



Consolidated Financial Review

For the 1st Quarter Ended Jun. 30, 2017 [Japanese GAAP]

Aug. 14, 2017

Listed Market: TSE 1st Section

Company name: Y.A.C. HOLDINGS Co., Ltd.
 Code number: TSE 6298
 URL: <http://www.yac.co.jp>
 Representatives: Takefumi Momose, President
 Inquiries: Kazumasa Teramoto, Director and General Manager Human Resource & General Affairs Dept.
 Telephone number: +81-42-546-1161

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.

1. Financial highlights for the 1st quarter ended Jun.30, 2017 (4/01/2017—6/30/2017)

(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 attributable to owners of parent	
	Mil yen	%	Mil yen	%	Mil yen	%	Mil yen	%
Three months ended Jun.30, 2017	4,698	-39.1	-87	---	-44	---	-60	---
Three months ended Jun. 30, 2016	7,711	64.2	50	-76.8	-152	---	-185	---

Note: Comprehensive income

Three months ended Jun. 30, 2017 -¥76 million (--- %)
 Three months ended Jun. 30, 2016 -¥266 million (--- %)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended Jun. 30, 2017	-6.73		---	
Three months ended Jun. 30, 2016	-20.82		---	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mil yen	Mil yen	%
Jun. 30, 2017	34,239	13,879	39.8
Mar. 31, 2017	32,470	14,047	42.5

Note: Equity

As of Jun. 30, 2017 ¥13,640 million
 As of Mar. 31, 2017 ¥13,798 million

2. Cash Dividends

	Cash dividend per share				
	1st quarter end	2nd quarter end	3 rd quarter end	Year-end	Annual
	Yen				
Fiscal year ended Mar. 31, 2017	---	10.00	---	10.00	20.00
Fiscal year ending Mar. 31, 2018	---				
Fiscal year ending Mar. 31, 2018 (forecast)		10.00	---	10.00	20.00

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

3. Corporate estimates for the year ending March 31, 2018 (4/01/2017-3/31/2018)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Mill. Yen	%	Mill Yen	%	Mill. Yen	%	Mill Yen	%	Yen
6 months ending Sep. 30, 2017	13,000	-24.7	600	2.7	450	33.0	300	13.9	33.59
Fiscal year ending Mar. 31, 2018	35,000	18.8	2,000	93.0	1,500	33.6	1,000	26.5	111.99

Note: Revision of corporate estimate in year under review: None

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 : None
- ③ Changes in accounting estimates : None
- ④ Retrospective restatement : None

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

① Number of issued shares outstanding as of end of period (including treasury stock)

As of Jun. 30, 2017:	9,674,587 shares	As of Mar. 31, 2017:	9,674,587 shares
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② Number of treasury stock as of end of period

As of Jun. 30, 2017:	745,801 shares	As of Mar. 31, 2017:	745,801 shares
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③ Average number of issued shares outstanding

Three months ended Jun. 30, 2017:	8,928,786 shares	Three months ended Jun. 30, 2016:	8,928,786 shares
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*Indication of quarterly review procedure implementation status

This quarterly financial report is exempt from quarterly review procedure.

*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.

Table of Contents

1. Qualitative Information, Financial Statements	
(1) Qualitative information regarding the status of consolidated business results.	4
(2) Qualitative information regarding changes in consolidated financial position.	4-5
(3) Qualitative information regarding consolidated business results forecast.	5
2. Consolidated Financial Information as of Jun.30, 2017.	
(1) Consolidated Balance Sheets.	6-7
(2) Consolidated Statements of Income and Comprehensive Income.	
Consolidated Statements of Income.	8
Consolidated Statements of Comprehensive Income.	9
(3) Notes on consolidated financial information.	
(Notes on Concerning Going Concern Assumption)	10
(Notes Concerning Major Changes in Shareholders Equity)	10
(Changes of accounting policies)	10
(Changes in accounting estimates)	10
(Segment Information)	10-11
3. Others.	
(1)Material events concerning Going Concern Assumption.	12

1. Qualitative Information, Financial Statements

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

During the three months started from Apr.1, 2017, in the U.S.A. economy has been keeping recovery with growing personal consumption backed by favorable employment situation, in Europe, a sign of economic recovery has shown backed by recovery of personal consumption and export and in the P.R.C., personal consumption and export has shifted favorably and world economy has shifted recovery base. However, because of North Korea circumstances and suspicious relation of Trump administration and Russia, uncertainty feeling about future has spread.

