utilization of robots in the fields of medicine, living support, and labor support, the same fields of primary focus for the Group, through the collective effort of citizens and politicians as an issue of emphasis for the national growth strategy. By fully utilizing the innovative Cybernic* technologies within this external environment, the Group aims to realize a “zero intensive care society”, create a new “human support industry” that focuses on the fields of medicine, living support, and labor support, and advance its R&D and business development.

**“Cybernic (adjective: Cybernic)” is a new academic field that is centered around cybernetics, mechatronics and informatics fused/combined with various other fields including brain/neuroscience, robotics, biology, behavioral science, psychology, law, ethics, and business administration. Cybernic is championed by Dr. Yoshiyuki Sankai, a professor at the University of Tsukuba in Japan, and the President and CEO of CYBERDYNE Inc. Cybernic technology means the practical application of Cybernic to technology.*

During the six-month period ended September 30, 2015, in the medical field, clinical research of HAL® for Medical Use (Lower Limb Type) continued to accelerate domestically and internationally, and in Germany, the service business of medical treatment using the device expanded. In the United States, the application to the Food and Drug Administration (FDA) for its approval as a medical device is in progress, and the Group is targeting its approval within the year 2015. In Europe, where it has already been approved as a medical device, HAL® for Medical Use (Lower Limb Type) is covered under the German public workers' compensation insurance system for functional improvement therapy, and the Group is aiming to expand treatment coverage to public medical insurance (application submitted on October 2015). In Japan, application for approval as a novel medical device for treatment of orphan neuromuscular disease patients was submitted to the Ministry of Health, Labour and Welfare in March 2015, and its approval is expected around the end of 2015. In addition, having expanded the indications for treatment to brain and spinal cord diseases, investigator-initiated clinical trials continue to operate. As of the end of September 2015, there are 121 units of HAL® for Medical Use (Lower Limb Type) in operation domestically and internationally.

In the living support field, HAL® for Living Support (Lower Limb Type) has been in use in welfare facilities and hospitals within Japan, and as of the end of September 2015, a total of 469 units are in operation. HAL® for Living Support (Single Joint Type), a smaller and lighter product launched in February 2015, also advanced its implementation centered around hospitals in Japan, and as of the end of September 2015, 97 units are operational.

Furthermore, the implementation of HAL® for Care Support (Lumbar Type) commercialized in March 2015, made significant progress in nursing care facilities. As of the end of September 2015, 223 units are in operation.

Commercialized last year, HAL® for Labor Support (Lumbar Type)'s implementation in construction sites, factory floors, and logistics warehouses has increased in the labor support field. As of the end of September 2015, 95 units are in operation, and a large increase is prospected in the latter half of the fiscal year. Furthermore, a Cleaning Robot equipped with artificial intelligence was developed in August 2015, and combined with HAL® for Labor Support (Lumbar Type) and the Transport Robot launched in March 2015, these next generation robots were introduced to Haneda Airport at the end of September 2015, beginning the first step toward the creation of an airport of the future. As of the end of September 2015, a combined total of 14 units of the Cleaning Robot and Transport Robot were in use.

The Company also formed a business partnership with PEZY Computing K.K. and ExaScaler Inc. in July 2015. Through the alliance with PEZY Computing K.K., the Company will advance its collaborative development of cerebellar processing functions for the Robot Suit HAL® and a general-purpose learning artificial intelligence, and will target new developments in innovative Cybernic systems, like the realization of a learning HAL capable of processing patients' cerebellar signals and following physician instructions, or the creation of various robots equipped with this general-purpose learning artificial intelligence that allows safe and adaptive functioning in the work and living environment. Furthermore, through the alliance with ExaScaler Inc., the developers of several of the world's highest-grade supercomputers, the Company will prepare to collaboratively operate a world leading data center at the Cybernics innovation base currently planning construction in the King Sky Front of Kawasaki city. Envisioning this data center to process big data collected through the IoT of every cutting-edge Cyberdyne device and innovative Cybernic system and providing services with this information, the Company has taken another step closer to the realization of its future concept.

Mainly due to the increased sales of the new products that were commercialized last fiscal year, the net sales for the six-month period ended September 30 2015 was recorded at JPY 555,064 thousand, 2.6 times the net sales for the same period last year. Cost reduction from mass-producing the new products and improvement of service costs at the Company's subsidiaries contributed to curbing the cost of sales to JPY 195,203 thousand (4.0% increase year on year), and as a result, gross profit increased significantly to JPY 359,860 thousand, 14.7 times the value for the same period last year. The gross profit margin also improved 53%.

