Consolidated Financial Results (Tanshin)
for the Three Months Ended June 30, 2018 (Based on IFRS)

August 14, 2018

Name of listed company	:CYBERDYNE, INC.	Stock exchange listing	:Mothers Section of TSE
Stock code	:7779	URL	:http://www.cyberdyne.jp/english
Representative (title)	:President and CEO	Name	:Yoshiyuki Sankai
Contact (title)	:Director and CFO	Name	:Shinji Uga Tel. +81-29-869-9981

Scheduled date for release of three-month report :August 14, 2018 Scheduled start of dividend payment :―
Additional materials for the financial results :None
Information meeting for the financial results :None

(Millions of yen: Rounded to the nearest one million yen)

Ⅰ. Consolidated financial results for the three months ended June 30, 2018 (April 1, 2018-June 30, 2018)

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

	Revenue		Operating profit (loss)		Profit (loss) before tax		Profit (loss)		Profit (loss) attributable to owners of parent		Comprehensive income	
		%		%		%		%		%		%
Apr.1-June 30, 2018	335	(5.3)	(207)	―	(199)	―	(197)	―	(195)	―	(95)	―
Apr.1-June 30, 2017	354	―	(198)	―	(196)	―	(194)	―	(194)	―	(200)	―

	Basic earnings (loss) per share	Diluted earnings (loss) per share
	Yen	Yen
Apr.1-June 30, 2018	(0.91)	(0.91)
Apr.1-June 30, 2017	(0.90)	(0.90)

2. Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of June 30, 2018	46,372	45,579	45,604	98.3
As of March 31, 2018	46,598	45,674	45,698	98.1

Ⅱ. Dividends

	Dividend payments for each term and the year				
	End of 1st quarter (Jun.30, 2018)	End of 2nd quarter (Sep.30, 2018)	End of 3rd quarter (Dec.31, 2018)	Fiscal year end (Mar.31, 2019)	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	―	0.00	―	0.00	0.00
Fiscal year ending March 31, 2019	―				

Notes:

(ⅰ) Changes from the latest released dividend forecasts: none

(ⅱ) The table of “Dividends” indicates dividend payments on Common Shares. Dividends on Class Share (non-listed) for which the number of share units differs from Common Shares are shown below as “Dividends on Class Shares”.

Ⅲ. Forecast of consolidated financial results for the fiscal year ending March 31, 2019 (April 1, 2018-March 31, 2019)

As the business of CYBERDYNE, INC. and its group companies (collectively referred to as the “Group”) is based on a new market with innovative technologies, there are many uncertain factors that could have an impact on its performance and make it difficult for CYBERDYNE,INC. (the "Company") to provide a forecast with accurate figures. As such the Company will not announce the forecast of consolidated financial results.

Notes:

1. Changes in key subsidiaries during the consolidated three month period (changes in specific subsidiaries resulting in changes of consolidation scope): none

   new: ― (company name: ―) , excluded: ― (company name: ―)

2. Changes in accounting policies, accounting estimates, and restatement of error corrections

   (ⅰ) Changes in accounting policies required by IFRS : yes

   (ⅱ) Changes in accounting policies due to reasons other than (ⅰ) : none

   (ⅲ) Changes in accounting estimates: none

3. Total number of issued shares (Common Shares)

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

As of June 30, 2018	215,047,609 shares	As of March 31, 2018	215,047,609 shares

   (ⅱ) Total number of treasury shares at the end of each period

As of June 30, 2018	138 shares	As of March 31, 2018	138 shares

   (ⅲ) Average number of shares during each three month period

Apr.1-June 30, 2018	215,047,471 shares	Apr.1-June 30, 2017	215,047,471 shares

Note: Class B Shares are ranked the same as Common Shares and paid the same amount as Common Shares with regard to dividends of surplus and distribution of residual assets. Therefore the total number of issued shares at each end of period and the average number of shares during each period include Class B Shares as Common Shares.

*This quarterly consolidated financial report is not subject to the quarterly review procedure by the scope of audit.

Dividends on Class Shares

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

	Dividend payments for each term and the year				
	End of 1st quarter (Jun.30, 2018)	End of 2nd quarter (Sep.30, 2018)	End of 3rd quarter (Dec.31, 2018)	Fiscal year end (Mar.31, 2019)	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2019	–				

Note:

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

○ Contents of the Attached Material

Ⅰ. Qualitative information regarding settlement of accounts for the three months

1. Explanation of operating results

All forward-looking statements included in this explanation were determined reasonable by the Group based on currently available information for the consolidated three months period ended June 30 2017 and certain assumptions made by the Group.

