Consolidated Financial Results (Tanshin) for the Fiscal Year Ended March 31, 2014 (Based on Japanese GAAP)

May 15, 2014

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 Tel. +81-29-869-8446	

Scheduled date of general shareholders' meeting : June 24, 2014 Scheduled start of dividend payment : —
Scheduled date to submit the Securities Report : June 25, 2014
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 Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(1) Consolidated Result of Operations (percentages indicate changes from previous year)

	Net Sales		Operating income		Ordinary income*		Net income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Fiscal year ended March 31, 2014	456	—	-1,154	—	-682	—	-688	—
Fiscal year ended March 31, 2013	—	—	—	—	—	—	—	—

* Profit before income tax, also called "Pretax profit" or "Ordinary profit"

Note: Comprehensive income for the fiscal year ended March 31, 2014: JPY – 687million (--%)
for the fiscal year ended March 31, 2013: JPY -- million (--%)

	Net income per share	Diluted net income per share	Ratio of net income to shareholders equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	JPY	JPY	%	%	%
Fiscal year ended March 31, 2014	-39.49	—	-16.2	-14.6	-252.9
Fiscal year ended March 31, 2013	—	—	—	—	—

Equity in net income of affiliates: --- million Yen for the fiscal year ended March 31, 2014, --- million Yen for the fiscal year ended in March 31, 2013

Note: 1. As the company did not prepare consolidated financial results for the fiscal year ended March 31, 2013, figures for the term and changes from the previous year as of the fiscal year ended March 31, 2014 are not indicated. Shareholders' equity and total assets are the average figures of the non-consolidated financial statement as of the fiscal year ended March 31, 2013 and the consolidated financial statement as of the fiscal year ended March 31, 2014.
2. The company implemented a stock split of 1 to 200 on October 25, 2013. Net income per share is calculated, assuming the stock split was executed at the beginning of the fiscal year (April 1, 2013).

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	JPY million	JPY million	%	JPY
March 31, 2014	6,434	5,995	93.2	321.95
March 31, 2013	—	—	—	—

Reference: shareholders' equity JPY 5,995 million (as of the fiscal year ended March 31, 2014) JPY -- million (as of the fiscal year ended March 31, 2013)

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of fiscal year
	JPY million	JPY million	JPY million	JPY million
Fiscal year ended March 31, 2014	- 539	121	4,050	4,341
Fiscal year ended March 31, 2013	--	--	--	--

2. Dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter	2nd quarter	3rd quarter	Fiscal year end	Total			
	JPY	JPY	JPY	JPY	JPY	JPY million	%	%
Fiscal year ended March 31, 2014	--	0.00	--	0.00	0.00	0	0.00	0.00
Fiscal year ended March 31, 2013	--	0.00	--	0.00	0.00	0	0.00	0.00
Fiscal year ending March 31, 2015 (estimated)	--	0.00	--	0.00	0.00			

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	902	97.7	—	—	-303	—	-377	—	-19.97

* Profit before income tax, also called “Pretax profit” or “Ordinary profit”

Note: 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 Research and development 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 profit/loss estimates might fluctuate drastically, depending on the existence of sizable R&D projects. Therefore, in order to avoid misunderstanding, operating profit/loss estimates are not disclosed.

*Notes

(1) Changes in key subsidiaries during the fiscal year under review (changes in specific subsidiaries resulting in changes of consolidation scope):

none new: - (company name: --) excluded: - (company name: --)

(2) Changes in accounting policies and estimates, and restatement of prior period financial statements following correction

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): applicable
3) Changes in accounting estimates: none
4) Restatement of prior period financial statements after error corrections: none

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

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

As of March 31, 2014	18,623,400 shares
As of March 31, 2013	-- shares

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

As of March 31, 2014	0 shares
As of March 31, 2013	-- shares

3) Average number of shares during the period

As of March 31, 2014	17,425,836 shares
As of March 31, 2013	-- 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 200 with regard to both ordinary shares and Class B shares as of October 25, 2013. After changing former Class B shares into former Class A shares, the company transformed those Class A shares into the present ordinary shares by revising conditions on them and transformed former ordinary shares to the present Class B shares on October 23, 2013. As former ordinary shares, the former Class A shares and the former Class B shares were ranked the same with regard to dividends of surplus and distribution of residual property, the total number of issued shares at the end of the period and the average hypothetical number of shares during the period calculated assuming that the stock split was executed at the beginning of the fiscal year under review (April 1, 2013). Therefore the total number of issued shares at the end of the period and the average number of shares during the period include the former ordinary shares, the former Class A shares and the former Class B shares.

Reference: Summary of Non-Consolidated Financial Results

1. Financial results for the Fiscal Year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(1) Non-Consolidated Results of Operations (percentages indicate changes from previous year)

	Net Sales		Operating income		Ordinary income		Net income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Fiscal year ended March 31, 2014	448	56.6	-1,021	—	-671	—	-672	—
Fiscal year ended March 31, 2013	286	-16.0	-855	—	-565	—	-573	—

	Net income per share	Diluted net income per share
Fiscal year ended March 31, 2014	-38.61	—
Fiscal year ended March 31, 2013	-32.95	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	JPY million	JPY million	%	JPY
March 31, 2014	6,373	6,010	94.2	322.72
March 31, 2013	2,927	2,523	82.8	145.00

Reference: shareholders' equity JPY 6,010 million (as of the fiscal year ended March 31, 2014), JPY 2,523 million (as of the fiscal year ended March 31, 2013)

* Indication regarding execution of audit procedures

This financial results report is not subject to the audit procedures in accordance with the Financial Instruments and Exchange Law. At the time of disclosure of this financial results report, the audit procedures for the financial statements are in progress.

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

The financial results forecast contained herein is based on information currently available to the company and on certain assumptions deemed to be reasonable. The company does not intend to promise materialization of the forecast. Actual business and other results could differ substantially from the forecast due to various factors. With regard to certain assumptions and other prerequisites for the forecast, please refer to "Qualitative Information Regarding The Consolidated Financial Results Forecast" on page 2 of the Attached Material .

Reference: Dividends on Class Shares

Details of dividends on the company's class shares for which the number of share units differs from its ordinary 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, 2014	--	0.00	--	0.00	0.00
Fiscal year ended March 31, 2013	--	0.00	--	0.00	0.00
Fiscal year ending March 31, 2015 (estimation)	--	0.00	--	0.00	0.00

Note: The company issued Class B shares which were accorded the same rights as its ordinary shares with regard to dividends of surplus and distribution of residual property, but for which share units differ from ordinary shares.

○ Contents of the Attached Material

1. Analysis of Business Results and Financial Position

(1) Analysis of Business Results

Business Performance during the term under consideration

During CYBERDYNE's (hereinafter referred to as the company's) financial year ended March 31, 2014, governments of other countries and large enterprises entered into the service robot industry. For instance, the US Defense Advanced Research Projects Agency (= DARPA) held the DARPA Robotic Challenge (= DRC), a competition of robots for disaster relief. Google, an American multinational corporation specializing in internet-related services and products, acquired eight ventures engaged in robot businesses. Further exploration of the field and enlargement of the related market due to technological development and reinforcement of human resources are envisaged.

In terms of the Japanese economy, due to the effect of drastic monetary easing and expeditious financial policy in line with Prime Minister Abe's economic policy (Abenomics), an economic upturn was observed. On the other hand, in order to solve an underlying problem, that is, the rapidly-aging society which Japan faces ahead of other countries, continuous growth of the above-mentioned new industry for establishment of a "longevity society" which is a centerpiece of the growth strategy is expected.

The fields of robot medical devices, medical services with robots and care-service robots, 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 launch promotion will be carried out. Especially the human support robot industry, which is represented by Robot Suit HAL, the main product of the company group, is expected to grow remarkably with the actual utilization of robotic technologies in medical and care fields.

In this business environment, the company group promoted product development in the medical device field and provision of services. The "Robot Suit HAL European Model" obtained a medical device quality certification under EC's Medical Device Directive in June 2013 and the company group declared to use the CE Mark for Medical Device for distribution of Robot Suit HAL in Europe. Consequently, sales and distribution of Robot Suit HAL to all EU countries and regions became possible. In August, Germany's public labor insurance began to cover functional improvement therapy with HAL for patients with cerebral, nervous and muscle impairment. In response to that, the company group established Cyberdyne Care Robotics GmbH in Bochum, Germany, and started functional improvement therapy using Robot Suit HAL.

With regard to the welfare and care-service device field, the "Robot Suit HAL for Welfare Use", which was accredited with Certification for ISO/DIS 13482, "Safety requirements for personal care robots", was continuously installed by domestic welfare institutions and hospitals in the term under consideration. As of March 31, 2014, a total of 355 Robot Suit HALs for Welfare Use in 162 facilities was in use. The company group established Suzuka Robo Care Center in Suzuka, Mie, Japan; Shonan Robo Care Center in Fujisawa, Kanagawa, Japan; and Oita Robo Care Center in Beppu, Oita, Japan and started training services such as gait training with Robot Suits HAL for Welfare Use.

As the result of the above, net sales in the consolidated FYE as of March 31, 2014 were JPY456,375 thousand (+59.3% compared with the previous FY), due to the increase in the number of Robot Suit HALs in operation and the start of the subsidiary operation. Notwithstanding that, due to the research and development expenses of JPY716,171 thousand and stock listing fees, ordinary loss (= pre-tax loss) was reduced to JPY682,881 thousand, and net loss was JPY688,171 thousand.

Forecast for the Fiscal Year Ending March 31, 2015

The forecast for the fiscal year under consideration is as below.

With regard to the medical device field, the company group promoted development of therapeutic services for functional improvement with Robot Suit HAL in Germany and other EU countries. The company group is preparing applications for accreditation of the certificate under the Japanese Pharmaceutical Affairs Law and the Approval or Clearance as a Medical Device by US Food and Drug Administration (FDA).

With regard to the welfare and personal care field, in addition to the existing lower-limb type, the company group aims at developing and beginning to rent new types of HAL such as HAL for Single Joint, which makes training while still in bed possible, and HAL for Backload Reduction, which reduces the load of caregivers at welfare facilities and workers performing heavy work. The company group is attempting to expand the floor cleaning/transportation robot business by improving robots in such business fields.

