



Company: CYBERDYNE, INC.
Name of Representative: Yoshiyuki Sankai, President and CEO
Code: 7779 (Mothers Section of the Tokyo Stock Exchange)
Contact: Shinji Uga, Director and CFO (Tel. +81-29-869-9981)

Notice of the 12th Ordinary General Meeting of Shareholders

We would like to take the opportunity to express our heartfelt appreciation for your continued support of our company, CYBERDYNE, INC. (the “Company”).

We have decided to convene the 12th Ordinary General Meeting of Shareholders as stated below and we kindly ask you to attend this meeting.

Sincerely yours

Details

- 1. Date:** June 24th, 2016 (Friday)
11:00 am JST (Reception starts from 10:00 am JST)
- 2. Venue:** Nova Hall (Great Hall), 1-10-1 Azuma, Tsukuba City, Ibaraki Prefecture Japan (Please refer to the map guide at the end of the document)

3. Agenda:

Matters to be reported

- Agenda 1:** Business Report and Consolidated Financial Statements for the 12th Fiscal Year (From April 1st 2015 to March 31st, 2016) as well as the Audit Reports from the Accounting Auditors and the Audit and Supervisory Board Members regarding the Consolidated Financial Statements
- Agenda 2:** Financial Statements for the 12th Fiscal Year (From April 1st 2015 to March 31st 2016)

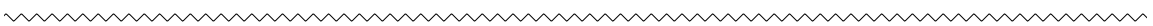
Disclosure via the internet

- Because the materials listed below are posted on the Company's webpage pursuant to the provisions of laws and regulations and Article 22 of the Company's Articles of Incorporation, they are not included in the materials provided in this notice of the 12th Ordinary General Meeting of Shareholders.
 - 1) Matters included in the content of the business report
 - Matters concerning stock acquisition rights and so on
 - 2) Consolidated statements of changes in net assets and related notes for the consolidated financial statements
 - 3) Statements of changes in net assets and related notes for the financial statements

- If any incidents that require the revision of the enclosed documents occur after these documents are mailed out, it will be announced on the Company's website listed below.

Link to the Company's website ▷▷▷ <http://www.cyberdyne.jp/company/IR.html>

End



To the shareholders attending the meeting, please bring the enclosed attendance form and submit it at the reception of the venue. Please also bring this invitation to serve as the program for the meeting.

(Enclosed Documents)

Business Report

(From April 1, 2015 to March 31, 2016)

1. Current status of the Company and the group companies

(1) Process and outcome of the business

On January 22, 2016, the Abe Cabinet announced their “5th Science and Technology Basic Plan” to preemptively address the various issues that are taking shape across the globe by advancing science, technology and innovation (“STI”), further reinforcing research and development, leading the rest of the world toward strengthening the processes to achieve a “super smart society” that produces new values and services, and embodying such a structure of society, “Society 5.0”. On the same date, Prime Minister Abe in the 190th Diet administration policy speech once again spoke his will to achieve “zero turnover for nursing care” and to turn Japan into “the most suited country for innovation” as part of his “Promoting Dynamic Engagement of All Citizens” Plan. He referenced HAL®, the “Robot Suit of the dreams”, which was jointly created by the Company and Tsukuba University, as an example of dynamic innovation with open coordination of research institutions, universities and corporations in Japan and other foreign countries. By fully utilizing the innovative Cybernic* technologies within this open environment, CYBERDYNE, INC. and its group companies (the “Group”) aims to realize a “zero intensive care society”, create a new “human support industry” that focuses on the fields of medicine, living support, and labor support, and advance its research and development (“R&D”) and business development.

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

HAL® for Medical Use

During this fiscal year ended March 31, 2016, HAL® for Medical Use (Lower Limb Type) (“HAL® for Medical Use” or “HAL®”) acquired manufacturing and distribution approval in Japan from the Ministry of Health Labour and Welfare (“MHLW”), as a new medical device for neuromuscular diseases on November 25, 2015. Further, on April 25, 2016, the MHLW announced the technology fee for the treatment using HAL® for Medical Use, making it the world’s first designation of an insurance reimbursement price for treatment with robots. With this insurance coverage, a patient will be able to claim between JPY 49,600 - JPY 85,100 per treatment indefinitely as long as the effect of treatment can be confirmed. The Company will continue to advance its clinical studies in order to expand the insurance coverage of the treatment with HAL® for patients with diseases other than neuromuscular diseases. In Europe, the Company acquired medical device certification, providing medical treatment services with HAL® in Germany. In Germany, public workers’ compensation is applied to the treatment with HAL® for Medical Use. In order to expand the number of patients covered by insurance for the treatment with HAL®, the Company applied to the Institute for the Hospital Remuneration System (InEK) on October 27 of 2015 for public health insurance coverage of all paraplegic patients in the acute to recovery phases. The Company also applied to the Federal Joint Committee (G-BA) for public health insurance coverage of the treatment with HAL® for all paraplegic patients after acute and recovery phases. In the United States, the Company is in the midst of its application for medical device approval of HAL® for Medical Use to the U.S. Food and Drug Administration (FDA), aiming to receive the approval as quickly as possible, noting various insurance coverage as an important milestone for its future business in the U.S.

Aiming for expansion of target diseases of HAL® for Medical Use (Lower Limb Type), clinical tests in Japan and other countries will be accelerated, and as of the end of March, 2016, a total of 140 units were in operation in Japan and other countries. Also HAL® for Living Support (Single Joint Type) began being introduced mainly to hospitals within Japan for the purpose of clinical studies, and as of the end of March, 2016, 154 units were in operation.

Other Types of HAL®

In the field of nursing care, HAL® for Living Support (Lower Limb Type) has been used in care facilities and hospitals within Japan for the purpose of motion assistance, and as of the end of March, 2016, 489 units were in operation. For HAL® for Care Support (Lumbar Type), a device used to improve the work environment in care facilities that suffer from high turnover rates, 282 units were in operation as of the end of March 2016. This number is forecasted to increase substantially due to the subsidy project of the MHLW for assisting welfare facilities with installation of robotic devices.