In order to solve various problems that the hyper-aging society faces, the Group continues to research, develop and socially implement Cybernic Technology* (See below.) that combines and fuses people, robots and information in the medical, nursing-care and living support (at home and in work environments) fields.

**"Cybernics" (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. Cybernics is championed by Yoshiyuki Sankai, a professor at the University of Tsukuba in Japan. Cybernic Technology means a practical application of Cybernics to technology.*

Cybernics connects humans, robots and information functionally and establishes physical, informative and biological interaction. Utilizing Cybernics, the Group pursues to establish a new vision of Society 5.1, where "human" is centered and combined with cyberspace (virtual world) and physical space (real world) of Society 5.0. The Group will continue to drive the movement to realize Society 5.0/5.1 as a future society where human and technology coexist.

During the consolidated three months ended June 30, 2018, the Group carried out the following activities.

In the field of medicine, the Group has continued business promotion of HAL for Medical Use Lower Limb Type ("Medical HAL") Double-Leg model, which is designed as a device to improve ambulation since the previous fiscal year. In Japan, Medical HAL is used mainly for treatment of intractable neuromuscular disease, which is now covered by public health insurance. The device is promoted to hospitals that would become the "base" hospitals for the treatment with the device in the country. In tandem with this promotion, an investigator-initiated clinical trial on the use of Medical HAL Single-Leg model on stroke patients is in process.

In Europe, the Group already acquired medical device certification for Medical HAL. The Group has been providing a medical treatment service with the device covered by public workers compensation insurance in Germany. Other than Germany, the device has been installed in medical institutions in Poland and the treatment is covered by a private insurance. In addition, the Group is taking procedures to obtain public health insurance coverage in the country. The Group is currently discussing with parties in other EU countries that have not yet introduced Medical HAL, in order to provide the medical treatment with the device in those countries.

In the United States, the Company obtained marketing clearance from U.S. Food and Drug Administration ("FDA") in December 2017. In this clearance, the following points were clarified.

- The Indication for Use: Medical HAL is a gait training device intended to temporarily improve ambulation upon completion of the HAL gait training intervention. - Medical HAL is not considered to be an orthosis that physically supports patients to walk or a robot that repeatedly performs specific movements for its patients

Note 1: Other devices in the category are intended to enable individuals to perform ambulatory functions while it is worn.

Note 2: Long term use of over 12 weeks (60 treatment sessions) has not been clinically tested and therefore the term "temporarily" is used.

- The therapeutic effects: The results of HAL gait training intervention suggest a statistically significant improvement in the gait related outcome measures collected without wearing HAL, and clinical significance was acknowledged.

Following this announcement of the FDA marketing clearances, the Company set up a joint venture, CYBERDYNE & BROOKES, Inc., with Brooks Rehabilitation, which is known as one of the busiest rehabilitation hospital groups in the U.S. The Group created Cybernic Treatment Center in Jacksonville, Florida in March 2018, to provide the treatment service with Medical HAL as its first step to disseminate the treatment services with Medical HAL in the U.S., which is the largest medical device market in the world. Based on the Indication for Use and the therapeutic effects manifested in the marketing clearance from U.S. FDA, the Group is also discussing with a private insurance company that provides workers compensation insurances etc., on the insurance coverage of the treatment with Medical HAL.

In another region, the Group obtained medical device approval for manufacturing and marketing of Medical HAL from The Saudi Food and Drug Authority in August 2017. The treatment with Medical HAL commenced in Abdul Latif Jameel Hospital, which is a hospital owned by the Company's business partner Abdul Latif Jameel Group. Furthermore, as the Group succeeded in obtaining medical device certificate in both Europe and the U.S, the Group started to accelerate its discussion with Asian counterparties towards expanding its medical treatment service in the area.

As of the end of June 2018, 261 units of Medical HAL were in operation in Japan and foreign countries including those used for clinical researches. Out of the aforementioned number, 68 units were rented out in Japan.