Consequently, a forecast of the company group's financial results as of March 31, 2015 is as follows. In consolidated financial statements, net sales will almost double to JPY902 million. Due to the increase of research and development expenses, such as costs for new product development and various certifications, ordinary loss is estimated to be JPY303 million, and net loss is estimated to be JPY377 million.

(2) Analysis of Financial Position

Assets, Liabilities and Net Assets

Total assets as of consolidated FYE at March 31, 2014 were JPY6,434,768 thousand, of which major components were cash and deposits of JPY4,341,264 thousand and property, plant and equipment of JPY1,125,347 thousand.

Total liabilities as of that date were JPY438,939 thousand, of which a major component was asset retirement obligations of JPY68,762 thousand.

Total net assets as of March 31 were JPY5,995,828 thousand.

Cash Flow

Total cash and cash equivalents of the consolidated FYE March 31, 2014 were JPY4,341,264 thousand. The status of each cash flow item and its components as of the consolidated FYE were as follows.

Cash Flows from Operating Activities

Cash flows from operating activities as of the consolidated FYE were JPY539,588 thousand due to net loss before provision for income taxes of JPY 678,550 thousand.

Cash Flows from Investing Activities

Cash flows from investing activities as of the consolidated FYE were JPY121,796 thousand due to the inflow of JPY 400,000 thousand (net) from the withdrawal of the time deposit and the outflow of JPY 226,614 thousand for purchasing property, plant and equipment.

Cash Flows from Financing Activities

Cash flows from financing activities as of the consolidated FYE were JPY4,050,140 thousand, mainly due to proceeds of JPY4,159,688 thousand from the issuance of stocks.

Reference: Changes in Indicators Related to Cash Flows

	FYE as of March 31, 2014
Equity ratio (%)	93.2
Market value equity ratio (%)	1,268.4
Interest-bearing liabilities to cash flows ratio (years)	−
Interest coverage ratio (times)	−

Equity ratio: shareholder’s equity/total assets
Market value equity ratio: Total market capitalization/Total assets
Interest-bearing liabilities to cash flows ratio: Interest-bearing liabilities/Cash flows from operating activities
Interest coverage ratio: Cash flows from operating activities/Interest payment

* 1 Each index was calculated by the financial index on a consolidated basis.
2. Total market capitalization is calculated on the basis of the number of issued shares excluding treasury shares multiplied by the closing stock price of March 3, 2014.
3. “Cash Flows from Operating Activities” on the “Consolidated Statements of Cash Flows” shown below are used as “Cash flows from operating activities” for calculation purposes. Interest-bearing liabilities include all of those liabilities reported on the consolidated balance sheets on which interest is paid. Interest expenses paid represents the corresponding amount stated on the Consolidated Statements of Cash Flows.
4. As Cash Flow from Operating Activities was negative, the interest-bearing liabilities to cash flows ratio and the interest coverage ratio are not provided.

(3) Basic Policy for Profit Sharing and Dividends for the Current Fiscal Year and Following Fiscal Year

Since the company’s establishment, it has never paid dividends, and is not yet able to pay them. To become profitable as early as possible, the company will reinforce its financial position securing internal reserves and reinvesting in research and development. Therefore the company has decided not to pay dividends in the fiscal year ended March 31, 2014 and the fiscal year ended March 31, 2015.

On the other hand, returning a profit to shareholders is an important business target for the company. When the company’s profit becomes sufficient to pay dividends, the company will consider appropriate dividend payment subject to its financial status and business performance in each year as well as its future business plans.

(4) Business Risks

1. The Company Group's Risks for Implementing Business Operation

(a) Unprecedented Business Category

Yoshiyuki Sankai, the company's CEO, developed the world first wearable robot (*1) that utilizes bio-electrical signals. Currently HAL lower-limb types are commercially used as HAL for Welfare Use in the Japanese market and HAL for Medical Use in the German market. The company group's technologies are thought to be applicable to various fields, including medical/care services, labor/heavy work and entertainment. On the other hand, the business category in which the company group is involved is so unprecedented that uncertainty is very high. If penetration of the company group's products is delayed from the original schedule, the company group's business performance and future business development will be affected.

(b) Competitions

The company is planning to go into the fields of medical/care services and labor/heavy work mainly promoting rental services of Robot Suit HAL. Currently, wearable robots with autonomous control systems are being developed in Japan and elsewhere in the world but the voluntary control technology that utilizes BES originating from the brain is the company's original (*2). Due to this differentiation of technologies, the company can maintain its competitive edge. The patents of intellectual property related to Robot Suit HAL have been acquired by the University of Tsukuba, Japan. The company with exclusive rights to use all the patent rights has competitiveness in the wearable robot market. Various enterprises are proceeding with research and commercialization of wearable robots and their development status of new technologies might affect the company group's business performance and business development.

(*1, 2) Cybernic Voluntary Control (= CVC), which integrates a human's intention to move with machine motion, is the world's first technology that improves, supports and enhances the wearer's body functions. Its basic patents (Japan) are listed below.

Application number/Registration number (Date of application)	Name of invention/Inventor
2004-068790/4200492 (2004/03/11)	Wearing type motion assisting apparatus Inventor: Yoshiyuki Sankai
2004-040168/4178185 (2004/02/17)	Wearable action supporting apparatus, controlling methods of drive source in wearable action supporting apparatus, and program Inventor: Yoshiyuki Sankai
2004-045354/4178186 (2004/02/20)	Wearing type motion assisting apparatus, controlling method and program of wearing type motion assisting apparatus Inventor: Yoshiyuki Sankai
2005-018295/4178187 (2005/01/26)	Wearing type motion assisting apparatus and control program Inventor: Yoshiyuki Sankai

* "Cybernics (adjective: cybernic)" is the new academic field that is a fusion of various fields, namely, cybernetics, mechatronics and information technology (core areas) and robotics, brain/neuroscience, biology, behavioral science, psychology, law, ethics, and kansei science (a fusion of human, machine, and information systems). Cybernics is championed by Dr. Yoshiyuki Sankai, Professor of the University of Tsukuba Graduate School and CEO of the company.

(c) Risks Associated with Internal Organizational Structure

The company established on June 24, 2004 has the following issues which are specific to a venture business.

i) The company depends heavily on Yoshiyuki Sankai, the founder and CEO, in terms of management and development of new technology. If he is unable to perform his duties in the company for some reason, the company group's business performance and future business development might be affected.

ii) The company group has secured excellent research and development staff. Their turnover may affect the company group's speed of product development.

iii) The company intends incremental sales, production and controlling units and further reinforcement of the internal controlling system. If the company is not successful at keeping personnel and reinforcing internal controlling, the company group's business performance and future business development might be affected.

(d) Risks with Dependence on Limited Range of Products

The main product of the company group is Robot Suit HAL, whose net sales comprised the majority of net sales as of the end of March 2014. It is estimated that Robot Suit HAL is the main source of the company group's profit for the present. If enlargement of the market for Robot Suit HAL becomes difficult due to laws and regulations concerning approval for new medical devices under the Pharmaceutical Affairs Law, delay of designing health, welfare and other insurance systems might affect the company group's business performance and future business development.

(e) Risks with Business Implementation in EU

The company group started its German operations in August 2013 using Robot Suit HAL with the CE Mark for Medical Device attached. As Deutsche Gesetzliche Unfallversicherung (German Statutory Accident Insurance; hereinafter DGUV) admitted application of labor insurance to therapeutic treatment with Robot Suit HAL, patients of the labor insurance scheme were paid a therapy fee by the insurance institution, Berfusgenossenshaft Rohstoffe und chemische Industrie (Occupational Cooperative for Raw Material and Chemical Industries; hereinafter BG RCI). Currently, the company group provides therapeutic services with Robot Suit HAL in cooperation with BG RCI, its business partner, and provides it to other member hospitals which have not yet started the therapy. The company will later use this business model throughout the EU. Nevertheless, if a change of plan to develop business to BG RCI member hospitals becomes necessary due to a change in BG RCI's policy, the company group's plan concerning business development to BG RCI member hospitals in Germany and also business development in other European countries might be affected. In such a case, the company group's business performance and future business development might be affected.

(f) Loss to Clients Due to Finished Goods Malfunctions

The company group, based on ISO13485 "International Standards for Quality Management of Medical Devices", continuously strives to improve the quality of its products. There is no guarantee, however, that its products will be free of deficiency or that product liability claim will not be incurred in the future. If such loss to clients occurs because of product deficiency, product liability will be covered by product liability insurance. A loss of credibility might affect the company group's business performance and future business development.

(g) Matters as Prerequisites for Business Operation

i) The company group's Robot Suit HAL is an application of a unique technology to utilize a wearer's bio-electric signals. The patent rights for this technology are held by the University of Tsukuba and the company group has concluded a contract concerning exclusive license for use of this patented technology with the university. This contract is a significant prerequisite for the group company to conduct business activities and will be valid until the expiry date. However, if a breach of the contract, a petition for bankruptcy, a merger, an acquisition of significant assets, or an assignment of the company's key business line occurs, the company group's business performance and future business development might be affected.

ii) The company group's Robot Suit HAL, as the first wearable robot in the world, obtained approval to use the CE Mark which demonstrates Robot Suit's conformance with relevant directives and standards in the EU and necessary for marketing medical devices in the EU, from the renowned Notified Body, TÜV Rheinland in June 2013. This certification is a significant prerequisite for the group company to conduct business activities related to Robot Suit HAL in the EU. If it is confirmed that the company group's products or its quality management system do not satisfy the Medical Device Directive in the EU (hereinafter, MDD) or ISO13485 "International Standards for Quality Management of Medical Devices" the company and its products will have to retreat from the EU market. This might affect the company group's business performance and future business development.