In the field of labor support, the number of units of HAL® for Labor Support (Lumbar Type) introduced to improve the work environment in order to maintain the labor force of distribution warehouses, construction sites and factories of various types suffering from an aging population and declining birthrate, is increasing steadily, and as of the end of March, 2016, 216 units were in operation. For the Cleaning Robot and Transport Robot, 14 units were in operation as of the end of March 2016,

Cybernic city

Further, the Company has entered into a provisional contract for land owned by the Ibaraki prefecture. Stepping towards the realization of “Cybernic city”, a city living together with future Cybernic technology, the Company will continue to research and develop cutting-edge living assistance robots and implement them into society.

As the result of the aforementioned, in the consolidated financial result of this fiscal year ended March 31, 2016, the Company recorded net sales of JPY 1,264,902 thousand (100.4% increase year on year), mainly due to a substantial increase in the operating numbers of the new products such as HAL® for Care/Labor Support (Lumbar Type), while maintaining sales cost to JPY 401,121 thousand (11.5% increase year on year), attributable to cost reduction due to mass production and improvement of cost of service in the Company’s subsidiaries. As a result, the gross profit increased significantly to JPY 863,780 thousand (218.2% increase year on year) and the gross profit margin was ameliorated to 68.3% (25.3% increase year on year).

Research and development expenses were recorded at JPY 1,001,547 thousand (1.9% increase year on year) due to new product developments and clinical tests, and other

selling, general and administrative expenses increased to JPY 1,154,365 (9.5% increase year on year) thousand mainly due to the increase of taxes and dues, labor costs and direct-selling expenses. As a result, operating loss improved drastically to JPY 1,292,132 thousand (26.8% decrease year on year).

Non-operating income was recorded at JPY 705,727 thousand (33.7% decrease year on year), mainly due to a decrease of subsidy income, and non-operating expense was recorded at JPY 123,674 thousand (40.1% decrease year on year) due to the absence of stock issuance expenses of JPY 99,409 thousand recorded in the previous fiscal year. As a result, ordinary loss improved to JPY 710,079 thousand (21.8% decrease year on year). Further, because income taxes-deferred recorded at JPY 11,173 thousand and net loss attributed to owners of the parents recorded at JPY 3,195 thousand, net loss for the fiscal year ended March 31, 2016 improved to JPY 718,057 thousand (21.6% decrease year on year)

(2) Status of capital investments

Capital investments made this fiscal year totaled JPY 1,414 million, coming mostly from the construction of the Next-generation and Multi-purpose Production Base (provisional name) in Koriyama City, Fukushima Prefecture.

(3) Status of financing

There were no “financing activities”, “transfer, absorption-type split or incorporation-type split of the business”, “business transferred from other companies” or “acquisition of rights and obligations related to the business of other corporations from absorption-type splits or absorption-type mergers” that took place during this fiscal year.

(4) Acquisition/disposal of other companies' equity

The Company acquired shares of PEZY Computing K.K. and ExaScaler Inc. in July, 2015.

(5) Issues to be addressed

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

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

Research and development activities of the Group are based on three keywords: “challenge,” “global development” and “innovation.” As an innovative company that supports an aging society, the 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 Cybernic technologies, the 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.

2) 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 Group centers on “target-oriented research and development.”

Researchers of the Group who support such research and development are required to have, prominent capabilities to research, develop, acquire know-how and become a specialist, even in fields different from their specialty if such activities are necessary to achieve human and social business goals; adaptability and flexibility that enable them to explore outside their specialty; and “exit-oriented creative power.” The 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 hospitals, universities, corporations, local governments, etc.

3) Insurance coverage in major countries in the EU

In June 2013, HAL® for Medical Use (Lower Limb Type) 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, HAL® for Medical Use (Lower Limb Type) 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, treatment for functional regeneration using HAL® for Medical Use (Lower Limb Type) is now covered under the public workers' compensation system in Germany, the largest medical device market in the EU. Further, an application for coverage by German public health insurance was submitted in October, 2015, progressing towards a development of a new market for HAL® for Medical Use (Lower Limb Type) as a medical device.

On the other hand, to accelerate the expansion of sales channels and sales volume of HAL® as a world standard medical and care-service device in the EU region from this point onward, the Group needs to have 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 Group is conducting clinical tests on HAL® at the Karolinska Institute (Danderyd Hospital in Sweden) and the Bergmannsheil University Hospital in Germany in order to expand insurance coverage in each of the countries. The Group aims for coverage under each type of insurance under favorable conditions in major EU nations.

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

To be able to distribute HAL® in the U.S., which accounts for 39%^(*1) of the world's medical device market, the Group needs to obtain approval from the U.S. Food and Drug Administration (FDA) for marketing of a medical device. In

November 2014, an application for HAL® for Medical Use (Lower Limb Type) has been submitted to the FDA and the Company resent a revised application (Form-510k for a new type of device. The 510k process is appropriate for class I and some class II medical devices to obtain approval for distribution in the U.S. Applicants must provide the intended use, technological characteristics and performance testing that show that the product is as safe and effective as other products already distributed in the U.S. Once it passes the screening by the FDA, the product will be approved for distribution) in June, 2015. The Group aims for an approval at the earliest possible date, noting various insurance coverages as an important milestone for its business promotion strategy in the U.S.

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

To have HAL® distributed as a medical device in Japan, which accounts for 9%^(*1) of the world's medical device market, the Group acquired manufacture and distribution approval for HAL® for Medical Use (Lower Limb Type) from the MHLW as a “new medical device” for patients with neuromuscular diseases in November 25, 2015, and in April 25, 2016, the MHLW announced the technology fee for treatment using HAL®, making it the worlds' first designation of an insurance reimbursement price for treatment with Robots. With this insurance coverage, patients will be able to claim up to JPY 49,600 - JPY 85,100 per treatment indefinitely as long as the effect of treatment can be confirmed. While the insurance is currently for neuromuscular diseases only, the Company aims to expand the target diseases by conducting clinical research on patients with stroke and spinal cord injuries.

6) 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 33 million (26.0% of the total population) as of October 1, 2014 and the number of persons requiring long-term care and persons requiring support under the public nursing care insurance system was about 5.46 million^(*2) as of the end of December, 2012. It is expected that about 2.5 million care workers, double the number at present, will be necessary in 2025^(*3). Towards achieving “zero turnover for nursing care”, the number of HAL® for Care Support (Lumbar Type)

introduced to care facilities is expected to increase significantly due to the “subsidy project for assisting welfare facilities with installation of robotic devices”, organized by the MHLW.