With regards to the light-weighted and compact HAL for Well-being (Single Joint Type), a device designed to be applied on the knee or the elbow, a proposal on an investigator-initiated clinical trial towards a treatment with the device for acute stage stroke led by Kyoto University Hospital as the representative research and development institution was adopted by Japan Agency for Medical Research and Development ("AMED") for its solicited project in October 2017. Once this clinical trial is complete, the Group will go through necessary steps to obtain a medical device approval for this device. As of the end of June 2018, 241 units of HAL for Well-being (Single Joint Type) were in operation and most of the units were used in Japanese hospitals for clinical researches.

For Vital Sensor, which is a palm-size device for monitoring indices of arteriosclerosis and electrocardiogram designed to prevent cardiovascular diseases such as stroke and myocardial infarction, the Group submitted its documents to Pharmaceuticals and Medical Devices Agency of Japan on June 2018, towards obtaining sales and manufacturing approval for medical device.

In the field of welfare, HAL for Well-being Lower Limb Type was launched as the successor model of HAL for Living Support (Lower Limb Type) in April 2018. HAL for Well-being Lower Limb Type and Hal for Living Support (Lower Limb Type) are used in care facilities and medical facilities in Japan, and as of the end of June 2018, 387 units of HAL for Well-being Lower Limb Type and HAL for Living Support (Lower Limb Type) were in operation. The Group also started to market its new product, HAL Lumbar Type for Well-being in October 2017. This product is capable of inducing the maintenance and improvement of the weakened bodily functions of a care receiver in the core and lower body. Quality of his/her life will improve with this product, as it enables him/her to stand and sit without the help of caregivers. It will also greatly reduce the physical burden of the caregivers. 57 units of HAL Lumbar Type Well-being were in operation as of the end of June 2018. Furthermore, in January 2018, the Group announced its new product Cyin™ for Living Support ("Cyin"). Cyin applied the technology of HAL to allow patients with difficulties in verbal communication or physical movement due to diseases etc., to transmit their intention and operate other communication and environmental control devices, such as a nurse call button. The Group delivered Cyin to 11 patients' associations/support associations of patients (as a donation from Daido Life Insurance Company) who helped the clinical research of Cyin and HAL Systems. The Group is currently hosting explanatory meetings to aforementioned associations and making preparation towards the general market. The Group will develop Cyin even more, so that it could be used by more patients with difficulties in verbal communication or physical movement due to diseases, etc. The Group also anticipates to develop a sensing device that can analyze vital information such as bio-electrical signals using the technology of Cyin.

HAL Lumbar Type for Care Support reduces the load on the lower back of caregivers and would result in improvement of the work environment at care facilities that suffer from high turnover rates. 798 units of the device were in operation as of the end of June 2018. The Ministry of Health, Labour and Welfare of Japan added a category of "Wearable-Transferring Aid devices", which includes HAL Lumbar Type for Care Support, to a list of eligible products to its subsidy program to secure human resources in care facilities starting April 2018.

In the field of living support, the Group focuses its development of HAL Lumbar Type for Labor Support, which is utilized to reduce the load on the lower back of workers and improve the work environment. Implementation of a new model (LB03) that was announced in December 2017 with waterproof and dust proof functions is in progress and there are 429 units of HAL Lumbar Type for Labor Support in operation as of the end of June 2018. Furthermore, the Group completed the development of an improved new model of Cleaning Robot (CL02) in March 2018. In March 2018, the Group delivered the Robot to DiverCity Tokyo Plaza that is operated by Mitsui Fudosan Group. The Group also announced to work together with Sumitomo Corporation on automation and streamlining of office buildings. The Group and Sumitomo Corporation will implement Cleaning Robots to office buildings that is operated by the Sumitomo Corporation Group. Cleaning Robot can flexibly clean buildings with wide or complex cleaning areas, utilizing cutting-edge technology. As such, the Group plans a full-scale launch of Cleaning Robots in the bottom half of the fiscal year starting from October 2018 to various large-scale facilities such as commercial buildings, office buildings and airports. 30 units of Cleaning Robot and Transportation Robot in operation were recorded as of the end of June 2018.