(h) Intellectual Property Rights

Concerning intellectual properties such as patent rights related to the company group's business, the company group has neither received any claims from, nor been involved in a lawsuit with, a third party. Currently the possibility that the company group interferes with other parties' patent rights during its business operations or adversely affects the company group's and/or the counterparty's business operations is low. The company group will make an effort to avoid the violation of those rights by conducting continuous technical investigations. Nevertheless, for research and development orientated enterprises like the company group, it is very difficult to entirely eliminate the occurrence of problems concerning violations of intellectual property rights. In the future, if the company group is involved in litigations with third parties, countermeasures will be considered concretely and individually depending on their contents in consultation with lawyers and patent attorneys. This will, however, be time consuming and costly before settlement regardless of the counterparty's assertion's propriety. Technical information of the company is controlled with the utmost attention. If a third party violates the company group's technical rights, settlement of the issue will be time consuming and costly. In those cases, the company group's business performance and future business development might be affected.

(i) Legal Risks

In various business activities of the company group domestically or internationally, unpredictable issues about intellectual property rights and product liabilities related to technologies, products, services and so on, in which the company group is involved, and about legislation and business customaries related to pharmaceutical affairs, commercial transactions, tax accounting, labor management and other might be raised. Above all, some of products that the company group will be handling are medical devices that are designated under the Pharmaceutical Affairs Law of Japan, so their manufacture requires the approval of the Ministry of Health, Labor and Welfare. At that time approval review for validation of effectiveness and safety of merchandise is conducted. It is possible that the application is disapproved or approval is delayed as a result of the review. Even if sales of the merchandise are started after approval, it is possible that approval is cancelled due to the occurrence of problems in effectiveness and safety. The company group receives large subsidies relative to its scale of business. If conditions given by sponsors of subsidies are not satisfied at the time of payment, the company may not be able to receive them and its social credibility may be damaged. Consequently, the company group's financial status and business performance might be affected.

(j) Risks Associated with Personal Information

The company group obtains and keeps personal information of HAL users. The number of company staff able to access the personal information are limited. All the employees of the company group have concluded a nondisclosure agreement with their direct employers (the company and group companies). The company group established Regulations for Protection of Personal Information and appointed a Person in Charge of Protection Management of Personal Information. As mentioned above the company group has paid sufficient attention to protection of personal information and no problem such as leakage of the personal information has occurred in the company group. Nevertheless, if leakage of customer information takes place, claims for damages and loss of credibility might affect the company group's financial status and business performance.

(k) Committee for Peace and Ethics

The company group established the Committee for Peace and Ethics in order to prevent the group's advanced technologies from being applied to weapons for killing or wounding people. The committee consists of the CEO and all external board members. Resolutions require a majority vote of two thirds or more of those attending. Before the company group enters into a new business area which might not fall within the three business areas; namely, medical, care service and disaster recovery, which are designated in the company's Code of Conduct, the committee convenes to examine and verify whether, in the new business area, the company group's advanced technologies would not be applied to weapons for killing or wounding people. The judgment of the Committee meeting shall be reported to the board meeting.

The conclusion of the Committee meeting might not necessarily contribute to the company group's improvement of performance.

2. Risks Associated with the CEO's Engagement as a University Professor

(a) Risks Associated with the CEO's Engagement as a Professor of the University of Tsukuba

Yoshiyuki Sankai, President and CEO of the company, is also a professor of the University of Tsukuba. i) Measures to avoid problematic transactions in terms of conflict of interest between the company group and the University of Tsukuba and ii) disturbance in assignment of the CEO are as follows.

i) Measures to Avoid Problematic Transactions in terms of Conflict of Interest

All decisions related to conflicts of interest, including transactions with the university and conclusion of joint research agreements, are made by the Board of Directors. A structure to prevent conflicts of interest has been established, under which the said decisions are made by five directors (of whom three are outside directors), excluding persons concerned with the University of Tsukuba including Yoshiyuki Sankai. In addition, a structure is in place under which matters pertaining to conflicts of interest are being monitored daily through audit by corporate auditors and reported at the Board of Directors.

ii) Disturbance in Assignment of CEO

Though duties related to cybernics research at the company group and the University of Tsukuba are integral and inseparable, the impact of pure functions as a staff member of the University of Tsukuba (classes, attendance at intramural meetings as a university professor, etc.) on duties specific to the CEO of the company (attendance at the Board of Directors, approval via circular letters, responses to investors, etc.) is limited and performance of duties as CEO is possible.

3. Matters Associated with Overall Advanced Device Business

(a) Risks Associated with Overall Development Business

In the field of cutting-edge robot development, companies around the world are vying with each other in quality and speed of technological innovation. Also, they cannot avoid investing a huge amount of funds over a long term in the processes from basic research, development and manufacturing of advanced robots to their sale, since they must follow various regulations in each country. Against this backdrop, research and development accompanies many uncertainties and such risks are inherent in the products the company group is now developing and will develop in the future. The company group is also proceeding with business toward insurance coverage in each country by expanding business domains (medical, nursing care and life support) under its business plan. However, there is a possibility that the business domains will not expand as planned, and a risk exists that the applied insurance systems will be reviewed and/or the insurance unit price will be changed in the future. If such risks become apparent, the company group’s business plan and business performance might be affected.

(b) Risks Associated with Creation of Newly Developed Products

The company group searches and creates newly developed products through joint research with research institutions, centering on the University of Tsukuba, and its important business strategy is the release of plural product pipe lines in addition to lower-limb type HAL (self-reliance support type and medial type), which has already been commercialized. However, there is no guarantee that these new products will be explored and created. Accordingly, if exploration and creation activities of new products are hindered for some reason, the company group’s business strategies and business performance might be affected.

(c) Risks Associated with Delay Embedded with Research and Development

The company group is efficiently pushing forward with research and development as a research and development corporate group by establishing cooperative relations with outside concerns, mainly the joint research development relationship with the University of Tsukuba. However, since there is no guarantee that research and development activities will advance as planned, in some cases the initially planned results of research and development cannot be obtained, the start or completion of various experiments will be delayed, and acquisition of approval for manufacturing and marketing as medical devices will be delayed or limited. To avoid such situations as much as possible, the company group manages and evaluates the progress of each product under development in a timely manner and takes such measures as: prioritization of products under development; change in strength of management resources put in such products; and a decision on temporary suspension. Thus, the company group reduces the risk of a sharp increase in research and development expenses. However, if research and development does not proceed as planned, the company group’s business plan, financial status, business performance and cash flow position might be affected.

4. Introduction of Class B Shares

(a) Outline of the Scheme

Under the philosophy of “the significance of scientific technology is determined by its usefulness to people and to society,” the company group has used advanced technologies, centering on Robot Suit HAL, for peaceful purposes, notably in the areas of medical, caregiving and personal care. The use of cybernics technologies that improve, support and enhance physical capabilities of people for peaceful purposes matches the needs of the super-aging society that will come in the future and leads to the improvement of long-term corporate value of the company group. The said technologies could possibly be used for purposes other than peaceful ones, such as diversion to military industries for the purpose of killing and wounding humans, and use as weapons. Therefore, to ensure the use of advanced technologies is limited to peaceful purposes while raising funds from the capital market, the company has issued Class B shares, which are different from ordinary shares that are listed (hereinafter, the scheme using the Class B shares of the company shall be referred to as “this Scheme.”).

To develop a new industrial field, called the personal care industry, while solving the issues of the decreasing birthrate and aging population, which are challenges facing our society, the company needs to consistently drive ahead with the research and development of cybernics technologies and business management. Yoshiyuki Sankai, President and CEO of the company, has created this cybernics technologies and currently is a leader in cybernics research. Furthermore, he is a business promoter to return these innovative technologies to society. Therefore, we believe that the stable and continued involvement of Yoshiyuki Sankai in management is necessary for the improvement of corporate value (the common interests of shareholders) of the company group for the time being, and we understand that this Scheme, which makes it possible to realize his continued involvement in management, is a highly necessary scheme from the standpoint of the common interests of shareholders.

Specifically, under this Scheme, the company issues Class B shares which are accorded the same rights as its ordinary shares with regard to dividends of surplus and distribution of residual property, but for which share units differ from ordinary shares. The share unit of ordinary shares is 100, while that of Class B shares is 10. As a result, the number of voting rights held by shareholders of Class B shares (hereinafter referred to as “Class B Shareholders” is 10 times that of shareholders who hold ordinary shares (herein after referred to as “Ordinary Shareholders”) of the same number. The only Class B shareholders are Yoshiyuki Sankai, the Sankai Health Foundation and the Sankai Science and Technology Promotion Foundation (hereinafter collectively called “the Incorporated Foundations”), for which Yoshiyuki Sankai serves as Representative Director. As of the consolidated FYE, Yoshiyuki Sankai held 304,200 ordinary shares and 7,769,600 Class B shares, which account for about 43% of the total number of issued ordinary shares and Class B shares, and owned about 88% of the voting rights of all shareholders of the company.

The outline of ordinary shares, Class B shares and this Scheme is as follows.

(i) Outline of Issuance

	Ordinary shares	Class B shares
Dividends of surplus and distribution of residual property	Same rank and amount	
Share unit	100 (one voting right per 100 shares)	10 (one voting right per 10 shares)
Provision that a resolution of the general class shareholders meeting shall not be required	Yes	No
Put option and call	No	Yes (One Class B share will be converted into one ordinary share.)
Listing	Listed on the Mothers Section of the Tokyo Stock Exchange	Not listed

(ii) Difference of Number of Share Units

Though ordinary shares and Class B shares have the right to receive dividends of surplus and distribution of residual property in the same order and amount, the share unit of ordinary shares is 100 and that of Class B shares is 10. Accordingly, while a Class B Shareholder who holds 100 Class B shares has 10 voting rights at the shareholders meeting, for instance, a Common Shareholder who holds the same number (100) of ordinary shares has one voting right at the shareholders meeting, which means that Class B Shareholders have 10 times the number of voting rights held by Ordinary Shareholders for the same number of shares.

The number of issued ordinary shares of the company as of the consolidated FYE was 10,853,400 and the number of issued Class B shares stood at 7,770,000. Since Yoshiyuki Sankai holds 304,200 ordinary shares and 7,769,600 Class B shares, which account for about 43% of the total number of issued ordinary shares and Class B shares, and owns about 88% of the voting rights of all shareholders of the company, he can pass matters to be resolved at the general shareholders meeting, including election of directors and reorganization, by exercising his own voting rights.