In FY 2014, the Company successfully released HAL® for Living Support (Lower Limb Type) which is a self-reliance support type device that is worn by persons requiring care and support when they stand up, sit down and walk, and for HAL® for Living Support (Single Joint Type) which is a device that allows patients to train the joints of their arms and legs while remaining in bed, and for HAL® for Care Support (Lumbar Type) which was successfully released on the market in year 2014 and is intended to reduce the load on the lower back of caregivers, and the Company will continue to upgrade the devices.

7) Early expansion of product line-up

With a goal of realizing a long-lived society as well as a Zero Intensive Nursing Care Society®, the Group is promoting the commercialization and further sophistication of HAL® in the each of the following fields: 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 nursing-care sites and factories. Also as a countermeasure to an aging population and declining birthrate, automated Transport Robots, automated Cleaning Robots and Vital Sensors to prevent diseases are being developed. In order to quickly deploy these products, the Group will design and develop new products as well as gather feedback from users in the actual fields to work on further upgrades.

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

The Group needs to push forward with enhancement of the management control structure and development of next-generation human resources to cope with global development. Regarding the establishment of an internal control system, the Group considers reinforcement to be an important issue, and in order to maintain a sufficient management control structure in accordance with its future business

expansion, the Group will promote the development of next-generation human resources with advanced and extensive expertise and experience.

(Note)

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

(*2) Cabinet Office, “FY2015 White Paper on Aging Society”

(*3) Ministry of Health, Labor and Welfare, “Annual Health, Labour and Welfare Report 2015”

(2) Status of assets and income

- Status of assets and income of the Group

Division	Term 9 FY 2012	Term 10 FY 2013	Term 11 FY 2014	Term 12 FY 2015
Net sales (JPY Thousand)	—	456,375	631,278	1,264,902
Ordinary loss* (JPY Thousand)	—	-682,881	-907,854	-710,079
Net loss attributable to owners of the parent (JPY Thousand)	—	-688,171	-915,893	-718,057
Net loss per share (JPY)	—	-3.95	-4.74	-3.53
Total assets (JPY Thousand)	—	6,434,768	48,289,052	47,534,470
Net assets (JPY Thousand)	—	5,995,828	27,777,298	27,063,934
Net assets per share (JPY)	—	32.19	134.03	130.50

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

(Notes)

1. The Company began reporting the Consolidated Financial Statement from Term 10.
2. The Company implemented stock splits of 1 to 200 for each share on October 25, 2013, stock splits of 1 to 5 for each Common Share and Class B Share on August 1, 2014 and stock splits of 1 to 2 for each

Common Share and Class B Share on August 1, 2015. Net losses per share and net assets per share for each term is calculated, assuming that the stock splits were executed at the beginning of Term 10 (April 1, 2013)

- Status of assets and income of the Company

Division	Term 9 FY 2012	Term 10 FY 2013	Term 11 FY 2014	Term 12 FY 2015
Net sales (JPY Thousand)	286,457	448,543	588,631	1,012,412
Ordinary loss (JPY Thousand)	-565,820	-671,213	-886,741	-685,226
Net loss attributable to owners of the parent (JPY Thousand)	-573,326	-672,764	-890,532	-689,004
Net loss per share (JPY)	-3.29	-3.86	-4.60	-3.39
Total assets (JPY Thousand)	2,927,794	6,373,749	48,238,237	47,533,060
Net assets (JPY Thousand)	2,523,257	6,010,180	27,815,874	27,132,982
Net assets per share (JPY)	14.50	32.27	134.02	130.84

(Notes)

1. The Company implemented stock splits of 1 to 200 for each share on October 25, 2013, stock splits of 1 to 5 for each Common Share and Class B Share on August 1, 2014 and stock splits of 1 to 2 for each Common Share and Class B Share on August 1, 2015. Net losses per share and net assets per share for each term is calculated, assuming that the stock splits were executed at the beginning of Term 9 (April 1, 2012).

(3) Status of the parent and notable subsidiaries

1) Parent

There are no items to report.

2) Status of subsidiaries

Name	Capital	Ownership of voting rights	Major business lines
Cyberdyne Care Robotics GmbH	EUR 25,000	75.1%	Functional improvement therapy service using HAL®
Suzuka Robo Care Center Co., Ltd.	JPY 3,000 Thousand	100.0%	Training with HAL®, nursing care insurance services
Shounan Robo Care Center Co., Ltd.	JPY 3,000 Thousand	100.0%	Training with HAL®, nursing care insurance services
Oita Robo Care Center Co., Ltd.	JPY 3,000 Thousand	100.0%	Training with HAL®, nursing care insurance services

(4) Major business lines

Below are the descriptions of the Groups' major business lines.

- R&D, manufacturing and distribution of robot suits intended for the fields of medicine, living support and care support.
- R&D, manufacturing and distribution of robot suits intended for the field of labor support.
- Functional improvement therapy service using HAL®
- Training with HAL® as well as insured care services

(5) Main offices of operation and factories

Division	Name	Location
The Company	Head Quarters	Tsukuba, Ibaraki, Japan
	Okayama Office	Okayama, Okayama, Japan
	Fukushima Office	Koriyama, Fukushima, Japan
Subsidiaries	Cyberdyne Care Robotics GmbH	Bochum, Nordrhein-Westfalen, Germany
	Suzuka Robocare Center Co., Ltd.	Suzuka, Mie, Japan
	Shounan Robocare Center Co., Ltd.	Fujisawa, Kanagawa, Japan
	Oita Robocare Center Co., Ltd.	Beppu, Oita, Japan

(6) Status of employees

1) Status of employees in the Group (as of March 31, 2016)

Number of employees	Change since previous fiscal year
65 members (93 members)	Increase of 1 member (Increase of 6 members)

(Notes)

- i. The number of employees includes full-time employees and members on a temporary transfer assignment. The number of contract employees (including part-time workers) are stated in the bracket (). Directors who also hold a position as a Company employee and dispatched workers are not included.
- ii. Since the Group is involved in a single segment of the robot related business, numbers of employees by each segment are not applicable.