The Company continues to revolutionize both industries and the society through Cybernics by assisting venture businesses in terms of technological innovation, business support and financing in order to solve problems related to the super aging society. In line with that, the Company established CEJ Capital, Inc., a consolidated subsidiary of the Company together with Mizuho Capital Co., Ltd. that is a subsidiary of Mizuho Bank, Ltd. and Global Brain Corporation and launched "Cybernic Excellence Japan Fund 1 Investment Limited Partnership" ("CEJ Fund") in July 2018, assigning CEJ Capital, Inc.as an unlimited liability partner. At this point, in addition to the Company, Daiwa House Industry Co., Ltd., Sompo Japan Nipponkoa Insurance Inc., Daido Life Insurance Company, Mizuho Bank, Ltd. And Mizuho Capital Co., Ltd., which agree with the vision of the fund, joined the CEJ Fund as limited liability partners.

As the result of the aforementioned, in the three months ended June 30, 2018, the Group recorded revenue of ¥335 million (5.3% decrease year on year) mainly due to increase of rental income, partly offset with decrease in revenue from sale of product decreased arising from the absence of one time sale in three month period of the previous fiscal year. Gross profit ratio improved 0.8 points to 69.2% year on year, resulting in the gross profit of ¥232 million (4.3% decrease year on year).

Research and development expenses were recorded at ¥217 million (9.2% increase year on year), mainly due to development of new products at the Company's own expense and consigned research projects of "Realization of Zero Intensive Care Society through Innovative Cybernic System", which are part of projects under the Impulsing Paradigm Change through Disruptive Technologies Program ("ImPACT") hosted by the Japan Science and Technology Agency ("JST") and other selling, general and administrative expenses increased to ¥295 million (1.1% increase year on year).

Other income was recorded at ¥79 million (49.4% increase year on year), mainly due to income from consigned research project, while other expenses were recorded at 4 million (270.2% increase year on year). Operating loss ¥207 million (4.6% increase year on year) was posted.

Furthermore, because of finance income ¥11 million (343.3% increase year on year), finance costs ¥0 million (65.7% decrease year on year), share of loss of investment on the equity method ¥3 million and income tax expense ¥2 million, the Group recorded ¥197 million (1.3% increase year on year) in the loss for the quarter.

2. Explanation of financial position

(ⅰ) Assets:

For the consolidated three months ended June 30, 2018, assets decreased ¥226 million to ¥46,372 million in comparison to the end of the previous fiscal year. This was mainly due to decreases of ¥289 million in cash and cash equivalents and ¥204 million in trade and other receivables, partly offset by an increase of ¥318 million in other financial assets (non-current).

(ⅱ) Liabilities

For the consolidated three months ended June 30, 2018, liabilities decreased ¥131 million to ¥793 million in comparison to the end of the previous fiscal year. This was mainly due to an increase of ¥44 million in deferred tax liabilities, partly offset by decreases of ¥48 million in trade and other payables and ¥127 million in other current liabilities.

(ⅲ) Equity

For the consolidated three months ended June 30, 2018, equity decreased ¥95 million to ¥45,579 million in comparison to the end of the previous fiscal year. This was mainly due to an increase of ¥101 million in other components of equity, partly offset by a decrease of retained earnings following the posting of loss attributable to owners of parent.

3. Status of cash flow

For the consolidated three months ended June 30, 2018, cash and cash equivalents decreased ¥289 million to ¥10,531 million in comparison to the end of the previous fiscal year. Status of each cash flow within the consolidated three months ended June 30, 2018 and its main influencing factors are stated below.

(Cash flows from operating activities)

For this consolidated three months ended June 30, 2018, net cash provided by operating activities recorded outflow of ¥44 million (outflow of ¥51 million in the same period of the previous fiscal year). This is mainly attributed to depreciation and amortization posted at ¥103 million as well as inflow of ¥204 million due to a decrease in trade and other receivables, partly offset by loss before tax recorded at ¥199 million.

(Cash flows from investment activities)

For this consolidated three months ended June 30, 2018, net cash used in investing activities recorded outflow of ¥238 million (outflow of ¥4,407 million in the same period of the previous fiscal year). This is mainly attributed to outflow of ¥168 million due to purchase of investment securities and ¥70 million due to purchase of property, plant and equipment.

(Cash flows from financing activities)

For this consolidated three months ended June 30, 2018, net cash used in financing activities recorded outflow of ¥6 million (outflow of ¥6 million in the same period of the previous fiscal year).

