

Consolidated Financial Review

For the 2nd Quarter Ended Sep. 30, 2013 [Japanese GAAP]



Nov.11, 2013
Listed Market: TSE

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Application of U.S.GAAP: None

For reference only

The Japanese version of this Financial Review is the original, English version is essentially a translation from Japanese.
The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.

Amounts are rounded down to the nearest million yen.

1. Financial highlights for the 2nd quarter ended Sep.30, 2013 (4/01/2013–9/30/2013) (Percentage is the rate of increase or decrease from the previous corresponding period)

(1) Consolidated operating results

(Millions of yen)

	Net sales		Operating Income		Ordinary Income		Net Income	
	Mil yen	%	Mil yen	%	Mil yen	%	Mil yen	%
Six months ended Sep.30, 2013	8,329	-23.8	40	-88.8	82	-71.7	25	-87.0
Six months ended Sep. 30, 2012	10,924	65.5	360	101.9	292	76.8	195	-37.1

Note: Comprehensive income

Six months ended Sep. 30, 2013 ¥64 million (-60.5%)
Six months ended Sep. 30, 2012 ¥164 million (-58.0%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended Sep. 30, 2013	2.86		2.85	
Six months ended Sep. 30, 2012	21.96		---	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Mil yen		Mil yen		%	
Sep. 30, 2013	18,934		11,026		57.4	
Mar. 31, 2013	21,379		11,047		50.9	

Note: Equity

As of Sep. 30, 2013: ¥10,859 million
As of Mar. 31, 2013: ¥10,890 million

2. Cash Dividends

	Cash dividend per share				
	The 1st quarter	The 2nd quarter	The 3 rd quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31 2013	—	10.00	-	10.00	20.00
Fiscal year ending Mar. 31 2014	—	10.00			
Fiscal year ending Mar. 31, 2014 (forecast)				10.00	20.00

Note: Revision of cash dividends in year under review: None

3. Corporate estimates for the year ending Mar. 31, 2014 (4/01/2013–3/31/2014)

(Percentage is the rate of increase or decrease from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Mill. Yen	%	Mill Yen	%	Mill. Yen	%	Mill Yen	%	Yen
Fiscal year ending Mar. 31, 2014	15,000	0.9	200	-18.6	230	-25.6	130	-32.1	14.58

Note: Revision of corporate estimate in year under review: Yes

Notes

(1) Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation):
None

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements: None

(3) Changes of accounting policies, changes in accounting estimates and retrospective restatement

- ① Changes of accounting policies accompanied by revision of accounting standard etc.: None
- ② Changes of accounting policies other than ① : Yes
- ③ Changes in accounting estimates : None
- ④ Retrospective restatement : None

Please refer to page 5, 2.summary information (Notes) (2) Changes of accounting policies, changes in accounting estimates and retrospective restatement.

(4) Number of issued shares outstanding (Common shares)

- ① Number of issued shares outstanding as of end of period (including treasury stock)
As of Sep. 30, 2013: 9,674,587 shares As of Mar. 31, 2013: 9,674,587 shares
- ② Number of treasury stock as of end of period
As of Sep. 30, 2013: 755,317 shares As of Mar. 31, 2013: 755,317 shares
- ③ Average number of issued shares outstanding
Six months ended Sep. 30, 2013: 8,919,270 shares Six months ended Sep. 30, 2012: 8,919,335 shares

*Indication of quarterly review procedure implementation status

This quarterly financial report is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Law. It is under the review procedure process at the time of disclosure of this report.

*Explanation for appropriate use of forecasts and other notes

The forward-looking statements such as operational forecasts contained in this document are based on the information currently available to us and certain assumptions that are regarded as legitimate. We do not promise that the forecasts or estimates will be accurate. Large discrepancies may be seen in the actual results due to various factors. Please refer to P 5 "(3)Qualitative information regarding consolidated business results forecasts" for the assumptions used and other notes.

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1. Qualitative Information, Financial Statements

(1) Qualitative information regarding the status of consolidated business results

During the six months started from Apr.1, 2013, world economy has been the situation as follows. In the U.S.A., economy has recovered gradually but lack of power, in Europe economic slump has been prolonged because of protracted government financial problems and in the Peoples Republic of China and developing countries, slowdown trend of economic growth speed tend to prolong.

In Japan, economic indicators show improving signs with rectified strong yen situation and improved stock price caused by aggressive monetary policy, and now Japanese economy is the situation that recovery of real economy with actual feeling is looked for. And overall world economic view has been unclear.

Under these economic atmospheres, our group has endeavored to spread its business to Asia countries including the P.R.C., where are keeping on growing slowly instead and to promote the campaign "Decreasing the production costs and expenses" to get profit.