2) Status of employees in the Company (as of March 31, 2016)

Number of employees	Changes since previous fiscal year	Average age	Average years of continuous service
55	Decrease of 1 member	40.7 years old	3.9 years

(Notes)

- i. The number of employees includes full-time employees and members on a temporary transfer assignment. Directors who also hold a position as a Company employee and dispatched workers are not included.
- ii. Excluding the staff members stated above, there are 59 contract employees (including part-time workers).

2. Matters regarding Shares

(1) Status of shares (As of March 31, 2016)

Class	Total number of authorized shares	Total number of issued shares	Number of shareholders
Common Share	618,300,000 shares	125,576,000 shares	61,633 shareholders
Class B Share	77,700,000 shares	77,700,000 shares	3 shareholders

(2) Major shareholders (As of March 31, 2016)

Shareholder	Number of shares held (Unit: shares)		Shareholding ratio
Yoshiyuki Sankai	Common Share	42,000	38.24%
	Class B Share	77,696,000	
Daiwa House Industry Co., Ltd.	Common Share	27,690,000	13.62%
Japan Trustee Services Bank. Ltd. (Trust Account)	Common Share	8,627,300	4.24%
GCAS BANA LONDON US CLIENT	Common Share	3,726,000	1.83%
The Master Trust Bank of Japan. Ltd. (Trust Account)	Common Share	3,667,200	1.80%
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM	Common Share	3,363,400	1.65%
Deutsche Securities Inc.	Common Share	2,793,400	1.37%
BBH FOR MATTHEWS JAPAN FUND	Common Share	2,303,900	1.13%
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	Common Share	2,246,910	1.10%
Japan Trustee Services Bank. Ltd. (Trust Account 9)	Common Share	2,070,500	1.01%

(Notes)

Shareholding ratio was calculated excluding the treasury stock (138 shares)

(3) Other important information regarding shares

Exercise of stock acquisition rights included in the Convertible Bonds.

After the end of this fiscal year, the stock acquisition rights included in the Euro Yen Zero Coupon Convertible Bonds due 2017 were exercised and 3,543,254 Common Shares were issued as of April 30, 2016. Further, if all of the stock acquisition rights are exercised, the total number of issued Common Shares stated in (1) is expected to increase by 11,771,630 shares to 137,347,630 shares.

3. Stock acquisition rights

Information regarding stock acquisition rights is posted on the Company's webpage pursuant to the provisions of laws and regulations and Article 22 of the Company's Articles of Incorporation.

<http://www.cyberdyne.jp/english/company/IR.html>.

4. Board Members and Audit and Supervisory Members of the Company

(1) Names of the directors and the Audit and Supervisory Board Members of the Company

Title	Name	Descriptions of the position and other important positions held outside the Company
President and CEO	Yoshiyuki Sankai	Professor at the Graduate School of Systems & Information Engineering, University of Tsukuba Director of the Center for Cybernics Research, University of Tsukuba Program Manager of the Impulsing Paradigm Change through Disruptive Technology Program (ImPACT) hosted by the cabinet office of Japan
Director	Fumiyuki Ichihashi	Team leader of the Information Strategy Team in the Company Improvement Office of the Company
Director	Shinji Uga	Head of the Corporate Unit of the Company
Director	Hiroaki Kawamoto	Associate Professor at the Graduate School of Systems & Information Engineering, University of Tsukuba
Director (Outside)	Kinichi Nakata	Lecturer at Nihon University School of Medicine
Director (Outside) (Independent)	Kazumasa Yoshida	Outside director of Onkyo Corporation Outside director of Gibson Guitar Corporation Outside director of TDK Corporation Outside director of Mamezou Holdings Co., Ltd.
Director (Outside)	Hikari Imai	
Full-time Audit and Supervisory Board Member (Outside)	Yutaka Fujitani	
Audit and Supervisory Board Member (Outside)	Cees Vellekoop	
Audit and Supervisory Board Member (Outside)	Kenichiro Okamura	CEO of Kaede Audit Corporation Audit and Supervisory Board Member (Outside) of SG Holdings Co., Ltd Audit and Supervisory Board Member (Outside) Kanematsu-NNK Corporation

(Notes)

- 3 directors, Kinichi Nakata, Kazumasa Yoshida, and Hikari Imai are outside directors. The Company has listed Kazumasa Yoshida as the independent director with the Tokyo Stock Exchange, Inc. pursuant to their Securities Listing Regulation Article 436-2.
- 3 Audit and Supervisory Board Members, Yutaka Fujitani, Cees Vellekoop, and Kenichiro Okamura are Outside Audit and Supervisory Board Members.
- Audit and Supervisory Board Member, Yutaka Fujitani has extensive domestic and international experience through his work at a major bank as well as from his help building the internal control structure at KPMG AZSA LLC. As such, Yutaka Fujitani has suitable knowledge and experience

related to business auditing and internal control.

4. Audit and Supervisory Board Member, Cees Vellekoop was a qualified lawyer in the Netherlands and Britain and has worked for Allen & Overy Gaikokuho Kyodo Jigyo Horitsu Jimusho as an attorney for foreign law (all three certificates have since been relinquished.). As such, Cees Vellekoop has suitable knowledge and experience in the field of law.
5. Audit and Supervisory Board Member, Kenichiro Okamura is a certified public accountant and has gained domestic and international experience in an audit firm as an auditor, and a consultant for SOX (internal control), IFRS (International Financial Reporting Standards) the management of subsidiaries in other countries. As such, Kenichiro Okamura has suitable knowledge and experience in finance, accounting and internal control.
6. There are no special relations between the Company and Nihon University.
7. There are no special relations between the Company and the four companies, Onkyo Corporation, Gibson Guitar Corporation, TDK Corporation and Mamezou Holdings Co., Ltd.
8. There are no special relations between the Company and the three companies, Kaede Audit Corporation, SG Holdings Co., Ltd and Kanematsu-NNK Corporation.

(2) Names of directors who have resigned

Name	Date of resignation	Reason for resignation	Descriptions of the position held in the Company and other important positions held outside the Company at the time of resignation
Toshiyuki Nakazato	May 31, 2015	Termination of the contract	Outside director Manager of the Accounting Department. Tokyo Head Quarters, Daiwa House Industry Co., Ltd.