In Japan, employment situation has shifted favorably backed by government and central bank economic policy, and sign of recovery in personal consumption, Japanese economy has been recovering overall.

Under these economic atmospheres, our group has endeavored to develop and commercialize new products which grasp costumers' constantly changing needs.

As a result, our consolidated business result of this three months period ended Jun 30, 2017, net sales amounted to ¥4,698 million (39.1% decreased compared to the same period of the previous year), operating loss marked ¥87 million (the same period of the previous year marked income ¥50 million), ordinary loss marked ¥44 million (the same period of the previous year marked loss ¥152 million), profit attributable to owners of parent marked -¥60 million (the previous corresponding period marked loss ¥185 million)

Each segment result was as follows.

(Display related business)

Sales of etching equipment and annealing equipment will be expected to realize after this autumn and sales was decreased comparing to the previous corresponding period.

As a result, net sales of display related business amounted to ¥1,010 million (76.7% decreased compared to the same period of the previous year) and segment income marked -¥228 million (the same period of the previous year marked income ¥82 million)

(Mechatronics related business)

Y.A.C. Elex Co., Ltd. which had been consolidated in the previous 2nd half financial year has contributed from the starting time of this financial year but other group companies business have been slightly down and total segment business has been flat.

As a result, net sales of mechatronics related business amounted to ¥3,417 (12.5 % increased compared to the same period of the previous year) and segment income marked ¥83 million (19.7 % decreased compared to the same period of the previous year)

(Cleaning related business)

Cleaning related business has surely grasped customers' demand and expanded business but big amount of sales had been realized in the previous corresponding period therefore this financial term business has resulted weak.

As a result, this segment sales amounted to ¥270 million (18.6% decreased compared to the corresponding period of the previous year) and segment loss marked ¥67 million (the corresponding period of previous year marked income ¥55 million)

(2) Qualitative information regarding changes in consolidated financial position (Assets)

Current assets as of Jun 30, 2017 stood at ¥26,867 million increased by ¥2,559 million compared to the previous financial year end. The main increases were work in process by ¥1,708 million, securities by ¥900 million and cash and deposit by ¥385 million. The main decrease was trade note and accounts receivable by ¥594 million. Non current assets amounted to ¥7,371 million decreased by ¥790 million compared to the previous financial year end. A main decrease was investment in securities by ¥836 million.

As a result, total assets as of Jun. 30, 2017 stood at ¥34,239 million increased by ¥1,768 million

compared to the previous financial year end.

(Liabilities)

Current liabilities as of Jun. 30, 2017 stood at ¥13,138 million increased by ¥2,230 million compared to the previous financial year end. The main increase were advance received by ¥1,617 and notes and accounts payable-trade by ¥723 million.

Fixed liabilities as of Jun. 30, 2017 stood at ¥7,221 million decreased by ¥293 million compared to the previous financial year end. A main decrease was long-term loans payable by ¥339 million.

As a result, total liabilities as of Jun.30, 2017 stood at ¥20,359 million increased by ¥1,937 million compared to the previous financial year end.

(Net assets)

Total net assets as of Jun. 30, 2017 amounted to ¥13,879 million decreased by ¥168 million compared to the previous financial year end. As a result, equity ratio at the end of the 1st quarter came to 39.8 % (the previous financial year end was 42.5 %)

(3) Qualitative information regarding consolidated business results forecasts

We have tendency that sales and profit incline to 2nd half of financial year and this financial year also big sales is expected to be realized in 2nd half of this financial year.

Therefore consolidated twelve month business result forecasts ending at Mar.31, 2018 remains the same as consolidated business results forecast which announced on May. 15, 2017