As a result, our business result of consolidated this six months, sales amounted to ¥8,329 million (23.8% decreased compared to the same period of the previous year), operating income marked ¥40 million (88.8% decreased compared to the same period of the previous period), ordinary income marked ¥82 million (71.7 % decreased compared to the same period of the previous period), net profit marked ¥25 million (87.0 % decreased compared to the same period of the previous period). Each segment result was as follows.

(Industrial electronics related segment)

Regarding the hard disk related business, nevertheless we have endeavored to promote sales of UV curing and conveyor automatic machines, consumer demands moved from pc to ultra book pc or tablet pc and demand for HDD has been slow down, the influence of such sluggish of HDD business was too big and then our business has been slow down.

Regarding the semiconductor related business, demand of semiconductor for pc and digital home electronics appliance was slow and new capital investment for semiconductor was postponed therefore our business went slow.

Regarding the liquid crystal display related business, because of promoted sales of middle size of plasma etching equipments and annealing equipments which are essential to manufacture the panel for smart phone and tablet pc, business went well.

Regarding the heat treatment equipment related business, never the less some of new capital investments for electronics parts manufacturing industry and automobile manufacturing industry were postponed, its business was stable because we have endeavored to expand sales of heating equipment for manufacturing of liquid crystal display.

Regarding photovoltaic manufacturing equipment related business, we endeavored to sell high efficiency panel manufacturing equipment to outside of Japan and our business turned from slow to recovery trend.

As results of these atmosphere, this segment sales amounted to ¥7,723 million (25.7 % decreased compared to the same period of the previous year) and segment income marked ¥258 million (55.0 % decreased compared to the same period of the previous year).

(Cleaning related business)

We, nevertheless the worse business atmosphere such as declining cleaning demand and shrinking business size in Japan, have endeavored to strengthen our sales force in Europe, the

US and the P.R.C., and business went well.

As a result, this segment sales amounted to ¥606 million (15.8 % increased compared to the corresponding period of the previous year) and segment income marked ¥45 million (11.1 % increased compared to the corresponding period of the previous year)

(2) Qualitative information regarding changes in consolidated financial position

(Assets)

Current assets as of Sep. 30, 2013 stood at ¥13,723 million decreased by ¥3,155 million compared to the previous financial year end. The decrease was mainly due to decrease of work in process by ¥2,687 million, decrease of cash and deposits by ¥1,601 million and decrease of securities by ¥769 million and increase of trade notes and accounts receivable by ¥1,906 million. Non current assets amounted to ¥5,210 million increased by ¥710 million compared to the previous financial year end. The increase was mainly due to increase of investment in securities by ¥810 million. As a result, total assets as of Sep. 30, 2013 stood at ¥18,934 million decreased by ¥2,444 million compared to the previous financial year end.

(Liabilities)

Current liabilities as of Sep. 30, 2013 stood at ¥4,775 million decreased by ¥2,001 million compared to the previous financial year end. The decrease was mainly due to decrease of notes and accounts payable-trade by ¥1,772 million. Non current liabilities stood at ¥3,132 million decreased by ¥422 million compared to the previous financial year end. The main factor was decrease of long-term loans payable by ¥441 million.

As a result, total liabilities as of Sep.30, 2013 stood at ¥7,907 million decreased by ¥2,423 million compared to the previous financial year end.

(Net assets)

Total net assets as of Sep. 30, 2013 amounted to ¥11,026 million decreased by ¥21 million compared to the previous financial year end. The main factor was decrease of retained earnings by ¥63 million and increase of foreign currency translation adjustment by ¥22million compared to the previous financial year end.

As a result, equity ratio at the end of the 2nd quarter came to 57.4 % (the previous financial year end was 50.9 %).

(3) Qualitative information regarding consolidated business results forecasts

Considering the influence of slowdown of economy growth speed in the P.R.C. and other developing countries to industrial electronics related business, which is at the core business of our group, sales and income of this financial year are forecasted down from the financial forecast announced before. Therefore we revised today the financial forecast announced on May.14, 2013 as page1 3. Corporate estimates for the year ending Mar. 31, 2014(4/01/2013-3/31/2014)

2. Summary Information (Notes)

(1) Changes in significant consolidated subsidiaries.

None

(2) Changes of accounting policies, changes in accounting estimates and retrospective restatement.

(Changes of currency conversion method into Japanese yen in income and expenses of foreign consolidated subsidiaries)

Income and expenses of foreign affiliate companies had used to be converted into

Japanese yen by using spot rate on the financial closing date. Considering these days aggressive movement of currency exchange rate, the method of using the average conversion rate of during the term may reflect the business results of foreign subsidiaries to the consolidated financial report much more clearer than using the spot rate on the financial closing date, therefore from this financial period we have changed the conversion rate to average rate of during the term.