Ⅱ. Condensed quarterly consolidated financial statements and significant notes thereto

1. Condensed quarterly consolidated statements of financial position (Unaudited)

	As of March 31, 2018	As of June 30, 2018
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	10,820	10,531
Trade and other receivables	385	182
Other financial assets	20,004	20,005
Inventories	565	551
Other current assets	32	30
Total current assets	31,807	31,300
Non-current assets		
Operating lease assets	401	412
Property, plant and equipment	11,339	11,301
Intangible assets	90	84
Investments accounted for using equity method	474	471
Other financial assets	2,406	2,725
Other non-current assets	81	80
Total non-current assets	14,791	15,072
Total assets	46,598	46,372

	As of March 31, 2018	As of June 30, 2018
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	274	226
Other current liabilities	386	259
Total current liabilities	659	485
Non-current liabilities		
Provisions	91	91
Deferred tax liabilities	145	189
Other non-current liabilities	29	29
Total non-current liabilities	265	309
Total liabilities	925	793
Equity		
Share capital	26,744	26,744
Capital surplus	26,495	26,495
Treasury shares	(0)	(0)
Other components of equity	(65)	36
Retained earnings	(7,476)	(7,671)
Total equity attributable to owners of the parent	45,698	45,604
Non-controlling interests	(24)	(25)
Total equity	45,674	45,579
Total liabilities and equity	46,598	46,372

2. Condensed quarterly consolidated statements of profit or loss and condensed quarterly consolidated statements of comprehensive income (Unaudited)

Condensed quarterly consolidated statements of profit or loss

	Three months ended June 30, 2017	Three months ended June 30, 2018
	Millions of yen	Millions of yen
Revenue	354	335
Cost of sales	(112)	(103)
Gross profit	242	232
Selling, general and administrative expenses		
Research and development expenses	(199)	(217)
Other selling, general and administrative expenses	(292)	(295)
Total selling, general and administrative expenses	(491)	(513)
Other income	53	79
Other expenses	(1)	(4)
Operating profit (loss)	(198)	(207)
Finance income	2	11
Finance costs	(0)	(0)
Share of profit (loss) of investments accounted for using equity method	–	(3)
Profit (loss) before tax	(196)	(199)
Income tax expense	1	2
Profit (loss)	(194)	(197)
Profit (loss) attributable to		
Owners of parent	(194)	(195)
Non-controlling interests	(0)	(2)
Profit (loss)	(194)	(197)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	(0.90)	(0.91)
Diluted earnings (loss) per share (yen)	(0.90)	(0.91)

Condensed quarterly end consolidated statements of comprehensive income

	Three months ended June 30, 2017	Three months ended June 30, 2018
	Millions of yen	Millions of yen
Profit (loss)	(194)	(197)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	3	98
Total of items that will not be reclassified to profit or loss	3	98
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(9)	4
Total of items that may be reclassified to profit or loss	(9)	4
Total other comprehensive income, net of tax	(6)	102
Comprehensive income	(200)	(95)
Comprehensive income attributable to		
Owners of parent	(198)	(94)
Non-controlling interests	(2)	(1)
Comprehensive income	(200)	(95)

3. Condensed quarterly consolidated statements of changes in equity (Unaudited)

Three months ended June 30, 2017 (from April 1, 2017 to June 30, 2017)

	Equity attributable to owners of parent					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share acquisition rights
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2017	26,744	26,495	(0)	417	2	12
Profit (loss)	−	−	−	−	−	−
Other comprehensive income	−	−	−	3	(6)	−
Total comprehensive income	−	−	−	3	(6)	−
June 30, 2017	26,744	26,495	(0)	419	(4)	12

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity	Retained earnings	Total		
	Total				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2017	432	(6,903)	46,768	(31)	46,737
Profit (loss)	−	(194)	(194)	(0)	(194)
Other comprehensive income	(4)	−	(4)	(2)	(6)
Total comprehensive income	(4)	(194)	(198)	(2)	(200)
June 30, 2017	428	(7,097)	46,570	(33)	46,536

Three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

	Equity attributable to owners of parent					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share acquisition rights
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2018	26,744	26,495	(0)	(77)	(7)	19
Profit (loss)	−	−	−	−	−	−
Other comprehensive income	−	−	−	98	3	−
Total comprehensive income	−	−	−	98	3	−
June 30, 2018	26,744	26,495	(0)	21	(4)	19