2. Consolidated financial information

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of Mar. 31, 2017	As of Jun 30, 2017
(Assets)		
Current assets		
Cash and deposits	6,984,055	7,369,792
Trade note and accounts receivable	10,866,732	10,271,747
Securities	48,330	948,979
Merchandise and finished goods	541,522	587,170
Work in process	4,168,856	5,877,177
Raw materials and supplies	963,999	1,012,378
Deferred income taxes	324,840	369,827
Others	505,288	515,275
Allowance for doubtful accounts	-95,527	-84,988
Total current assets	24,308,097	26,867,360
Non current assets		
Tangible fixed assets		
Buildings and structures	3,618,681	3,631,330
Accumulated depreciation	-2,742,811	-2,759,059
Building and structures(net)	875,869	872,270
Machinery, equipment and vehicles	1,867,903	1,881,375
Accumulated depreciation	-1,439,912	-1,439,878
Machinery, equipment and vehicles(net)	427,990	441,497
Tools, equipment and fixtures	2,950,820	2,957,225
Accumulated depreciation	-2,482,475	-2,527,311
Tools, equipment and fixtures(net)	468,345	429,914
Land	3,080,922	3,080,922
Leased assets	145,805	123,857
Accumulated depreciation	-72,932	-56,793
Leased assets(net)	72,873	67,064
Construction in progress	520,314	566,888
Total tangible fixed assets	5,446,315	5,458,557
Intangible assets		
Good will	692,593	659,231
Soft wares	88,344	89,618
Leased assets	11,681	37,386
Telephone subscription rights	20,716	20,716
Patent license	72,000	63,000
Others	4,921	4,671
Total intangible assets	890,256	874,623
Investments and other assets		
Investment in securities	1,257,941	421,531
Long-term lending	3,884	3,445
Differed income taxes	203,992	199,807
Long-term retentions receivable	171,276	172,472
Others	387,357	438,406
Allowance for doubtful accounts	-198,593	-197,164
Total investments and other assets	1,825,859	1,038,498
Total non current assets	8,162,431	7,371,680
Total assets	32,470,528	34,239,040

(Thousands of yen)

	As of Mar. 31, 2017	As of Jun 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,516,225	6,240,193
Short-term loans payable	3,788,223	3,671,988
Lease obligations	30,510	35,964
Income taxes payable	79,324	52,757
Provision for bonuses	375,133	281,812
Provision for products warranty	132,013	111,313
Expense payable	362,790	415,813
Advances received	388,840	2,006,138
Others	234,355	322,171
Total current liabilities	10,907,416	13,138,153
Fixed liabilities		
Bonds payable	700,000	700,000
Long-term loans payable	5,369,270	5,029,823
Expense payable long term	12,983	23,883
Lease obligations	57,719	78,959
Deferred tax payable	118,538	116,801
Provision for director's retirement benefits	83,319	75,764
Obligations related to retirement benefits	1,073,708	1,098,788
Asset retirement obligation	71,412	69,353
Others	28,448	28,448
Total fixed liabilities	7,515,400	7,221,821
Total liabilities	18,422,817	20,359,975
Net assets		
Shareholders' equity		
Capital stock	2,756,680	2,756,680
Capital surplus	3,586,282	3,586,282
Retained earnings	8,296,798	8,147,357
Treasury stock	-638,014	-638,014
Total shareholders' equity	14,001,747	13,852,305
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	68,106	87,224
Foreign currency translation adjustment	-258,386	-284,360
Pension liability adjustments	-13,138	-14,314
Total accumulated other comprehensive income	-203,417	-211,450
Subscription rights to shares	46,982	51,677
Non controlling interests	202,399	186,532
Total net assets	14,047,711	13,879,064
Total liabilities and net assets	32,470,528	34,239,040

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

(Thousands of yen)

	The previous corresponding period (Apr.1, 2016 to Jun. 30, 2016)	Three months ended Jun. 30, 2015 (Apr. 1, 2017 to Jun. 30, 2017)
Net sales	7,711,532	4,698,976
Cost of sales	6,565,391	3,599,462
Gross profit	1,146,140	1,099,514
Selling, g&a expenses		
Salary & directors' compensation	381,798	424,476
Provision for bonuses	49,490	39,192
Fringe benefit expenses	17,723	18,813
Rent expenses	33,330	39,623
Outsourcing expenses	20,997	35,560
R&D expenses	100,097	142,799
Depreciations	57,050	53,952
Others	435,268	432,749
Total selling, g&a expenses	1,095,757	1,187,168
Operating income(loss)	50,383	(87,654)
Non-operating income		
Interest income	4,097	4,587
Dividends income	3,988	20,546
Rents income	2,945	2,972
Others	5,929	39,176
Total non-operating income	16,960	67,283
Non-operating expenses		
Interest expenses	16,717	12,961
Foreign exchange losses	191,552	1,618
Others	11,881	9,422
Total non-operating losses	220,150	24,002
Ordinary income(loss)	(152,806)	(44,373)
Extraordinary income		
Income on disposal of fixed assets	1,374	1,504
Total extraordinary income	1,374	1,504
Extraordinary loss		
Losses on disposal of fixed assets	1,061	106
Loss on valuation of investment securities	5,131	---
Total extraordinary loss	6,192	106
Income(Loss) before income tax	(157,624)	(42,974)
Income taxes	49,262	75,630
Income tax adjustment	-24,408	-50,255
Total income tax	24,854	25,375
Profit(Loss)	(182,478)	(68,350)
Profit attributable to non controlling interests	3,399	(8,197)
Profit attributable to owners of parent (loss)	(185,878)	(60,153)