Regarding figures on the previous corresponding period and the previous financial year end, we use the new changed conversion method.

By this currency conversion method change, net sales of the previous corresponding period is increased by ¥4,553 thousand, operating income is increased by ¥3,666 thousand, ordinary income and income before income tax are increased by ¥421 thousand comparing to the figure by using the previous method. Moreover, accumulated affecting amount reflects the outstanding balance of net asset as of Apr.1, 2012, and therefore outstanding balance of retained earning as of Apr.1, 2012 is increased by ¥22,710 thousand and outstanding balance of foreign currency translation adjustment is decreased by the same amount.

3. Consolidated financial information

(1) Consolidated Balance Sheets

(Thousands of yen)

	The previous financial year end (Mar. 31, 2013)	This financial period (Sep. 30, 2013)
(Assets)		
Current assets		
Cash and deposits	8,041,953	6,439,966
Trade notes and accounts receivable	3,740,033	5,646,088
Securities	854,354	85,312
Merchandise and finished goods	140,322	197,936
Work in process	3,503,544	816,337
Raw materials and supplies	299,348	273,183
Deferred income taxes	203,027	233,845
Others	98,501	37,658
Allowance for doubtful accounts	-2,167	-6,924
Total current assets	16,878,917	13,723,405
Non current assets		
Tangible fixed assets		
Building and structures	2,262,950	2,263,788
Accumulated depreciation	-1,687,877	-1,714,938
Building and structures(net)	575,072	548,849
Machinery, equipment and vehicles	224,700	196,653
Accumulated depreciation	-198,563	-182,108
Machinery, equipment and vehicles(net)	26,136	14,544
Tools, equipment and fixtures	1,579,778	1,565,143
Accumulated depreciation	-1,246,482	-1,304,156
Tools, equipment and fixtures(net)	333,296	260,986
Land	2,374,622	2,374,622
Leased assets	69,051	82,344
Accumulated depreciation	-43,641	-49,515
Leased assets(net)	25,410	32,828
Construction in progress account	538,671	562,583
Total tangible fixed assets	3,873,209	3,794,416
Intangible assets		
Goodwill	53,190	39,632
Soft wares	48,240	41,150
Leased assets	18,379	16,274
Telephone subscription rights	13,562	13,562
Total intangible assets	133,372	110,619
Investments and other assets		
Investment in securities	152,649	962,800
Long-term lending	230	230
Differed income taxes	203,920	201,807
Long-term retention receivables	68,395	81,763
Others	146,900	151,086
Allowance for doubtful accounts	-78,395	-91,741
Total investments and other assets	493,701	1,305,947
Total non current assets	4,500,282	5,210,983
Total assets	21,379,200	18,934,388

(Thousands of yen)

	The previous financial year end. (Mar. 31, 2013)	This financial period (Sep. 30, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,769,362	2,996,791
Short-term loans payable	1,168,483	998,695
Current portion of bonds payable	106,510	36,450
Leas obligations	17,051	14,245
Income taxes payable	18,135	84,027
Provision for bonuses	138,108	150,822
Provision for product warranties	29,454	27,161
Expense payable	285,208	278,478
Advances received	87,971	107,987
Others	156,547	80,500
Total current liabilities	6,776,834	4,775,160
Fixed liabilities		
Bonds payable	1,000,000	1,000,000
Long-term loans payable	1,741,768	1,299,802
Lease obligations	29,046	37,308
Deferred tax payable	66,964	67,964
Provision for retirement benefits	676,092	683,051
Provision for directors' retirement benefits	40,595	44,226
Total fixed liabilities	3,554,467	3,132,352
Total liabilities	10,331,301	7,907,513
Net assets		
Shareholders' equity		
Capital stock	2,756,680	2,756,680
Capital surplus	3,582,276	3,582,276
Retained earnings	5,326,086	5,262,414
Treasury stock	-646,176	-646,176
Total shareholders' equity	11,018,866	10,955,195
Accumulated other comprehensive income		
Valuation difference on available-for-sale security	16,155	26,511
Foreign currency translation adjustment	-144,983	-122,408
Total accumulated other comprehensive income	-128,828	-95,897
Stock acquisition rights	---	3,180
Minority interests	157,860	164,396
Total net assets	11,047,898	11,026,875
	21,379,200	18,934,388

(2) Consolidated statements of income and comprehensive income
Consolidated statements of income

(Thousands of yen)