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity	Retained earnings	Total		
	Total				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2018	(65)	(7,476)	45,698	(24)	45,674
Profit (loss)	−	(195)	(195)	(2)	(197)
Other comprehensive income	101	−	101	1	102
Total comprehensive income	101	(195)	(94)	(1)	(95)
June 30, 2018	36	(7,671)	45,604	(25)	45,579

4. Condensed quarterly consolidated statements of cash flows (Unaudited)

	Three months ended June 30, 2017	Three months ended June 30, 2018
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit (loss) before tax	(196)	(199)
Depreciation and amortization	91	103
Finance income	(2)	(11)
Finance costs	0	0
Share of loss (profit) of investments accounted for using equity method	―	3
Decrease (increase) in inventories	(101)	14
Decrease (increase) in trade and other receivables	188	204
Increase (decrease) in trade and other payables	91	(42)
Other	(127)	(118)
Subtotal	(55)	(47)
Interest received	4	3
Interest paid	(0)	(0)
Income taxes paid	―	―
Net cash provided by (used in) operating activities	(51)	(44)
Cash flows from investing activities		
Purchase of investments	(23,000)	(10,000)
Proceeds of redemption of investments	20,000	10,000
Purchase of property, plant and equipment	(199)	(70)
Purchase of intangible assets	(2)	(0)
Purchase of investment securities	(1,200)	(168)
Other	(6)	―
Net cash provided by (used in) investing activities	(4,407)	(238)
Cash flows from financing activities		
Other	(6)	(6)
Net cash provided by (used in) financing activities	(6)	(6)
Net increase (decrease) in cash and cash equivalents	(4,462)	(289)
Cash and cash equivalents at beginning of period	13,378	10,820
Effect of exchange rate changes on cash and cash equivalents	2	(2)
Cash and cash equivalents at end of period	8,916	10,531

5. Notes to condensed quarterly consolidated financial statements

(Notes on premise of going concern)

There are no items to report.

(Changes in accounting policy)

Significant accounting policies applied to the condensed consolidated financial statements for the three months ended June 30, 2018 are the same as those applied to the consolidated financial statements for the fiscal year ended March 31, 2018, with the following exceptions.

The income tax expense for the three months ended June 30, 2018 has been calculated based on the estimated annual effective income tax rate.

The Group has applied the following accounting standards from the first quarter of the fiscal year ending March 31, 2019. The effect of applying these accounting standards on the Group's condensed consolidated financial statements is not material.

IFRSs		Nature of the new standards or amendments
IAS 28	Investments in Associates and Joint Ventures	Revised accounting process upon holding any investment through venture capitals towards affiliates or jointly controlled entity
IFRS 2	Share-based Payment	Revised classification and measurement of share-based payment transactions

(Segment information)

Three months ended June 30, 2017 (from April 1, 2017 to June 30, 2017)

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

Three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

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

(Revenue)

Disaggregation of revenue

Details of disaggregation of revenue are set forth below.

	Three months ended June 30, 2017	Three months ended June 30, 2018
	Millions of yen	Millions of yen
Timing of revenue recognition		
Service transferred over time	242	253
Asset transferred at a point of time	33	15
Service transferred at a point of time	79	67
Total	354	335

(Note) Since the Group operates under a single segment of business related to robotics, segment information on revenue is omitted.

Service transferred over time

Service transferred over time includes rental income based on the individual rental contract and maintenance income based on the maintenance contract in relation to finance lease income where the Group acts as a lessor of right-of-use asset.

The Group recognizes rental income as income generated throughout the rental period after the customer acceptance of the relevant product, by either of the following method. Pay-per-use model based on times of product usage in the relevant month and base fee model based on fixed monthly price.

The Group recognizes maintenance income as performance obligation satisfied over time. The Company records this revenue during this contract period based on average amount during the period.

Asset transferred at a point of time

Asset transferred at a point of time includes revenue from sales of commodities and products based on sales contract.

The Group mainly determines that performance obligation of sales of commodities as well as products are satisfied at the point of customer acceptance the relevant product. The Group receives most of the payment within one month from the point of satisfying the performance obligation. With regards to transaction price, there is no significance in the amount of sales revenue that includes variable consideration. Furthermore, there are no significant financial components in the amount of promised consideration.

Furthermore, if the Group acts as a lessor of right-of-use of its devices such as HAL, the Group classifies the relevant lease as finance lease. Finance lease income is processed in the same way as cases where the Group acts as a lessor of manufacturer or distributor of sales of goods. The Group determines that performance obligation is satisfied at the point of customer acceptance and the revenue is recognized at a point of time.