(3) Outline of the limited liability agreement

The Company has agreed to contracts with the outside directors and the outside Audit and Supervisory Board Members that limit liability in accordance with Article 423-1 of the Companies Act. The limited liability amount in these contracts totals the amount defined by Article 425-1 of the aforementioned Act.

(4) Remuneration and other payments for the directors and Audit and Supervisory Board Members of the Company.

Title	Number of recipients	Amount of payment	Description
Director	7	JPY 36,000 thousand	JPY 3,400 thousand for the three outside directors
Audit and Supervisory Board Members	3	JPY 9,600 thousand	JPY 9,600 thousand for the three outside Audit and Supervisory Board members
Total	10	JPY45,600 thousand	

(Notes)

1. The upper limit of remuneration for the directors, set by a decision made at the 2nd Ordinary General Meeting of Shareholders that took place on May 31, 2006, is JPY 100,000 thousand per year. The upper limit of remuneration for the Audit and Supervisory Board Members, set by a decision made at the 3rd Ordinary General Meeting of Shareholders that took place on June 28, 2007, is JPY 50,000 thousand per year.
2. The payment above includes remuneration for Outside Board Members and Outside Audit and Supervisory Board Members.
3. The payment for directors does not include the payment of standard payroll for Board Members who also hold a position as a Company employee.
4. As of the end of the current term, Board Members are composed of 7 directors and 3 Audit and Supervisory Board Members.
5. One outside director who retired on May 31, 2015, served without remuneration, and is therefore not included in the number of recipients.

(5) Outside Board Members and Audit and Supervisory Board Members

1) Other important positions held outside the Company, and their relationship with the Company.

Other important positions held outside of the Company have been stated in “(1) Name of the directors and Audit and Supervisory Board Members.”

2) Notable activities within this fiscal year.

Division	Name	Attendance at the Board of Directors Meeting	Attendance at the Board of Auditors Meeting	Notable Activities
Director	Kinichi Nakata	16 out of 18	-	Provided opinions when discussing Company business from the perspective of a doctor.
	Kazumasa Yoshida	18 out of 18	-	Provided opinions in all aspects of corporate management based on his rich experience and knowledge of global corporate management.
	Hikari Imai	14 out of 14	-	Provided opinions in all aspects of corporate management based on his rich experience and knowledge as an outside director
Audit and Supervisory Board Members	Yutaka Fujitani	18 out of 18	12 out of 12	Provided opinions based on his experience and background from financial institutions, audit firms, and knowledge of corporate management.
	Cees Vellekoop	18 out of 18	12 out of 12	Provided opinions based on his professional knowledge of law.
	Kenichiro Okamura	18 out of 18	12 out of 12	Provided opinions based on his professional knowledge of finance and accounting as a certified public accountant.

5. Matters regarding the Accounting Auditor

(1) Name of the Accounting Auditor

Deloitte Touche Tohmatsu LLC

(2) Remuneration and Payment for the Accounting Auditor for this Fiscal Year

JPY 21,000 thousand

Item	Amount of remuneration
Remuneration for accounting audit within this fiscal year	JPY 21,000 Thousand
Sum of amount the Company and its subsidiaries owe to Accounting Auditors and other financial profits	JPY 21,000 Thousand

(Notes)

In the audit contract between the Company and the Accounting Auditor, there is no distinction between the remuneration for the audit based on Corporate Code as Accounting Auditors and that for the audit based on the Financial Products Exchange Law and it is not practically possible to distinguish them.

(3) The reason of Audit and Supervisory Board accepting the remuneration for the Accounting Auditor

Pursuant to the “Practical Guidelines of Coordination with the Financial Audits” published by the Japan Audit & Supervisory Board Members Association, the Audit and Supervisory Board considered the required time for auditing stated in the audit plan, transition of audit remuneration, audit plan in the previous year, its performance and the validity of the remuneration estimate. As a result, the Audit and Supervisory Board accepts the remuneration for the Accounting Audits in accordance to the Companies Act Article 399-1.

(4) Details of Non-Auditing Work

No matters to be reported

(5) Policy Regarding the Determination of Dismissal or Nonrenewal of the appointment of Accounting Auditor

The Company’s policy states that, if the Accounting Auditor is found to meet the definition of one of the items stated in Article 340-1 of Companies Act, subject to the consent of all Audit and Supervisory Board Members, Audit and Supervisory Board shall dismiss the Accounting Auditor. Upon the stated dismissal, the Audit and Supervisory Member designated by the Audit and Supervisory Board will announce the dismissal at the most recent Meeting of Shareholders and explain its reason.

Other than the case stated above, the Audit and Supervisory Board may consider the performance and quality of auditing work by Accounting Auditor and determine matters for resolution in regards of dismissal or nonrenewal of the appointment of Accounting Auditor and Board of Directors, based on the decision made by the Audit and Supervisory Board, may propose the matters to be resolved at a Meeting of Shareholders.

6. System to Ensure the Properness of Businesses and Actual Operation of the System

(1) System to Ensure the Properness of Businesses

The resolution passed at the Board of Directors in regards of a system to ensure the directors' implementation of business to be conducted in compliance with laws, regulations and the Articles of Incorporation, as well as the structure to ensure the business to be conducted in an appropriate manner is stated as below.

1) System to ensure directors and employees of the Company and the subsidiaries (the "Group") to perform their duties in accordance with laws, regulations and the Articles of Incorporation

A code of conduct that embodies the CYBERDYNE Code of Conduct and other compliance-related rules shall be established for directors and employees to perform adhering to laws, regulations, the Articles of Incorporation and internal regulations. The designated director of the Company shall have cross-organizational control over compliance initiatives and be responsible for building, maintaining and updating compliance systems. The director disseminates the spirit of compliance to directors and employees of the Group to identify and solve problems through seminars, audits, and risk management processes.

The Company will also establish the Affiliated Company Management Policy and in its respect, assign directors (if necessary Audit and Supervisory Member) of the notable subsidiaries. Also by making it necessary for the subsidiaries to obtain the approval from the Company in regards of important matters and the Company corporate sector to conduct certain parts of the management work for the subsidiaries to maintain the appropriateness of their works.