With continued clinical research and new product developments, research and development expenses recorded JPY 315,707 thousand (1.5% decrease year on year), and other selling, general and administrative expenses recorded JPY 574,862 thousand (24.9% increase year on year) mainly due to the increase of pro forma standard taxation that accompanies capital increases. As a result, the operating loss improved significantly to JPY 530,708 thousand (29.8% decrease year on year). On the other hand, due to a reduction of subsidy income that led to a decrease of non-operating income to JPY 223,011 thousand, and an increase of interest expenses and loss on reduction of non-current assets that led to an increase of non-operating expenses to JPY 80,123 thousand, ordinary loss was JPY 387,820 thousand (5.1% increase year on year). As a result of the aforementioned, the half-year net loss attributable to owners of the parent was JPY 387,203 thousand (3.5% increase year on year)

(2) Explanation of financial position

[Status of assets, liabilities and net assets]

i) Assets:

As of September 30, 2015, total assets decreased JPY 301,210 thousand to JPY 47,987,842 thousand in comparison to the end of the previous fiscal year. This was mainly attributable to a decrease of securities despite an increase of assets for rent, net..

ii) Liabilities:

Total liabilities were up JPY 82,298 thousand to JPY 20,594,052 thousand as of September 30, 2015 compared with the end of the previous fiscal year. This was mainly due to an increase of other in current liabilities.

iii) Net assets:

Net assets as of September 30, 2015 fell JPY 383,508 thousand to JPY 27,393,790 thousand from the previous fiscal year end. This reflects reduced retained earnings caused by posting of cumulative quarterly net loss attributable to owners of the parent.

[Cash flow]

Total cash and cash equivalents as of September 30, 2015 decreased JPY 1,005,198 thousand compared with the end of the previous fiscal year. The status of each cash flow item and its components for the consolidated six-month period ended September 30, 2015 was as follows.

i) Cash flows from operating activities

Cash flows from operating activities for the consolidated six-month period ended September 30, 2015 were JPY 306,948 thousand mainly due to the inflow from subsidy income and grants for research received (the same period last year recorded an inflow of JPY 74,819 thousand).

ii) Cash flows from investing activities

Cash flows from investing activities for the consolidated six-month period ended September 30, 2015 were negative JPY 1,302,340 thousand mainly due to the outflow of JPY 678,365 thousand for purchase of property, plant and equipment and the outflow of JPY 599,980 thousand for purchase of investment securities (the same period last year recorded an outflow of JPY 229,989 thousand).

iii) Cash flows from financing activities

Cash flows from financing activities for the consolidated six-month period ended September 30, 2015 were negative JPY 10,598 thousand mainly due to the outflow for repayment of installment debt (the same period last year recorded an inflow of JPY 1,000,312 thousand).

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

There is no change from the forecast of consolidated financial results announced on May 15, 2015.

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 cumulative 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

(Changes in accounting **policies**)

The Group applied the “Accounting Standard for Business Combination”(ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements”(ASBJ Statement No. 22, September 13, 2013) and the “Accounting Standard for Business Divestiture” (ASBJ Statement No. 7, September 13, 2013) from the first quarter,of the fiscal year ending March 31 2016 and changed the manner in which quarterly net loss was presented, and changed “minority interests” to “non-controlling interests.” To reflect these changes, the Group reclassified the cumulative quarterly consolidated financial statements for the cumulative second quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

3. Quarterly Consolidated Financial Statements**(1) Quarterly consolidated balance sheets**

(Unit JPY thousand)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	29,722,189	29,716,827
Accounts receivable	207,622	159,754
Securities	12,499,668	11,499,832
Merchandise and finished goods	52,779	99,868
Work in process	21,956	20,018
Raw materials and supplies	264,473	208,805
Other	640,906	213,311
Allowance for doubtful accounts	-1,350	-1,065
Total current assets	43,408,245	41,917,352
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	768,907	738,587
Assets for rent, net	179,397	387,548
Land	3,143,151	3,214,238
Other, net	236,474	569,161
Total property, plant and equipment	4,327,931	4,909,536
Intangible assets	58,211	69,983
Investments and other assets		
Investment securities	314,850	914,830
Other	179,814	176,139
Total investments and other assets	494,664	1,090,969
Total non-current assets	4,880,807	6,070,489
Total assets	48,289,052	47,987,842
Liabilities		
Current liabilities		
Accounts payables	92,195	62,423
Income taxes payable	69,899	47,920
Other	295,071	418,169
Total current liabilities	457,167	528,512
Non-current liabilities		
Convertible bond	19,883,974	19,905,728
Asset retirement obligations	70,171	70,888
Other	100,442	88,922
Total non-current liabilities	20,054,587	20,065,539
Total liabilities	20,511,754	20,594,052
Net assets		
Shareholders' equity		
Capital stock	16,511,767	16,511,767
Capital surplus	16,447,767	16,447,767
Retained earnings	-5,714,957	-6,102,161
Treasury shares	—	-204
Total shareholders' equity	27,244,576	26,857,168
Other comprehensive income		
Foreign currency translation adjustment	-442	-225
Total accumulated other comprehensive income	-442	-225
Stock acquisition rights	530,529	536,847
Minority interests	2,634	—
Total net assets	27,777,298	27,393,790
Total liabilities and net assets	48,289,052	47,987,842