(iii) Instruments to Limit Change of Class B Shareholders

To prevent the transfer of Class B shares to the company or to parties other than Class B Shareholders as of the date when this document is submitted, it is provided in the Articles of Incorporation that i) acquisition of Class B shares through transfer by those other than Class B Shareholders shall require approval of the Board of Directors; and ii) in a case where a request for approval for transfer is made concerning acquisition of Class B shares through transfer by those other than Class B Shareholders (which means the request for approval specified in Article 136 or Article 137 of the Companies Act) and a case where 90 days have passed since the death of a Class B Shareholder (excluding Class B shares inherited by or bequeathed to other Class B Shareholders or Class B Shares transferred to other Class B Shareholders within the said 90 days), all the Class B shares, for which the said request is made, or Class B shares held by the said Class B Shareholder who died shall be converted into ordinary shares (which means that the company will acquire Class B shares and issue one ordinary share in exchange for one Class B share to Class B Shareholders; hereinafter the same shall apply).

Class B Shareholders of the company as of the date of submission of this document are Yoshiyuki Sankai and the Incorporated Foundations, and the number of Class B Shares held by Yoshiyuki Sankai is 7,769,600 and that of Class B shares held by the Incorporated Foundations is 200 each. To ensure continuity of this Scheme, Yoshiyuki Sankai plans to transfer part of the Class B shares he holds at the time to the Incorporated Foundations without compensation. In addition, the Incorporated Foundations are said to be planning to continue to hold Class B shares.

When the incorporated foundations are to exercise voting rights in connection with the Class B shares issued by the company and owned by them at the general shareholders meeting and the general class shareholders meeting, they shall exercise voting rights to oppose the matters to be resolved that are stipulated in each of the following cases when the matters are fall under each case. In a case where the details of the guidelines for exercise of voting rights are to be changed, the incorporated foundations shall obtain approval through a resolution of the Board of Directors and publicly announce the details of the change in accordance with the method specified by the incorporated foundations.

a. With regard to resolutions pertaining to the election/dismissal of directors, the case where the election/dismissal of the said director is judged to hinder peaceful use of advanced technologies in the company group or result in management that would damage corporate value of the company group.

b. With regard to other resolutions, a case where the approval of the said resolution is judged to hinder peaceful use of advanced technologies in the company group or result in management that would damage corporate value of the company group

(iv) “Breakthrough” Article

For the situation in which the company is controlled by an extremely small investment ratio, the company has specified “Breakthrough” Article (Note) in its Articles of Incorporation to make cancellation of this Scheme possible. Under the “Breakthrough” Article, all Class B shares shall be converted into ordinary shares in the case where the number of shares of the company held by the tender offer exceeds three-fourths of the total number of issued shares (excluding treasury shares) of the company as a result of a takeover bid.

Note: a “Breakthrough Article” is an article for cancelling the scheme when a person who acquired a certain ratio of the total number of issued shares has appeared.

(v) “Sunset” Article

As mentioned in the iii) above, Yoshiyuki Sankai plans to transfer part of the Class B shares he holds at the time to the Incorporated Foundations without compensation in order to ensure continuity of this Scheme, and the Incorporated Foundations plan to continue to hold Class B shares. This Scheme is planned to be continued after Yoshiyuki Sankai, who developed the state-of-the-art robot technologies of the company group, retires from the office of director or dies. However, since there is a possibility that exercise of the voting rights of the company by the Incorporated Foundations as Class B shareholders will be against the intention of the shareholders of the company, including Ordinary Shareholders, after the retirement of Yoshiyuki Sankai from the office of director, it has been provided that if Yoshiyuki Sankai retires from the office of director (excluding the case of reappointment and the case where he is elected concurrently with or immediately after other retirement), procedures to confirm the intention of shareholders shall be implemented to confirm the intentions of all shareholders of ordinary shares and Class B shares by the end of the regular general shareholders meeting concerning the last fiscal year of the fiscal years ending within one year from the day of the said retirement (including the day of the said retirement) and within three months after the end of the last fiscal year of the fiscal years ending within five years after the day of the latest procedures to confirm the intentions of shareholders. Specifically, “Sunset” Article has been established in the Article of Incorporation, under which when the intentions of shareholders who hold one-third or more of the voting rights of Ordinary Shareholders and Class B shareholders, which were calculated by assuming the unit share number of Class B shares is 100, can be confirmed and shareholders accounting for two-thirds or more of the voting rights of the said shareholders whose intentions were confirmed agree, all Class B shares shall be converted into ordinary shares.

Note: “Sunset Article” is an article for cancelling the scheme when the purpose of the introduction of the voting right class shares ends or when these causes can be considered to have occurred.

vi) Avoidance of General Class Shareholders Meeting Consisting of Ordinary Shareholders

The company provides in its Articles of Incorporation that in a case where the company carries out an act listed in the items of Article 322, Paragraph 1 of the Companies Act, a resolution of the general class shareholders meeting consisting of ordinary shareholders shall not be required, unless otherwise specified by laws and regulations or the Articles of Incorporation.

However, to prevent Ordinary Shareholders from being unfairly harmed even if the general class shareholders meeting of ordinary shareholders is eliminated, the company provides in its Articles of Incorporation that of the acts listed in the items of Article 322, Paragraph 1 of the Company Act, i) consolidation of shares, share split, allotment of subscription rights to share without contribution, allotment of subscription rights to shares without contribution, allotment of share and subscription rights to shares to shareholders, share transfer (excluding the case of share transfer conducted jointly with other stock companies) and change in the share unit shall be carried out simultaneously and at the same ratio as for share transfer. The company also provides in its Articles of Incorporation that in a case where resolutions pertaining to ii) merger, in which the company is absorbed in a merger, and share exchange or share transfer (limited to the case of share transfer conducted jointly with other stock companies), through which the company becomes a wholly owned subsidiary, are approved at the shareholders meetings (in the case where a resolution of the shareholders meeting is not required, at the Board of Directors) of all the companies concerned, all Class B shares shall be converted into ordinary shares.

(b) Risks of this Scheme

Class B shares were issued to ensure the use of advanced technologies of the company group for peaceful purposes. Risks assumed as a result of the introduction of this Scheme include the following.

i) Risks Associated with Strong Influence of Execution of Voting Rights by Class B Shareholder

As of the consolidated FYE, Yoshiyuki Sankai held 304,200 ordinary shares and 7,769,600 Class B shares, which account for about 43% of the total number of issued ordinary shares and Class B shares, and owned about 88% of the number of voting rights of all shareholders of the company. He has a strong influence on business management of the company. As a result, the influence of Ordinary Shareholders on the company through exercise of voting rights will be limited. Exercise of the voting rights might conflict with the interests of Ordinary Shareholders particularly when the voting rights are exercised by Class B Shareholders to ensure use of advanced technologies of the company for peaceful purposes.

ii) Risks Associated with Obstruction to Purchase of the Company’s shares

With the introduction of this Scheme, Class B Shareholders have 10 times the number of voting rights as for the same number of shares held by Ordinary Shareholders, which makes it possible to hold more voting rights by possessing a smaller number of Class B shares than that of ordinary shares. Breakthrough Article and Sunset Article have been stipulated in the Articles of Incorporation of the company. However, the cases where all Class B shares are converted into ordinary shares pursuant to the Breakthrough Article and the Sunset Article, are respectively limited to the case where a tender offer is to hold 75% or more of the total number of issued ordinary shares and Class B shares and the case where two-thirds or more of shareholders agree with the conversion into ordinary shares through the procedures to confirm the intentions of shareholders (stated in (1) (v) above). Therefore, this

Scheme might hinder purchase of shares of the company that benefits Ordinary Shareholders.

iii) Risks Associated with Avoidance of General Class Shareholders Meeting Consisting of Ordinary Shareholders

Since the company can carry out an act listed in the items of Article 322, Paragraph 1 of the Companies Act (except otherwise specified by laws and regulations or the Articles of Incorporation) without a resolution of the general class shareholders meeting consisting of Ordinary Shareholders, the intentions of Ordinary Shareholders might not be reflected in the decision-making of the company.

iv) Risks Associated with Conversion

Since Class B shares have a put option, with ordinary shares as compensation, and are subject to call, an increase in the number of issued ordinary shares resulting from the conversion of Class B shares into ordinary shares might affect the market price of ordinary shares in the future.

5. Other Risks

(a) Dividend Policy

Since the company's establishment, it has never paid dividends, and is not yet able to pay them as of the date of submission of this document. To become profitable as early as possible, the company will reinforce its financial position by securing internal reserves and reinvest in research and development. On the other hand, we regard the return of profits to shareholders as an important management challenge and will consider paying dividends in consideration of our financial status and management performance. However, if the profit plan does not advance as assumed and the situation in which we cannot stably post profit continues, return to shareholders through dividends might become difficult.

(b) Risks Associated with Financial Position and Financing

The company group has been suffering from a continued operating loss since considerable research and development expenses have been posted following the progress in research and development activities. Going forward, fund demand, including operating funds, research and development investment and capital investment, is expected to increase attendant upon the progress in business. Though we reinforced the financial base through a public offering following the listing of shares, the company group's business performance and financial status might be affected, depending on the state of security of earnings and fund-raising. In addition, with regard to the uses of funds currently planned to be raised, we plan to allot the money mainly to research and development investment for the development of new products, increased operating funds following the rise in holdings of HAL as inventory assets, funds to acquire non-current assets and investments in and loans to subsidiaries as initial cost in overseas development. However, investments might not produce results as expected or the funds might be allotted to uses other than those currently planned, due to rapid changes in the business environment, etc.

(c) Negative Retained Earnings Brought Forward

Since the company group has focused on promotion of research and development activities, a huge amount of research and development expenses have been posted. We posted net loss from the fourth term through the 10th term as well as negative retained earnings brought forward. We posted net loss of JPY688,171 thousand for the fiscal year ended March 2014 (the 10th term). Though the company group aims to turn profitable at an early stage under its business plan and to establish a strong financial base by posting stable profits thereafter, the negative retained earnings brought forward might not be eliminated as planned as business of the company group will not advance as planned.