The Company shall establish the Internal Audit Office who will work

directly under the Company CEO. The Internal Audit Office shall conduct internal audit in accordance with the Internal Audit Policy and Affiliated Company Management Policy to check the compliance status with laws, the Articles of Incorporation and internal regulations and risk management. Result of the internal audit shall be reported to the Company CEO, its Audit and Supervisory Board and Board of Directors.

Also the Hotline System Policy shall be established and operated as a means for employees to directly provide information about legally suspicious behavior. The method of providing information by means of oral communication, emails, chat and opinion boxes shall be the subject of the compliance hotline protocol.

2) System to store and manage information related to the execution of duties by directors

The Company is to establish the Document Management Policy which states the method of storing and managing information related to the execution of duties. In pursuant of the law and this protocol, the information related to the execution of duties shall be recorded and stored as paper or electronic formats and it is to be stored.

Those information is always to be accessible by the directors and Audit and Supervisory Board Members.

3) Rules and other systems to manage the risk of losses

A relevant operating unit shall be put in charge for each risk category, and each operating unit in charge is to create risk scopes, risk profiles, self evaluation policies and guidelines by the designated director in order to strengthen the risk management structure. The director in charge of finance shall monitor risks across the organization and address company-wide risks.

When a new risk arises, the Company CEO shall quickly appoint a director or head of operating unit in charge of handling such risks.

4) System to ensure the efficient execution of duties by directors.

As a system to ensure the efficient execution of duties by directors, The Board of Directors shall meet once a month and provisional meetings of Board of Directors shall be conducted whenever necessary.

Regarding the execution status of matters resolved by the meeting of Board of Directors, designated director or head of operating unit shall report on regular bases and the Audit and Supervisory Board shall perform audits.

Medium-term business plans and annual business plans shall be established with targets for the entire Company.

The Company shall also establish the Affiliated Company Management Policy in order to manage the subsidiary companies under the related sector of the Company so that the directors of the subsidiary companies can execute their duty efficiently.

5) System to ensure reporting on subsidiary directors' performance of duties to the Company

The Company shall establish the Affiliated Company Management Policy and the subsidiaries must report to the Company's sector in charge of managing subsidiaries whenever necessary with regards to status of their duties.

6) Matters regarding employees who assist the Audit and Supervisory Board with the fulfillment of its duties.

When the Audit and Supervisory Board requests assignment of staff to assist with its duties, the Board of Directors may designate the appropriate employees who shall serve as assistant employees or as employee who also hold post as assistance upon consulting with the Audit and Supervisory Board.

During the assistance period, the authority to control the designated employees shall be delegated to the Audit and Supervisory Board, and the employees shall not be subject to the chain of command of the directors. Any performance evaluation and changes in the relevant personnel that provides assistance require consents of the Audit and Supervisory Board.

7) System for directors and employees of the Company to report to the Audit and Supervisory Board and system for directors and employees of the subsidiaries, or the Company's personnel who received reports from directors and employees of the subsidiaries, to report to the Audit and Supervisory Board of the Company

The directors and employees of the Company as well as the directors and employees of the subsidiaries shall report any significant matters which are against laws or Articles of Incorporation, dishonest acts and matters that may have a significant impact on the company to the Audit and Supervisory Board Member immediately. In addition if the Audit and Supervisory Board Member asks for report from the directors or employees pursuant to the law, Auditor Auditing Standards or Auditor's Meeting Rules established by the Audit and Supervisory Board, the directors or employees in concern must report promptly. In order to improve comprehensiveness of the report regarding any significant matters which are against laws or Articles of Incorporation, dishonest acts and matters that may have a significant impact on the company, the directors and employees of the Company as well as the directors and employees of the subsidiaries shall conduct hearing and gather information and reports from reports stated in this item, items stated in internal audits, hotlines and from Accounting Auditors.

Pursuant to the Hotline System Policy, if matters which may violate law or corporate compliance in the Group, the content of it shall be reported to the Board of Directors by the director in charge of compliance. Further the contents reported and the result shall be reported to the full-time

Audit and Supervisory Board Member.

The Internal Audit Office of the Company shall report the status of the internal audit to the Audit and Supervisory Board Members. Further the director in charge of compliance shall report the status regarding compliance to the Audit and Supervisory Board when necessary.

8) System to ensure that the person who made reports to the Audit and Supervisory Board Member won't be put in disadvantaged position

The Company won't conduct any treatment which puts the said person in disadvantaged position because of their reports made to the Audit and Supervisory Board Member.

9) Matters regarding the Company policy of processing auditing fee

If the Audit and Supervisory Board Member requests a payment required in accordance with execution of their duty in advance or to be reimbursed, with exception of those cases when it is recognized to be completely unnecessary for the execution of their duty, it shall be paid promptly upon request.

10) Other systems to ensure the effective execution of the audit by the Company Audit and Supervisory Board.

The director and employees of the Company and the subsidiaries shall comply with hearing or visiting audit and other methods of investigation by the Audit and Supervisory Board Member in order to secure the effectiveness of audit.

The Company shall provide enough opportunity for the Audit and Supervisory Board Member to exchange opinion with directors, Accounting Auditors and any other personnel required to appropriately execute the duty as a auditor.

The Company shall also provide enough opportunity for the Audit and Supervisory Board Member to coordinate with other Audit and Supervisory Board Members and to gather information from employees

of the subsidiary companies.

(2) The status of operation of system to ensure appropriate execution of duties.

The Group works to maintain the aforementioned system and its operation. Notable actions conducted within this fiscal year which are thought to be important in regards to internal control are stated below.

1) Corporate Compliance System

For the Group, according to the policies regarding compliance system, such as the Company Code of Conduct, all members of the Group work to comply with the law. Further in order to detect or avoid violation of compliance at the earliest opportunity, the Hotline System Policy and its method of utilization are notified to related personnel suitably.

2) Risk Management System

For the Group, the director in charge of risk management states the operating unit in charge of each risk category, monitoring the risk status and its response. Further the conduction status is subject of internal audit and audit conducted by the Audit and Supervisory Board Member.