	The previous corresponding period (Apr.1, 2012 to Sep. 30, 2012)	Six months ended Sep. 30, 2013 (Apr. 1, 2013 to Sep. 30, 2013)
Net sales	10,924,086	8,329,604
Cost of sales	9,475,301	7,122,421
Gross profit	1,448,784	1,207,183
Selling, g&a expenses		
Salary & directors' compensation	413,856	467,298
Provision for bonuses	46,346	54,509
Fringe benefit expenses	17,154	25,815
Rent expenses	37,109	35,107
Outsourcing expenses	37,163	23,203
R&D expenses	140,473	93,199
Depreciations	69,208	74,203
Others	326,564	393,402
Total selling, g&a expenses	1,087,876	1,166,739
Operating income (loss)	360,908	40,443
Non-operating income		
Interest income	2,928	2,941
Dividends income	2,069	2,331
Foreign exchange gains	—	40,874
Rents income	4,754	6,245
Insurance premium income	3,095	—
Others	7,877	10,347
Total non-operating income	20,726	62,740
Non-operating expenses		
Interest expenses	19,766	17,359
Foreign exchange losses	64,102	—
Factoring fee	136	63
Equity in losses of affiliates	650	260
Others	4,509	2,602
Total non-operating losses	89,164	20,287
Ordinary income (loss)	292,469	82,897
Extraordinary income		
Income on disposal of fixed assets	—	142
Income on negative goodwill	70	—
Total extraordinary income	70	142
Extraordinary loss		
Losses on disposal of fixed assets	4,701	1,315
Total extraordinary loss	4,701	1,315
Income (loss) before income tax	287,839	81,723
Income taxes	38,744	78,135
Income tax adjustment	59,230	-28,255
Total income tax	97,974	49,879
Income (loss) before minority interests	189,864	31,844
Minority interests in income (loss)	-5,969	6,323
Net income (loss)	195,834	25,520

Consolidated statements of comprehensive income

(Thousands of yen)

	The previous corresponding period (Apr.1, 2012 to Sep.30, 2012)	Six months ended Sep. 30, 2013 (Apr.1, 2013 to Sep. 30, 2013)
Income (loss) before minority interests	189,864	31,844
Other comprehensive income		
Valuation difference on available-for sale securities	-6,562	10,568
Foreign currency translation adjustment	-18,608	22,575
Total other comprehensive income	-25,170	33,144
Comprehensive income	164,693	64,988
(comprehensive income attribute to)		
Owners of the parent	170,878	58,452
Minority interests	-6,184	6,535

(3) Notes on quarterly financial report

(Note concerning going concern assumption)

None

(Note concerning major changes in shareholders equity)

None

(Segment information)

I. The previous corresponding period (Apr. 1, 2012 to Sep. 30, 2012)

1. Information on sales and income or loss in reportable segment

(Thousands of yen)

	Reportable segment		Total	Adjustment	Posted on consolidated statement of income
	Industrial electronics related business	Cleaning related business			
Sales					
Sales to outside customer	10,400,611	523,474	10,924,086	---	10,924,086
Intersegment sales and transfers	---	---	---	---	---
Total	10,400,611	523,474	10,924,086	---	10,924,086
Segment income (loss)	573,975	40,865	614,841	(253,933)	360,908

Notes

1. Segment income (loss) adjustment of (¥253,933 thousand) is the corporate expense not apportioned in each reportable segment. Corporate expenses mainly comprise the headquarters' general and administrative expenses.
2. Segment income (loss) is adjusted with operating income under consolidated statements of income.

II. This financial period (Apr. 1, 2013 to Sep.30, 2013)

1. Information on sales and income or loss in reportable segment

(Thousands of yen)

	Reportable segment		Total	Adjustment	Posted on consolidated statement of income
	Industrial electronics related business	Cleaning related business			
Sales					
Sales to outside customer	7,723,515	606,088	8,329,604	---	8,329,604
Intersegment sales and transfers	---	---	---	---	---
Total	7,723,515	606,088	8,329,604	---	8,329,604
Segment income (loss)	258,347	45,400	303,747	(263,303)	40,443

Notes

1. Segment income (loss) adjustment of (¥263,303 thousand) is the corporate expense not apportioned in each reportable segment. Corporate expenses mainly comprise the headquarters' general and administrative expenses.
2. Segment income (loss) is adjusted with operating income under consolidated statements of income.

2. Information on changes in reportable segment.

(Changes of currency conversion method into Japanese yen in incomes and expenses of foreign consolidated subsidiaries)

Incomes and expenses of foreign consolidated subsidiaries had been converted into Japanese yen by spot rate on the financial closing date. But we consider that the method of using the average conversion rate of during the term may reflect the business results of foreign subsidiaries to the consolidated financial report much more clearly than using the spot rate on the financial closing date, therefore from this financial yea, we have changed the conversion rate to average rate of during the term.

Regarding information on the previous corresponding financial period, we use the new conversion method.