(d) Loss Brought Forward Regarding Tax

Since the company group has made prior development investment as a research and development company, it has loss brought forward regarding tax as of the date of submission of this document. If the restrictions on deduction of loss brought forward are enhanced as a result of a future review of the system for deduction of loss brought forward, a chance to collect part of the capital put in research and development so far would be lost and the cash flow plan might be affected.

(e) Fluctuation of Foreign Exchange Rate

There is a fluctuation risk of foreign exchange rates, since the settlement of accounts of overseas group companies is converted from local currencies into Japanese yen. Therefore, if foreign exchange rates fluctuate more sharply than forecast, the company group's business performance might be affected.

2. Status of the Corporate Group

Major group companies are as follows.

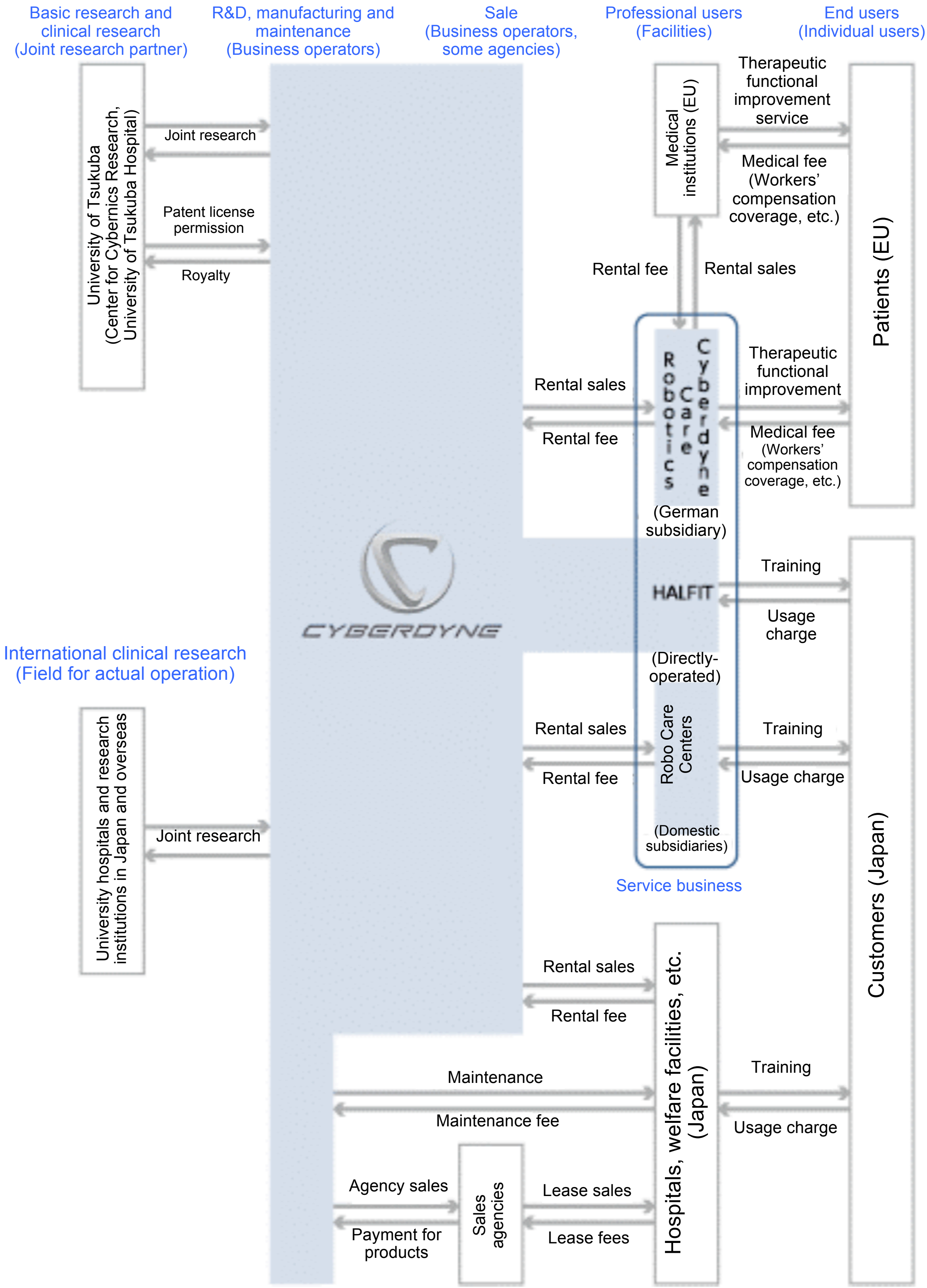
(As of March 31, 2014)

Name	Address	Capital stock	Major business lines	Ratio of voting rights (in possession or being possessed)	Other relationships
(Consolidated subsidiary)					
Cyberdyne Care Robotics GmbH	Bochum, Nordrhein-westfalen, Germany	EUR 25,000	Therapeutic functional improvement service business using HAL	100.0%	Rental of HAL, two board members from CYBERDYNE
Suzuka Robo Care Center Co., Ltd.	Suzuka, Mie, Japan	JPY3,000 thousand	Training with HAL, nursing care insurance services	100.0%	Rental of HAL, one board member from CYBERDYNE
Shonan Robo Care Center Co., Ltd.	Fujisawa, Kanagawa, Japan	JPY3,000 thousand	Training with HAL, nursing care insurance services	100.0%	Rental of HAL, one board member from CYBERDYNE
Oita Robo Care Center Co., Ltd.	Beppu, Oita, Japan	JPY3,000 thousand	Training with HAL, nursing care insurance services	100.0%	Rental of HAL, one board member from CYBERDYNE

N.B. The Company consolidated Cyberdyne Care Robotics GmbH and Suzuka Robo Care Center Co., Ltd. in the second quarter of the consolidated fiscal year ended March 31, 2014 and Shonan Robo Care Center Co., Ltd. in the fourth quarter of the FY.

Organization Chart

The company group has only one business segment: the business related to Robot Suit HAL.



3. Management Policy

(1) Basic Management Policy

The company group develops its business according to a consistent business scheme, covering everything from the creation of innovative technologies and basic research and development to the implementation of such technologies for the benefit of society. It aims to solve various challenges society faces by utilizing cybernics, which was created by Yoshiyuki Sankai. In other words, the company group aims to become a future development-type company that concurrently creates innovation and opens up markets through creation of new industries, as if following an upward spiral.

(2) Target Management Benchmarks

The company group will strive to grow sustainably by pushing forward with the research and development of innovative products and the acquisition of various certifications as a research and development company and by ensuring earnings through the launch of these products and the provision of services.

(3) Medium/Long-Term Management Strategy

Under the philosophy of “the significance of scientific technology is determined by its usefulness to people and to society,” the company group will promote a service industry on a global basis, centering on research and development/implementation for society of “state-of-the-art robot medical devices/state-of-the-art human support robots/state-of-the-art medical devices made in Japan,” which are represented by Robot Suit HAL and the said technologies, and eventually develop international business and discover markets as a leading company of the human support industry (including robot and healthcare industries), which supports longevity.

(4) Issues That CYBERDYNE Should Address

The company group aims to develop and provide products and services that are useful to people and society by using cybernics technologies, a new research area that unites and combines human, mechanics and information fields, as its business domain. Robot Suit HAL, which was developed by utilizing the innovative cybernics technologies, has been successfully put into practical use as the first wearable robot in the world. To make use of it to contribute to society on a global basis, the company group regards the following as the issues.

i) Research and development activities for creation of innovative technologies and new industries

Research and development activities of the company group are based on three keywords: “challenge,” “overseas development” and “innovation.” As an innovative company that supports an aging society, the company group carries out multifaceted research and development aimed at realizing “implementation for society,” including “creation of innovative technologies” and “creation of new industries,” and promoting business, and research and development of business strategies.

To create robotic medical devices, which make full use of cutting-edge cybernics technologies, as innovative technologies, the company group will cooperate with universities and research institutions, hospitals, administrative organs, corporations, etc. in Japan and push forward with research and development of compound therapies with pharmaceuticals and regenerative medicine.

ii) Fostering of human resources with target-oriented research and development as the key

To create new industries by globally developing innovative technologies originating in Japan, the company group centers on “target-oriented research and development.” Researchers of the company group who support such research and development are required to have: prominent capabilities to promote research and development activities, etc. even for research and development and acquisition of know-how in different fields by becoming a specialist of the fields if such activities are necessary from the standpoint of achieving personal or social business targets; adaptability and flexibility that enable them to explore outside their specialty; and “exit-oriented creative power.” The company group will endeavor to foster human resources who can play active roles globally, by accumulating new therapeutic methods using innovative technologies and equipment and operation technologies, as well as talented persons who should actively serve as promoters in overseas bases, in cooperation with overseas hospitals, universities, corporations, local governments, etc.

iii) Insurance coverage in major countries in the EU

In June 2013, Robot Suit HAL obtained conformity certification as a robotic therapeutic device by TÜV Rheinland, a third party accreditation organization, concerning the Medical Device Directive in the EU (MDD), which is necessary when exporting medical devices to the EU market. As a result, Robot Suit HAL can be freely distributed and sold in the EU region, which accounts for 31% (*1) of the world’s medical device market by indicating the CE Marking. Also, rehabilitation using Robot Suit HAL is now covered under the public workers’ compensation system in Germany, the largest medical device market in the EU. Thus, a new market of Robot Suit HAL as a medical device is being developed.

On the other hand, to accelerate the expansion of sales channels and sales volume of Robot Suit HAL as a world standard medical and care-service device in the EU region from now on, the company group needs to have Robot Suit HAL covered under medical insurance and nursing care insurance systems in major EU countries and acquire appropriate insurance reimbursement/coverage at the same time. The company group is now accumulating clinical data by conducting clinical tests on Robot Suit HAL at the Karolinska Institute (Danderyd Hospital in Sweden) and the Bergmannsheil University Hospital in Germany in order to clarify examination processes in each country and clinical data that should be submitted. The company group aims for coverage under each type of insurance under favorable conditions in major EU nations.

iv) Permission for marketing medical devices in the U.S.