3) Effectiveness of the execution of duty by the director

For the Group, the Board of Directors meets once a month and provisional meetings of Board of Directors is conducted whenever necessary, in order to check the reports of business execution (including reports from subsidiaries), progress of business plan for the fiscal year (including plans for subsidiaries).

Consolidated financial statements

Consolidated balance sheet (As of March 31, 2016)

(Unit: JPY thousand)

Subject	Amount	Subject	Amount
(Assets)		(Liabilities)	
Total current assets	41,050,680	Total current liabilities	20,322,560
Cash and deposits	14,458,798	Accounts payables-trade	48,120
Accounts receivable-trade	217,347	Convertible bond with stock acquisition rights planned to be redeemed within one year	19,927,483
Securities	25,500,386	Income taxes payable	63,804
Merchandise and finished goods	149,939	Other	283,151
Work in process	13,519	Total Non-current liabilities	147,975
Raw materials and supplies	286,167	Differed tax liability	11,027
Accounts receivable	349,259	Asset retirement obligations	71,613
Other	76,021	Other	65,335
Allowance for doubtful accounts	-758	Total liabilities	20,470,536
Total non-current assets	6,483,790	(Net assets)	
Total property, plant and equipment	5,332,211	Total shareholders' equity	26,526,314
Buildings and structures, net	702,620	Capital stock	16,511,767
Assets for rent, net	460,527	Capital surplus	16,447,767
Land	3,214,303	Capital reserve	-6,433,015
Construction in progress	699,992	Treasury stock	-204
Other, net	254,767	Total accumulated other comprehensive income	772
Intangible assets	65,658	Foreign currency translation adjustment	772
Total investments and other assets	1,085,919	Stock acquisition rights	536,847
Investment securities	914,830	Total net assets	27,063,934
Other assets	171,089	Total liabilities and net assets	47,534,470
Total Assets	47,534,470		

(For these figures, numbers below one thousand have been omitted)

Consolidated statements of income (April 1, 2015 to March 31, 2016)

(Unit: JPY thousand)

Subject	Amount	
Net Sales		1,264,902
Cost of sales		401,121
Gross profit		863,780
Total selling, general and administrative expenses		2,155,912
Operating loss		1,292,132
Non-operating income		
Interest income	32,846	
Subsidy income	399,574	
Grants for research received	235,330	
Other	37,975	705,727
Non-operating expenses		
Interest expenses	46,142	
Loss in reduction of non-current assets	72,517	
Other	5,014	123,674
Ordinary loss		710,079
Loss before income taxes and minority interests		710,079
Income taxes-current	13,481	
Income taxes-deferred	-2,307	11,173
Net loss		721,253
Loss attributable to non-controlling interests		3,195
Loss attributable to owners of parent		718,057

(For these figures, numbers below one thousand have been omitted)

Financial statements

Balance sheets (As of March 31, 2016)

(Unit: JPY thousand)

Subject	Amount	Subject	Amount
(Assets)		(Liabilities)	
Total current assets	41,041,834	Total current liabilities	20,252,102
Cash and deposits	14,405,967	Accounts payable- trade	48,786
Accounts receivable-trade	140,095	Convertible bonds planned to be redeemed within one year	19,927,483
Securities	25,500,386	Accounts payable- other	165,153
Merchandise and finished goods	145,374	Income taxes payable	58,452
Work in process	13,519	Accrued expenses	13,844
Raw materials and supplies	286,153	Other	38,380
Accounts receivable	345,436	Total non-current liabilities	147,975
Other	205,659	Deferred tax liabilities	11,027
Allowance for doubtful accounts	-758	Asset retirement obligations	71,613
Total non-current assets	6,491,225	Other	65,335
Total tangible non-current assets	5,311,091	Total liabilities	20,400,077
Buildings	694,087	(Net assets)	
Structures	6,382	Total share holders' equity	26,596,135
Machinery & equipment	26,984	Capital stock	16,511,767
Vehicles & delivery equipment	13,363	Capital surplus	16,447,767
Tools, furniture & fixtures	195,936	Legal capital surplus	16,447,767
Assets for rent	460,041	Retained earnings	-6,363,194
Land	3,214,303	Legal retained earnings	30
Construction in progress	699,992	Other retained earnings	-6,363,224
Intangible assets	62,842	Retained earnings brought forward	-6,363,224
Patent	13,760	Treasury stock	-204
Software	43,864	Stock acquisition rights	536,847
Other	5,216		
Total investments and other assets	1,117,291	Total net assets	27,132,982
Investment securities	914,830		
Stocks of subsidiaries and affiliates	29,555		
Investment in capital of subsidiaries and affiliates	22,947		
Long-term prepaid expenses	84,531		
Other	65,427		
Total Assets	47,533,060	Total liabilities and net assets	47,533,060

(For these figures, numbers below one thousand have been omitted)

Statements of income (April 1, 2015 to March 31, 2016)

(Unit: JPY thousand)

Subject	Amount	
Net Sales		1,012,412
Cost of sales		262,036
Gross profit		750,376
Total selling, general and administrative expenses		2,028,290
Operating loss		1,277,914
Non-operating income		
Interest income	32,828	
Subsidy income	398,558	
Grants for research received	235,330	
Other	47,235	713,953
Non-operating expenses		
Interest expenses	2,576	
Bond interest	43,509	
Loss in reduction of non-current assets	72,517	
Other	2,662	121,266
Ordinary loss		685,226
Loss before provision for income taxes		685,226
Income taxes- current	6,086	
Income taxes- deferred	-2,307	3,778
Net loss		689,004

(For these figures, numbers below one thousand have been omitted)

Independent Auditor's report regarding the consolidated financial documents

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 20, 2016

To the Board of Directors of
CYBERDYNE, INC.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Kunikazu Awashima (seal)

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Shintaro Sugihara (seal)

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of March 31, 2016 of CYBERDYNE, INC. (the "Company") and its consolidated subsidiaries, and the related consolidated statements of income and changes in net assets for the fiscal year from April 1, 2015 to March 31, 2016, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CYBERDYNE, INC. and its consolidated subsidiaries as of March 31, 2016, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Matters of Emphasis