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

Quarterly consolidated statements of income (cumulative)

	(Unit JPY thousand)	
	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	212,202	555,064
Costs of sales	187,730	195,203
Gross profit	24,472	359,860
Selling, general and administrative expenses		
Research and development expenses	320,648	315,707
Other selling, general and administrative expenses	460,338	574,862
Total selling, general and administrative expenses	780,986	890,569
Operating loss	-756,514	-530,708
Non-operating income		
Interest income	437	14,621
Subsidy income	329,725	138,038
Grants for research received	56,175	51,659
Other	14,750	18,691
Total non-operating income	401,089	223,011
Non-operating expenses		
Interest expenses	1,760	23,140
Share issuance cost	4,666	—
Loss on reduction of non-current assets	6,869	56,316
Other	122	666
Total non-operating expenses	13,418	80,123
Ordinary loss (*)	-368,844	-387,820
Loss before provision for income taxes	-368,844	-387,820
Income taxes-current	5,929	2,982
Income taxes-deferred	-812	-734
Total income taxes	5,117	2,248
Net loss	-373,961	-390,068
Net loss attributable to non-controlling interests	—	-2,865
Net loss attributable to owners of the parent	-373,961	-387,203

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

CYBERDYNE Inc. (7779) Consolidated Financial Results (Tanshin) for the Six Months Ended September 30, 2015
 Quarterly consolidated statements of comprehensive income (cumulative)

	(Unit JPY thousand)	
	Six months ended September 30, 2014	Six months ended September 30, 2015
Net loss	-373,961	-390,068
Other comprehensive income		
Foreign currency translation adjustment	-357	447
Total other comprehensive income	-357	447
Total comprehensive loss	-374,319	-389,620
(Comprehensive loss attributable to)		
Owners of the parent	-374,319	-386,867
Non-controlling interests	—	-2,753

(3) Quarterly consolidated statements of cash flows

	(Unit JPY thousand)	
	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Net loss before provision for income taxes	-368,844	-387,820
Depreciation	99,059	127,356
Loss on reduction of non-current assets	6,869	56,316
Increase (decrease) in allowance for doubtful accounts	-204	-285
Interest income	-437	-14,621
Interest expenses	1,760	23,140
Share issuance cost	4,666	—
Decrease (increase) in notes and accounts receivable - trade	27,080	47,867
Decrease (increase) in inventories	-44,989	10,516
Increase (decrease) in notes and accounts payable - trade	73,450	-29,772
Other	289,098	475,133
Subtotal	87,508	307,831
Interest and dividend income received	437	12,615
Interest expenses paid	-1,760	-1,385
Income taxes paid	-11,366	-12,113
Cash flows from operating activities	74,819	306,948
Cash flows from investing activities		
Purchase of property, plant and equipment	-233,056	-678,365
Purchase of intangible assets	-1,808	-21,704
Purchase of investment securities	—	-599,980
Other	4,875	-2,291
Cash flows from investing activities	-229,989	-1,302,340
Cash flows from financing activities		
Proceeds from issuance of common shares	1,010,328	—
Other	-10,016	-10,598
Cash flows from financing activities	1,000,312	-10,598
Effect of exchange rate changes on cash and cash equivalents	-127	792
Net increase (decrease) in cash and cash equivalents	845,014	-1,005,198
Cash and cash equivalents at beginning of fiscal year	4,341,264	19,221,857
Cash and cash equivalents at end of year	5,186,278	18,216,659

(4) Notes to quarterly consolidated financial statements

(Notes on premise of going concern)

There are no items to report.

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

There are no items to report.

(Segment information)

The six months of the consolidated fiscal year ended March 31, 2015 (from April 1, 2014 to September 30, 2014):

Since the Group had a single robot-related segment, segment information was omitted.

The six months of the consolidated fiscal year ending March 31, 2016 (from April 1, 2015 to September 30, 2015):

Since the Group had a single robot-related segment, segment information was omitted.