The company group has established a quality control structure of world standards, under which medical devices can be designed, manufactured and marketed. The company group has obtained certification of ISO13485 “International Standards for Quality Management System of Medical Devices” from UL, the top U.S. certification organization, in December 2012. UL is a third party certification body as one of the world’s largest safety science organizations.

To be able to distribute Robot Suit HAL in the U.S., which accounts for 39% (*1) of the world’s medical device market, the company group needs to obtain the permission from the U.S. Food and Drug Administration (FDA) for marketing of a medical device.

v) Acquisition of approval and authorization of medical devices in Japan

To have Robot Suit HAL distributed as a medical device in Japan, which accounts for 9% (*1) of the world’s medical device market, the company group needs to acquire approval and authorization pursuant to the Pharmaceutical Affairs Act, and clinical trials are under way to obtain the clinical test data necessary for the acquisition of such approval and authorization. Specifically, for Robot Suit HAL as a new medical device, in March 2013 Takashi Nakajima of the Niigata National Hospital started a physician-led clinical trial, “Investigator-initiated clinical study of wearable assistive robot for lower limbs controlled voluntarily by bio-electric signals, etc. (HAL-HN01), as a new medical device to delay progression of intractable rare neuromuscular diseases – randomized, controlled, crossover study for gait improvement as a short-term effect (NCY-3001 test).” The company group will file a pharmaceutical application based on the results of the said trial, aiming for approval and authorization as a medical device under the Pharmaceutical Affairs Act, and for early application of medical insurance, etc. as a new medical device.

vi) Promotion of care-service robot business

Japan has become a super-aging society: the number of senior citizens aged 65 or older stood at about 3,079 million as of October 1, 2012 and the number of persons requiring long-term care and persons requiring support under the public nursing care insurance system was about 506 million (*2) as of the end of fiscal 2009. Those numbers tend to increase every year. In addition, it is expected that about 2.5 million care workers, double the number at present, will be necessary in 2025 (*3) and the public nursing care insurance system is planned to be reviewed in fiscal 2015. With popularization measures expected to be taken by the government, the domestic care-service robot market (in terms of value of shipments by manufacturers) is projected to expand to JPY2.3 billion in fiscal 2015 and JPY34.98 billion in 2020 (*4).

The company will proceed with the development and improvement of the lower-limb type and HAL for Single Joint, which are self-reliance support types that are worn by persons requiring care and support them when they stand up, sit down and walk, and HAL for Backload Reduction, which is care-support type intended to reduce backload of caregivers, as care-service Robot Suit HAL.

vii) Early expansion of product line-up

With a view to realizing a long-lived society, the company group is promoting the commercialization of Robot Suit HAL in the following fields in descending order of social demand: 1) those for medical use, aimed at improving body functions of patients; 2) those for personal care use, aimed at supporting autonomous actions of the disabled; and 3) those for supporting workers in disaster sites and plants. Toward early development of the line-up of such products, the company group will focus on further improvement by not only working on design and development of new products but also obtaining feedback from the field of actual operation in cooperation with users in the field.

viii) Enhancement of the management control structure and development of human resources

The company group needs to push forward with enhancement of the management control structure and development of next-generation human resources to cope with global development. Considering that reinforcement of the establishment of an internal control system is an important issue in the current fiscal year, the company group will promote the development of next-generation human resources with advanced and extensive expertise and experience in order to maintain a sufficient management control structure in accordance with its future business expansion.

Source

*1. Espicom Business Intelligence, “The World Markets Fact Book 2013”

*2. Cabinet Office, “FY2013 White Paper on Aging Society”

*3. Ministry of Health, Labor and Welfare, “About Medical and Nursing Care System Reform, November 2011”

*4. Yano Research Institute, “Results of Survey on the Nursing-Care Robot Market 2013” January 7, 2014

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(unit JPY000)

	Fiscal year ended March 31, 2014
Assets	
Current assets	
Cash and deposits	4,341,264
Accounts receivable - trade	66,126
Merchandise and finished goods	19,669
Work in process	9,932
Raw materials and supplies	170,054
Account receivables - other	398,516
Other	60,568
Provision allowance for doubtful accounts	-362
Total current assets	5,065,769
Non-current assets	
Property, plant and equipment	
Buildings and structures, net	838,231
Assets for rent, net	110,127
Other, net	176,988
Total property, plant and equipment	1,125,347
Intangible asset	50,754
Investments and other assets, gross	192,896
Total non-current assets	1,368,999
Total assets	6,434,768
Liabilities	
Current liabilities	
Accounts payable - trade	26,210
Income taxes payable	26,469
Other	222,277
Total current liabilities	274,956
Non-current liabilities	
Deferred tax liabilities	16,303
Asset retirement obligations	68,762
Other	78,917
Total non-current liabilities	163,983
Total liabilities	438,939
Net assets	
Shareholders' equity	
Capital stock	5,428,919
Capital surplus	5,364,919
Retained earnings	-4,799,064
Total shareholders’ equity	5,994,773
Other comprehensive income	
Foreign currency translation adjustment	1,055
Total other comprehensive income	1,055
Total net assets	5,995,828
Total liabilities and net assets	6,434,768

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(unit JPY000)

	Fiscal year ended March 31, 2014
Net sales	456,375
Costs of sales	245,988
Gross profit	210,387
Selling, general and administrative expenses	
Research and development expenses	716,171
Other	648,457
Total selling, general and administrative expenses	1,364,629
Operating loss	-1,154,242
Non-operating income	
Interest income	372
Subsidy income	465,421
Grants for research received	92,712
Other	22,143
Total non-operating income	580,650
Non-operating expenses	
Interest expenses	4,969
Share issuance cost	31,967
Loss on reduction of non-current assets	71,216
Other	1,135
Total non-operating expenses	109,289
Ordinary loss(*)	-682,881
Extraordinary income	
Gain on negative goodwill	4,330
Total extraordinary income	4,330
Net loss before provision for income taxes	-678,550
Income taxes - current	11,516
Income taxes - deferred	-1,895
Total income taxes	9,621
Net loss before minority interests	-688,171
Net loss	-688,171

* Profit before income tax, also called “Pretax profit” or “Ordinary profit”

Consolidated Statements of Comprehensive Income

(unit JPY000)

	Fiscal year ended March 31, 2014
Net loss before minority interests	-688,171
Other comprehensive income	
Foreign currency translation adjustment	1,055
Total other comprehensive income	1,055
Comprehensive income	-687,116
(Comprehensive income attributable to)	
Comprehensive income attributable to owners of the parent	-687,116
Comprehensive income attributable to minority interests	--

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2014

(unit JPY000)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of year	3,349,075	3,285,075	-4,110,892	2,523,257
Changes of items during year				
Issuance of new shares	2,079,844	2,079,844	—	4,159,688
Net loss	—	—	-688,171	-688,171
Net changes in items other than shareholders' equity	—	—	—	—
Total changes of items during year	2,079,844	2,079,844	-688,171	3,471,516
Balance at end of year	5,428,919	5,364,919	-4,799,064	5,994,773

	Other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total other comprehensive income	
Balance at beginning of year	—	—	2,523,257
Changes of items during year			
Issuance of new shares	—	—	4,159,688
Net loss	—	—	-688,171
Net changes of items other than shareholders' equity	1,055	1,055	1,055
Total changes of items during year	1,055	1,055	3,472,571
Balance at end of year	1,055	1,055	5,995,828

(4) Consolidated Statements of Cash Flows

(unit JPY000)

	Fiscal year ended March 31, 2014
Cash flows from operating activities	
Net loss before provision for income taxes	-678,550
Depreciation	179,672
Loss on reduction of non-current assets	71,216
Increase (decrease) in allowance for doubtful accounts	219
Interest income	-372
Interest expenses	4,969
Share issuance cost	31,967
Gain on negative goodwill	-4,330
Decrease (increase) in notes and accounts receivable - trade	-48,258
Decrease (increase) in inventories	-18,303
Increase (decrease) in notes and accounts payable - trade	8,863
Decrease (increase) in accounts receivables - other	-146,409
Other	71,395
Subtotal	-527,921
Interest and dividend income received	675
Interest expenses paid	-4,969
Income taxes paid	-7,373
Cash flows from operating activities	-539,588
Cash flows from investing activities	
Proceeds from withdrawals of time deposits	400,000
Purchase of property, plant and equipment	-226,614
Purchase of intangible assets	-17,428
Purchase of shares of subsidiaries and associates	-6,000
Payments of loans receivable from subsidiaries and associates	-1,643
Purchase of other company’s business	-15,000
Other	-11,516
Cash flows from investing activities	121,796
Cash flows from financing activities	
Repayments of long-term loans payable	-55,552
Proceeds from issuance of common shares	4,159,688
Other	-53,995
Cash flows from financing activities	4,050,140
Effect of exchange rate changes on cash and cash equivalents	324
Net increase (decrease) in cash and cash equivalents	3,632,672
Cash and cash equivalents at beginning of year	708,591
Cash and cash equivalents at end of year	4,341,264

(5) Notes to Consolidated Financial Statements

Notes on Premise of Going Concern

There are no items to report.

(Important Items That Form the Basis for Preparing the Consolidated Financial Statements)

(a) Scope of consolidation

Number of consolidated subsidiaries: 4

i) Names of major consolidated subsidiaries:

Suzuka Robo Care Center Co., Ltd., Shonan Robo Care Center Co., Ltd., Oita Robo Care Center Co., Ltd., and Cyberdyne Care Robotics GmbH

The four companies mentioned above were newly established in the consolidated fiscal year ended March 31, 2014 and included in the scope of consolidation.

ii) Names of major non-consolidated subsidiaries and others:

Major non-consolidated subsidiaries are as follows:

Niigata Robo Care Center Co., Ltd., Cyberdyne EU B.V., CYBERDYNE DENMARK ApS, Cyberdyne Sweden AB, CYBERDYNE (Germany) GmbH

Reason for excluding from the scope of consolidation

The five non-consolidated subsidiaries are all small and immaterial when measured in impact of total amounts of assets, net sales, net income (based on the Company's ownership percentage), and retained earnings (based on the Company's ownership percentage) of those companies on consolidated financial statements. They have therefore been excluded from the scope of consolidation.