Service transferred at a point of time

Service transferred at a point of time includes revenue from offering Cybernic Treatment and training service at Robo Care Centers, to end users (such as patients).

The Group determines that performance obligation of Cybernic Treatment as well as training services are satisfied at the point of completion of such services.

(Subsequent events)

Establishment of Cybernic Excellence Japan Fund ("CEJ Fund")

CYBERDYNE, INC. (the "Company") and its consolidated subsidiary, CEJ Capital, Inc. ("CEJ Capital") have determined to establish "Cybernic Excellence Japan Fund 1 Investment Limited Partnership" ("CEJ Fund") on July 12, 2018 in order to support and nurture venture companies aiming at solving social issues and creating new Cybernic Industry.

Six companies including the Company have made a commitment to participate in the initial establishment of CEJ Fund as limited partners.

1. Background

In Japan, aging population and declining birthrate are progressing so rapidly that shrinking labor, increasing heavy and long-term care and growing social welfare expenditures such as medical expenses are becoming more and more serious. The Company and its President and CEO, Yoshiyuki Sankai (a program manager of ImPACT hosted by the Cabinet Office of Japan as well as a professor at Information and Systems in University of Tsukuba) created innovative Cybernic Technologies* and tackled those combined "social problems".

2. Purpose of establishment of CEJ Fund

In order to speed up solution of social problems and creation of Cybernic Industry further in larger scale, the Company, Global Brain Corporation and Mizuho Capital Co. Ltd., a subsidiary of Mizuho Bank, Ltd., established CEJ Capital and, this time, have determined to establish CEJ Fund that supports innovation and business promotion and provides finance to venture companies. CEJ Fund will act as a new industrial turntable to create new industries and facilitate positive spiral of innovation by gathering human resources and companies, who challenge development of Cybernic Industry and business promotion in one place and to facilitate the entire process of development of innovative technologies or devices to its social implementation in a global scale.

3. Outline of CEJ Fund

(1) Name	Cybernic Excellence Japan Fund 1 Investment Limited Partnership Common name: CEJ Fund
(2) Location	10-11 Sakuragaoka-cho, Shibuya, Tokyo
(3) Basis of establishment	Establishment of the investment limited partnership is based on the "Limited Partnership Act for Investment".
(4) Established date	July 12 2,018
(5) Period of fund management	Ten years (maximum of 2 years can be extended)
(6) Unlimited liability partner	CEJ Capital, Inc. (a consolidated subsidiary of the Company) *Jointly established by the Company, Global Brain Corporation and Mizuho Bank, Ltd. CEJ Capital, Inc. conducts operation of CEJ Fund.
(7) Limited liability partner (Initial partners in arbitrary order)	CYBERDYNE, INC. (the Company) Daiwa House Industry Co., Ltd. Sompo Japan Nipponkoa Insurance Inc. Daido Life Insurance Company Mizuho Bank, Ltd. Mizuho Capital Co., Ltd.
(8) Total amount of fund (Initial amount)	9.2 billion Japanese yen (The subscription period can be extended for one more year after the establishment of the fund.)
(9) Investees	Venture companies engaged in "human assistive technology" such as medical/healthcare, robotics, AI, Big Data, IoH/IoT (Internet of Humans/ Internet of Things) etc., which relate to fields of Cyberrnic Technology

4. Impact on the Consolidated Financial Results

CEJ Fund is anticipated to be included in the Company's scope of consolidation. As such, operating results, assets and liabilities of CEJ Fund will be reflected in the Companies' consolidated financial statements.

The impact from the Transactions on the consolidated financial results for the fiscal year ending March 31, 2019 has not yet been determined.

* Cybernics: A new academic field that is centered around human, robots and information systems. Targeting medicine, welfare and living support fields (including labor support) as its main industries, it fuses and combines the functions of humans, robots and information systems, realizing interactions between physical-information-vital systems. Cybernics is championed by Dr. Yoshiyuki Sankai, a professor at the University of Tsukuba (he is also the President and CEO of CYBERDYNE) and the technology is thought to be one of the core technical domain that drives the movements to realize "Society 5.0/5.1", which is the fusion of "human" and "cyber/physical space"