Consolidated statements of comprehensive income

(Thousands of yen)

	The previous corresponding period (Apr.1, 2016 to Jun.30, 2016)	Three months ended Jun. 30, 2014 (Apr.1, 2017 to Jun. 30, 2017)
Income(Loss) before minority interests	(182,478)	(68,350)
Other comprehensive income		
Valuation difference on available-for sale securities	2,923	19,268
Foreign currency translation adjustment	-87,561	-25,974
Pension liability adjustments	135	-1,176
Total other comprehensive Income (Loss)	(84,502)	(7,882)
Comprehensive income (Loss)	(266,981)	(76,232)
(comprehensive income(Loss) attribute to)		
Owners of parent	(270,216)	(68,186)
Non controlling interests	3,235	(8,046)

(3)Notes on consolidated financial information.**(Notes concerning going concern assumption)**

None

(Notes Concerning Major Changes in Shareholders Equity)

None

(Changes of accounting policies)

None

(Changes in accounting estimates)

None

(Segment Information)**[Segment information]**

I . The previous corresponding period (Apr. 1, 2016 to Jun. 30, 2016)

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

(Thousands of yen)

	Reportable segment			Total	Adjustment Note 1	Posted on consolidated statement of income Note 2
	Display related business	Mechatronics related business	Cleaning related & other business			
Sales						
Sales to outside customer	4,340,991	3,037,890	332,650	7,711,532	---	7,711,532
Intersegment sales and transfers	---	---	---	---	---	---
Total	4,340,991	3,037,890	332,650	7,711,532	---	7,711,532
Segment income (loss)	82,252	103,798	55,636	241,688	(191,304)	50,383

Notes

1. Segment income (loss) adjustment of (¥191,304 thousand) is the corporate expenses 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. 2. Information on impairment losses of fixed assets and goodwill in reportable segments.

Significant impairment losses related to fixed assets: None

Significant changes in goodwill amount: None

Significant income related to negative goodwill: None

II. This financial period (Apr. 1, 2017 to Jun.30, 2017)

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

(Thousands of yen)

	Reportable segment			Total	Adjustment Note 1	Posted on consolidated statement of income Note 2
	Display related business	Mechatronics related business	Cleaning related & other business			
Sales						
Sales to outside customer	1,010,562	3,417,610	270,804	4,698,976	---	4,698,976
Intersegment sales and transfers	3,852	416	---	4,268	-4,268	---
Total	1,014,414	3,418,026	270,840	4,703,245	-4,268	4,698,976
Segment income (loss)	(228,645)	83,375	(67,169)	(212,439)	124,785	(87,654)

Notes

1. Segment income (loss) adjustment of ¥124,785 thousand is the corporate income and corporate expenses not apportioned in each reportable segment. Operating income is management fee and others ¥306,178 thousand from consolidated subsidiaries belong to each segment. And corporate expense is general and administration division's expense ¥181,393 thousand.
2. Segment income (loss) is adjusted with operating income under consolidated statements of income.

2. Information on impairment losses of fixed assets and goodwill in reportable segments.

Significant impairment losses related to fixed assets: None
Significant changes in goodwill amount: None
Significant income related to negative goodwill: None

3.Others.

(1)Material events concerning Going Concern Assumption

In the previous financial year ended Mar.31, 2017, we booked a loss in mechatronics related business and display related business and marked operating loss ¥142 million because of unprofitable order received and delay of delivery in some unit of order received. As result of this, former Y.A.C. Co., Ltd. single base booked a loss for consecutive three years. Under such a situation, material events concerning Going concern assumption exists.

We transited to holding company system on Apr.1, 2017 and operating profit is expected from now on including financial year ending Mar.31, 2018.

And supporting system by line banks including commitment line by Resona Bank are sufficient and addition to this we will utilize surplus cash in group by using effectively newly introduced group cash management system

By the above, we understand that uncertainty concerning Going concern assumption does not exist.