(b) Matters concerning consolidated subsidiaries' account closing date for the fiscal year end

Among the consolidated subsidiaries, Cyberdyne Care Robotics GmbH's account closing date is December 31 each year. In the preparation of the consolidated financial statements, the Company used financial statements based on a provisional statement of accounts on the consolidated closing date. The account closing dates for the fiscal year end of all other consolidated subsidiaries are the same as the parent company.

(c) Matters concerning account processing standards

i) Evaluation standards and methods for important assets

1) Securities

shares of subsidiaries and associates and investments in capital of subsidiaries and associates: moving average cost method

2) Evaluation standards and methods for assets inventories

a) finishes goods, work in process : cost method based on actual cost method

b) raw materials and merchandises : moving average cost method

c) supplies : last purchase price method

The book values of inventories whose profitability has declined are recorded.

ii) Depreciation methods of important depreciable assets

(1) Property, plant and equipment (excluding leased assets)

The declining-balance method was adopted. Exceptionally, the straight line method was adopted for part of buildings (except accessories), assets for rent, part of tools, furniture and fixtures. The useful lives for major assets are as follows.

Buildings	3 – 20 years
Structures	10 – 20 years
Machinery and equipment	7 years
Vehicles	2 – 6 years
Tools, furniture and fixtures	2 – 20 years
Assets for rent	5 years

(2) Intangible assets (excluding leased assets)

The straight-line method was adopted. Software for internal use is amortized using the straight-line method over the estimated useful lives (within five years).

Software	3 – 5 years
Patent rights	8 years

(3) Leased assets

Leased assets pertaining to finance lease transactions which do not involve the transfer of ownership to the lessee

These assets are amortized using the straight-line method over the lease term without residual value.

iii) Basis for recording important provisions allowance for doubtful receivables

Allowance for doubtful accounts:

To provide for losses incurred through bad debts, the amount of potential loss is calculated by using the historical loss ratio in case of non-classified loans/receivables. Potential losses for classified loans/receivables are individually assessed.

iv) Basis for evaluating important assets and liabilities denominated in foreign currencies in JPY

Foreign-currency-denominated money claims and liabilities are converted into Japanese yen at the spot exchange rates in effect at the consolidated balance sheet date, and the exchange differences are scored as profits/losses. Assets and liabilities of subsidiaries outside of Japan are translated into Japanese yen at the spot exchange rates in effect on the balance sheet date; their earnings and expenses are translated into Japanese yen at the average rate during the period; and the exchange differences are included in Foreign currency translation adjustment under Net Assets.

v) Scope of cash and cash equivalents in the consolidated statement of cash flows

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term, high-liquidity investment with maturities not exceeding three months at the time of purchase, which can be easily cashed and involve little fluctuation risk of value, are considered to be cash and cash equivalent.

vi) Other material information concerning the preparation of financial statements

(1) Accounting treatment of consumption taxes, etc.
Consumption taxes and local consumption taxes are excluded from the transaction accounts.

(2) Deferred assets
New share issuance costs are recognized as expenses when disbursed.

(For Change in Accounting Policies)

Though Robot Suit HAL possessed by the company had been amortized using the declining-balance method over a useful life of three years, the useful life was reviewed and changed to five years and the amortization method was changed to the straight-line method, effective from the current consolidated fiscal year.

The changes and review were carried out to make profits and losses during the period more appropriate in consideration of the stabilization of the degree of use of HAL and lengthening of the use term. As a result the changes, operating loss, ordinary loss and net loss before income tax and minority interests for the current fiscal year were respectively JPY42,710 thousand smaller than those calculated under the previous method.

(For Consolidated Balance Sheet) (Unit JPY000)

*1 Accumulated depreciation of property, plant and equipment

	Fiscal 2013 (March 31, 2014)
Accumulated depreciation of property, plant and equipment	1,523,002

Accumulated depreciation includes impairment losses.

*2 Reduction entry

Amounts of reduction entry, deducted from the acquisition cost through state subsidies, etc., are as follows.

	Fiscal 2013 (March 31, 2014)
Machinery and equipment	113,471
Tools, furniture and fixtures	62,310
Software	2,872

*3 Investments in non-consolidated subsidiaries and associates are as follows.

	Fiscal 2013 (March 31, 2014)
Investment securities (shares)	7,639
Investment securities (investment in capital)	2,957

*4 The company has concluded overdraft agreements with two banks in order to efficiently procure operating funds.

The balance of unused loans under these agreements as of the consolidated FYE is as follows.

	Fiscal 2013 (March 31, 2014)
Maximum limit of overdraft	600,000
Executed loans	—
Net difference	600,000

(For Consolidated Statements of Income) (Unit JPY000)

*1 Inventories at the end of the year are in the amount after devaluation of the book values due to a decline in profitability, and the following loss on valuation of inventories is included in the cost of sales.

FY 2013 (From April 1, 2013 to March 31, 2014)
5,665

*2 Major items and amounts of research and development expenses are as follows.

	FY 2013 (From April 1, 2013 to March 31, 2014)
Salary and other allowances	128,165
Research and development materials cost	291,255
Commission fee	117,264

*3 Major items and amounts of other selling, general and administrative expenses are as follows.

	FY 2013 (From April 1, 2013 to March 31, 2014)
Salary and other allowances	134,556
Depreciation	77,192
Commission fee	132,935

(For Consolidated Statements of Changes in Equity)

FY2013 (From April 1, 2013 to March 31, 2014)

1 Matters related to the types and total numbers of issued shares and the types and numbers of treasury shares

Types of shares	Number of shares at beginning of current fiscal year (shares)	Number of shares increased during current fiscal year (shares)	Number of shares decreased during current fiscal year (shares)	Number of shares at end of current fiscal year (shares)
Issued shares				
(Former) Ordinary shares	49,267	—	49,267	—
(Former) Class A shares	25,667	12,073	37,740	—
(Former) Class B shares	12,073	—	12,073	—
Ordinary shares	—	10,853,400	—	10,853,400
Class B shares	—	8,586,566	816,566	7,770,000
Total	87,007	19,452,039	915,646	18,623,400
Treasury shares				
(Former) Ordinary shares	—	—	—	—
(Former) Class A shares	—	—	—	—
(Former) Class B shares	—	—	—	—
Ordinary shares	—	—	—	—
Class B shares	—	816,566	816,566	—
Total	—	816,566	816,566	—

(Outline of reasons for fluctuations)

Reasons for the changes in the number of issued shares of each class share are as follows.

(i) As of October 23, 2013, the company changed the (former) Class B shares to (former) Class A shares and changed such (former) Class A shares to ordinary shares after changing the details of (former) Class A shares. Further, the company changed the (former) ordinary shares to Class B shares after changing the details of (former) ordinary shares.

Also, shareholders of new Class B shares, other than Yoshiyuki Sankai, the Sankai Health Foundation and the Sankai Science and Technology Promotion Foundation, for which Yoshiyuki Sankai serves as Representative Director, exercised the put options of 6,366 Class B shares and had new ordinary shares of the same number issued. Furthermore, the company cancelled the

6,366 Class B shares it had acquired, based on a resolution of the meeting of the Board of Directors held on the same day.

(ii) The company split each share into 200 shares for both ordinary shares and Class B shares as of October 25, 2013.

(iii) On January 27, 2014, Yoshiyuki Sankai exercised the put options of 810,200 Class B shares he possessed and had ordinary shares of the same number issued. Also, the company canceled the 810,200 Class B shares it had acquired, based on a resolution of the meeting of the Board of Directors held on January 28, 2014.

(iv) The company issued 1,222,000 ordinary shares through a public offering of shares, based on a resolution of the meeting of the Board of Directors held on February 19, 2014.

2 Matters related to subscription rights to shares, etc.

There are no items to report.

3 Matters related to dividends

(1) Dividends paid

There are no items to report.

(2) Among dividends for which the record date falls within the fiscal year under review, the dividends for which the effective date of payment falls in the next fiscal year

There are no items to report.

(For Consolidated Statements of Cash Flows) (Unit JPY000)

*1 Cash and cash equivalents at the end of the fiscal year and amounts stated in the Consolidated Balance Sheet are as follows.

	FY 2013 (From April 1, 2013 to March 31, 2014)
Cash and deposits	4,341,264
Time deposits for which the depositing term is over three months	—
Cash and cash equivalents	4,341,264

(Financial Instruments)

1. Matters relating to the status of financial instruments

(1) Financial instrument guidelines

The company limits fund management to short-term deposits, etc. and procures funds through borrowings, etc. from financial institutions, including banks. The company does not intend to engage in derivative transactions.

(2) Details and risk of financial instruments

Accounts receivable – trade, which are operating receivables, are exposed to the credit risk of clients. Payment dates of most accounts payable – trade, which are operating debt, are within one month.

(3) Risk management structure for financial instruments

i) Management of credit risk (risk pertaining to non-fulfillment of contracts by trading partners)
Pursuant to the Credit Management Regulations, the company manages the outstanding balance of operating receivables by counterparty and strives to reduce concerns about collection due to the deterioration in the financial positions of counterparties and other reasons.

ii) Management of liquidity risk pertaining to fund procurement (risk of being unable to perform payment on payment dates)
The company manages liquidity risk by maintaining liquidity on hand in a certain amount while the corporate division updates the financing plan.

(4) Supplementary explanations for matters relating to fair values of financial instruments

Fair values of financial instruments include rationally calculated prices when there are no market prices, as well as prices based on market prices. Since fluctuation factors are adopted in calculating the relevant prices, the relevant prices may be different when different preconditions, among other things, are used in calculation.