1. As discussed in the notes on significant subsequent events, the Company decided to exercise its option to redeem early the entire amount of Euro Yen Zero Coupon Convertible Bonds due 2017 (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) as of April 22nd, 2016.
2. As discussed in the notes on significant subsequent events, the stock acquisition rights as an option of the Euro Yen Zero Coupon Convertible Bonds due 2017, were executed after the end of this fiscal year

Our opinion is not modified in respect of these matters.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Independent Auditor's reports regarding financial documents
(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 20, 2016

To the Board of Directors of
CYBERDYNE, INC.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Kunikazu Awashima (seal)

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Shintaro Sugihara (seal)

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2016 of CYBERDYNE, INC. (the "Company"), and the related statements of income and changes in net assets for the 12th fiscal year from April 1, 2015 to March 31, 2016, and the related notes and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of CYBERDYNE, INC. as of March 31, 2016, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

1. As discussed in the notes on significant subsequent events, the Company decided to exercise its option to redeem early the entire amount of Euro Yen Zero Coupon Convertible Bonds due 2017 (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) as of April 22nd, 2016.
2. As discussed in the notes on significant subsequent events, the stock acquisition rights as an option of the Euro Yen Zero Coupon Convertible Bonds due 2017, were executed after the end of this fiscal year

Our opinion is not modified in respect of these matters.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

Audit Report of Audit and Supervisory Board

Audit Report

With respect to the directors' performance of their duties during the 12th business year (from April 1, 2015 to March 31, 2016), the Audit and Supervisory Board (the "*kansayaku-kai*") has prepared this audit report based on methods and results of audits reported by each member of the *kansayaku-kai* ("*kansayaku*"), and hereby reports as follows:

1. Method and Contents of Audits by *Kansayaku* and the *Kansayaku-kai*

(1) The *kansayaku-kai* established the audit policies, assignment of duties, etc. and received reports from *kansayaku* regarding the status of implementation of their audits and results thereof. In addition, the *kansayaku-kai* received reports from the directors, etc. and the accounting auditor regarding the status of performance of their duties, and requested explanations as necessary.

(2) In conformity with the *kansayaku* auditing standards of established by the *kansayaku-kai*, and in accordance with the audit policies and assignment of duties, etc., *kansayaku* endeavored to facilitate a mutual understanding with the directors, the internal audit unit and other employees, etc., endeavored to collect information and maintain and improve the audit environment, and performed audits in the following manners:

1) Attended the meetings of the board of directors and other important meetings, received reports on the status of performance of duties from the directors and other employees, requested explanations as necessary, examined important approval/decision documents, inspected the status of the corporate affairs and assets at the head office and other principal business locations, and, with respect to the subsidiaries, endeavored to facilitate a mutual understanding and exchanged information with the directors and *kansayaku*, etc. of each subsidiary and received their reports on their respective business as necessary.

- 2) Received reports from the directors, employees and so on and requested their explanations as necessary concerning the descriptions on the business report with regard to the design and operation of (i) the contents of the board of directors' resolutions on the development and maintenance of the system to ensure that the directors' performance of their duties complied with all laws, regulations and the articles of incorporation of the company and other systems that are set forth in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a company group that consists of a joint stock company and its subsidiaries, and (ii) the systems (internal control systems) based on such resolutions. With respect to the subsidiaries, *kansayaku* endeavored to facilitate a mutual understanding and exchanged information with the directors and *kansayaku*, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary.
- 3) Monitored and verified whether the accounting auditor maintained its independence and properly conducted its audit, received a report from the accounting auditor on the status of its performance of duties, and requested explanations as necessary. *Kansayaku-kai* was notified by the accounting auditor that it had established a system to ensure that the performance of the duties of the accounting auditor was properly conducted (the matters listed in each item of Article 131 of the Company Accounting Regulations) in accordance with the Quality Control Standards for Audits (Business Accounting Council on October 28, 2005), etc., and requested explanations as necessary.

Based on the above-described methods, *kansayaku* examined the business report and its annexed specifications thereto, the financial statements (the balance sheet, the income statement, the statements of changes in net assets, and the related notes) and the accompanying supplemental schedules thereto, as well as the consolidated financial statements (the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in net assets and the related notes), for the business year under consideration.

2. Results of Audit

(1) Results of Audit of Business Report, etc.

- 1) We acknowledge that the business report and the annexed specifications thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the articles of incorporation of the company.
- 2) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the articles of incorporation of the company was found with respect to the directors' performance of their duties.
- 3) We acknowledge that the board of directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the descriptions in business report and the directors' performance of their duties concerning the internal control systems.

(2) Results of Audit of Accounting Documents and their Annexed Specifications

We acknowledge that the methods and results of audit performed by the accounting auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

(3) Results of Audit of Consolidated Accounting Documents

We acknowledge that the methods and results of audit performed by the accounting auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

May 23, 2016

Kansayaku-kai of CYBERDYNE, INC

Fulltime *kansayaku* (Outside *kansayaku*): Yutaka Fujitani (seal)

Outside *kansayaku*: Cornelis Vellekoop (seal)

Outside *kansayaku*: Kenichiro Okamura (seal)

Access to the venue of the Ordinary General Meeting of Shareholders

Date **June 24, 2016**

Venue **NOVA HALL (ノバホール) Great Hall (大ホール)**
1-10-1 Azuma, Tsukuba City, Ibaraki Prefecture Japan

Access

- Access by train
 - TX Tsukuba Express “Tsukuba Station” 3 min. walk from A3 exit
 - *Train fee for Akihabara Station to Tsukuba Station
Train Ticket: 1,190 JPY (IC Card: 1,183 JPY)
- Access by Car
 1. Exit at Sakura Tsuchiura Interchange of the Joban expressway and head towards Sakura/Tsukuba Science City
 2. Turn right at the second crossing with a footbridge (Sasagi) and head north along Higashi-odori for 3 km.
 3. After the two-lane road turns to a three-lane road, take the 3rd crossing (Gakuen Higashi) to the left.
 4. The building you will see on the far right at the 2nd crossing point (Ooshimizu Koenmae) is the Nova Hall.

*Please use the pay parking nearby. (We do not offer any discount for parking)
- Access by Highway Bus

Highway Bus from Tokyo Station Yaesu South Exit.
Use the bus “for Tsukuba Center” and get off at Tsukuba Center. Walk for 3 min.