2. Matters relating to fair values of financial instruments and others

Balance sheet amounts, market values and differences between them are as follows. Financial instruments whose fair values are deemed to be extremely difficult to determine are not included in the table below (Refer to Note 2).

FY2013 (From April 1, 2013 to March 31, 2014)

	Balance sheet amount (unit JPY000)	Fair value (unit JPY000)	Difference (unit JPY000)
(1) Cash and deposits	4,341,264	4,341,264	-
(2) Accounts receivable - trade	66,126	66,126	-
(3) Accounts receivable - other	398,516	398,516	-
Total assets	4,805,906	4,805,906	-
(1) Accounts payable - trade	26,210	26,210	-
(2) Income taxes payable	26,469	26,469	-
Total liabilities	52,679	52,679	-

Note 1: Calculation methods of fair values of financial instruments

Assets

(1) Cash and deposits, (2) Accounts receivable – trade and (3) Accounts receivable - other

Since all of these have short contract periods and their fair values approximate book values, we deem their book values to be fair values.

Liabilities

(1) Accounts payable – trade and (2) Income taxes payable

Since all of these are those with short contract periods and their fair values approximate book values, we deem their book values to be fair values.

Note 2: Balance sheet amounts of financial instruments whose fair values are deemed to be extremely difficult to determine

(unit JPY000)

Classification	March 31, 2014
Shares of subsidiaries and associates	7,639
Investments in capital of subsidiaries and associates	2,957

The aforementioned financial instruments are not included in “Assets,” since they have no market prices and their fair values are deemed to be extremely difficult to determine.

Note 3: Projected redemption amounts of monetary claims after the settlement day

FY2013 (March 31, 2014)

	Within 1 year (unit JPY000)	More than 1 year and 5 years or less (unit JPY000)	More than 5 years and 10 years or less (unit JPY000)	More than 10 years (unit JPY000)
Cash and deposits	4,341,264	-	-	-
Accounts receivable - trade	66,126	-	-	-
Accounts receivable - other	398,516	-	-	-
Total	4,805,906	-	-	-

(Retirement Benefits)

FY2013 (March 31, 2014)

There are no items to report.

(Stock Options)

FY2013 (From April 1, 2013 to March 31, 2014)

There are no items to report.

(Tax Effect Accounting) (unit JPY000)

1 Breakdown of major causes for deferred tax assets and liabilities

(Deferred tax assets)

	FY2013 (March 31, 2014)
Provision of allowance for doubtful accounts	128
Research and development expenses	84,948
Loss on valuation of inventories	5,842
Deductible expenses of lump-sum depreciable assets	2,639
Accrued enterprise taxes	5,506
Accumulated impairment loss	3,769
Depreciation	103,787
Asset retirement obligations	24,327
Loss on valuation of shares of subsidiaries and associates	8,216
Loss brought forward	1,453,385
Other	9,407
Total	1,701,960
Valuation allowance	-1,701,960
Total deferred tax assets	-

(Deferred tax liabilities)

	FY2013 (March 31, 2014)
Non-current liabilities	
Retirement expenses for asset retirement obligations	14,378
Other	1,925
Total deferred tax liabilities	16,303
Net: Net deferred tax liabilities	16,303

2. Breakdown of major items that caused differences between the normal effective statutory tax rate and rate of income taxes after application of tax effect accounting

	FY2013 (March 31, 2014)

Normal effective statutory tax rate	37.8%
(Adjustment)	
Items not deductible from the taxable income permanently, such as entertainment expenses	-0.1%
Inhabitant tax, flat rate	-1.2%
Valuation allowance	-34.8%
Other	-3.1%
Rate of income taxes after application of tax effect accounting	-1.4%

3 Revision of amounts of deferred tax assets and liabilities due to change in normal effective statutory tax rate

The "Act on Partial Revision of the Income Tax Act, etc." (Law No. 10, 2014) was promulgated on March 31, 2014.The Special Reconstruction Corporation Tax is not imposed from the consolidated fiscal year starting on or after April 1, 2014.

As a result, the normal effective statutory tax rate to be used to calculate deferred tax assets and liabilities is reduced from 37.8% to 35.4% for temporary differences that are expected to be resolved in the fiscal year that starts on April 1, 2014.

As a result of this change in the tax rate, the amount of deferred tax liabilities decreased by JPY108 thousand and income taxes - deferred also decreased by the same amount.

(Business Combination)

FY2013 (From April 1, 2013 to March 31, 2014)

Business combination through acquisition

(1) Overview of business combination

i) Name and business activities of counterparty
Name of counterparty: Fuji Heavy Industries Ltd.
Business activities: Cleaning robot business

ii) Main reasons for business combination
The company group judged that it would develop into a comprehensive robot company, centering on Robot Suit HAL, by taking over the cleaning robot business of Fuji Heavy Industries Ltd. and pushing forward with research and development of robots for cleaning and transportation, with which its proprietary advanced technologies will be combined.

iii) Date of business combination
July 1, 2013

iv) Legal form of business combination
Acquisition of business

(2) Period of operating results of the acquired business, which is included in the consolidated financial statements
From July 1, 2013 to March 31, 2014

(3) Acquisition cost of the acquired business and its breakdown (Unit JPY000)

Consideration for acquisition	Cash	15,000
Acquisition cost		15,000

(4) Amount of negative goodwill that occurred, cause of occurrence, amortization method and amortization period

i) Amount of negative goodwill that occurred
JPY4,330 thousand

ii) Cause of occurrence
Negative goodwill occurred, since the assets accepted on the date of business combination surpassed the acquisition cost.

iii) Amortization method and amortization period
With the application of the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No. 21, December 26, 2008), the negative goodwill is recognized as profit during the consolidated fiscal year during which the negative goodwill

occurred.

(Asset Retirement Obligation)

Of asset retirement obligations, those posted in the Consolidated Balance Sheet

(1) Outline of the said asset retirement obligations
Obligation to restore sites to their original condition attendant upon the real estate lease contracts of the head office building and exhibition facilities, etc.

(2) Calculation method of the amounts of the said asset retirement obligations
The amounts of the asset retirement obligations are calculated at discount rates of 1.98% to 2.07% by estimating the expected use periods to be 18 to 20 years from acquisition.

(3) Change in total amount of the said asset retirement obligations

(Unit JPY000)

	FY2013 (From April 1, 2013 to March 31, 2014)
Balance at beginning of period	67,380
Change in amount due to passage of time	1,382
Balance at end of year	68,762

(Segment Information)

Segment information

FY2013 (From April 1, 2013 to March 31, 2014)

Since the company group has a single segment, segment information is omitted.

Relevant information

FY2013 (From April 1, 2013 to March 31, 2014)

1 Segment information by product and service
Since net sales of the single classification of products and services to outside clients exceed 90% of net sales in the statements of income, segment information by product and service is omitted.

2 Geographical segment information

(1) Net sales
Since net sales to outside clients in Japan exceed 90% of net sales in the Consolidated Statements of Income, net sales are omitted.

(2) Property, plant and equipment
Since the amount of property, plant and equipment in Japan exceeds the amount of property, plant and equipment in the Consolidated Balance Sheet, property, plant and equipment are omitted.

3 Information by major client

(Unit JPY000)

Name of client	Net sales
University of Tsukuba	87,646

Information on impairment losses on non-current assets by reportable segment

FY2013 (From April 1, 2013 to March 31, 2014)

There are no items to report.

Information on amount of amortization and unamortized balance of goodwill by reportable segment

FY2013 (From April 1, 2013 to March 31, 2014)

There are no items to report.

Information on gain on negative goodwill by reportable segment

FY2013 (From April 1, 2013 to March 31, 2014)

Since the company group has a single business segment, the said information is omitted.

(Related Party Information)

FY2013 (From April 1, 2013 to March 31, 2014)

There are no items to report.

(Per-Share Data)

	FY2013 (From April 1, 2013 to March 31, 2014)
Net assets per share	JPY321.95
Net loss per share	-JPY39.49

Notes: 1. Diluted net income per share is not stated because net loss per share was posted and there are no potential shares.
2. Effective October 25, 2013, the company conducted a 1:200 split of each ordinary share and each Class B share. Per-share data on the assumption that the stock split was conducted at the beginning of the current consolidated fiscal year are stated.
3. Net assets per share are calculated based on the following.

Item	FY2013 (March 31, 2014)
Total of Net assets in the Balance Sheets (Unit JPY000)	5,995,828
Amount to be deducted from the total of net assets (Unit JPY000)	-
Net assets at end of year pertaining to ordinary shares and shares equivalent to ordinary shares (Unit JPY000)	5,995,828
Number of ordinary shares and shares equivalent to ordinary shares that is used in calculation of net assets per share (share)	18,623,400

4. Net loss per share is calculated based on the following.

Item	FY2013 (From April 1, 2013 to March 31, 2014)
Net loss (Unit JPY000)	-688,171
Amount not available for ordinary shareholders and shareholders equivalent to ordinary shareholders (Unit JPY000)	-
Net loss attributable to ordinary shares and shares equivalent to ordinary shares (Unit JPY000)	-688,171
Average number of ordinary shares and shares equivalent to ordinary shares during the period (share)	17,425,836

(Important Subsequent Event)

1. Issuance of new shares through third-party allocation (third-party allocation of shares related to secondary offering through over-allotment)

The company decided to issue new shares to a third party at the meetings of the Board of Directors, held on February 19, 2014 and March 7, 2014, and payment was completed on April 23, 2014.

(1)	Type and number of shares to be issued	Ordinary share 304,200 shares
(2)	Paid-in amount	JPY3,404 per share
(3)	Increase in capital	JPY1,702 per share
(4)	Total amount to be paid	JPY1,035,496 g
(5)	Total increase in capital	JPY517,748 thousand
(6)	Payment date	April 23, 2014
(7)	Allottee	SMBC Nikko Securities Inc.
(8)	Use of the proceeds	The proceeds are planned to be allotted to: research and development expenses; increase in holdings of Robot Suit HAL made by the company as inventories and assets for rental; funds to acquire non-current assets, including an increase in holdings of Robot Suit HAL for sales promotion; and investment in and loans to subsidiaries as initial expenses in overseas development.