

Consolidated Financial Review

For the 1st Quarter Ended Jun. 30, 2013 [Japanese GAAP]



Aug. 9, 2013
Listed Market: TSE

Company name: Y.A.C. Co., Ltd.
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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.

1. Financial highlights for the 1st quarter ended Jun.30, 2013 (4/01/2013–6/30/2013)

(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	%
Three months ended Jun.30, 2013	4,009	-49.7	-219	---	-171	---	-163	---
Three months ended Jun. 30, 2012	7,975	167.0	621	---	603	---	435	---

Note: Comprehensive income

Three months ended Jun. 30, 2013 -¥152 million (--- %)

Three months ended Jun. 30, 2012 ¥407 million (--- %)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended Jun. 30, 2013	-18.30		---	
Three months ended Jun. 30, 2012	48.88		---	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Mil yen		Mil yen		%	
Jun. 30, 2013	20,722		10,806		51.4	
Mar. 31, 2013	21,379		11,047		50.9	

Note: Equity

As of Jun. 30, 2013: ¥10,660 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	---				
Fiscal year ending Mar. 31, 2014 (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, 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
6 months ending Sep. 30, 2013	7,000	-35.9	100	-72.0	70	-76.0	40	-79.5	4.48
Fiscal year ending Mar. 31, 2014	17,000	13.0	800	109.6	750	140.9	400	106.2	44.85

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 : 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 Jun. 30, 2013:	9,674,587 shares	As of Mar. 31, 2013:	9,674,587 shares
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② Number of treasury stock as of end of period

As of Jun. 30, 2013:	755,317 shares	As of Mar. 31, 2013:	755,317 shares
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③ Average number of issued shares outstanding

Three months ended Jun. 30, 2013:	8,919,270 shares	Three months ended Jun. 30, 2012:	8,919,335 shares
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*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.

We have received the quarterly financial review report based upon the Financial Instruments and Exchange Law 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 "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 three months started from Apr.1, 2013, world economy has been like follows. In the U.S.A., economy has been recovered with growing housing market and increasing personnel expenditure but in Europe, economic slump has been prolonged because of protracted government financial problems and in the Peoples Republic of China and developing countries, speed of high economic growth has been slowdown because of declining Europe economy. In Japan, business sentiment has been recovered because of over strong yen situation has been rectified and stock price has gone up by aggressive monetary policy and then economic indicators show improving signs.

Under these economic atmospheres, our group has endeavored to spread its business with concentrating management resources to Asia countries where are keeping on growing slowly instead and developing high value-ad products.

As a result, our business result of consolidated this three months, sales amounted to ¥4,009 million (49.7% decreased compared to the same period of the previous year), operating loss marked ¥219 million (the same period of the previous year marked profit ¥621 million), ordinary loss marked ¥171 million (the same period of the previous year marked profit ¥603 million), net loss marked ¥163 million (the same period of the previous year marked profit ¥435 million) Each segment result was as follows.

(Industrial electronics related segment)

Regarding the hard disk related business, nevertheless we have endeavored to promote the 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 strong and then the 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 related business, because of promoted sales of middle size of plasma etching equipments and annealing equipments for smart phone and tablet pc, business has been went well.

Regarding the heat treatment equipment related business, some of new capital investments for electronics parts manufacturing industry, automobile manufacturing industry and heating equipment for manufacturing of liquid crystal were postponed, and therefore its business was slow.

Regarding photovoltaic manufacturing equipment related business, demand for high efficiency panel manufacturing equipment has not led to big new capital investment and new capital investment has been restrained, therefore our business went slow.

As results of these atmosphere, this segment sales amounted to ¥3,736 million (51.9 % decreased compared to the same period of the previous year) and segment loss marked ¥114 million (the corresponding period of the previous year marked income ¥741 million).

(Cleaning related business)

We, nevertheless the worse business atmosphere such as declining cleaning demand and shrinking business size, have endeavored to strengthen our domestic and overseas sales forces and business went well.

As a result, this segment sales amounted to ¥272 million (34.0% increased compared to the corresponding period of the previous year) and segment income marked ¥29million (135.0% increased compared to the corresponding period of the previous year)

And from this financial period, we have changed currency conversion method for income and expenses of foreign consolidated subsidiaries and we use changed new method for converting previous period's income and expenses of foreign consolidated subsidiaries when we compare this period figure with the previous period figure.

(2) Qualitative information regarding changes in consolidated financial position

(Assets)

Current assets as of Jun 30, 2013 stood at ¥16,282 million decreased by ¥596 million compared to the previous financial year end. The decrease was mainly due to decrease of cash and deposits by ¥2,578 million, decrease of work in process by ¥1,054 million and increase of trade note and accounts receivable by ¥2,917 million. Non current assets amounted to ¥4,440 million decreased by ¥59 million compared to the previous financial year end. As a result, total assets as of Jun. 30, 2013 stood at ¥20,722 million decreased by ¥656 million compared to the previous financial year end.

(Liabilities)

Current liabilities as of Jun. 30, 2013 stood at ¥6,586 million decreased by ¥189 million compared to the previous financial year end. The decrease was mainly due to decrease of notes and account payable-trade by ¥128 million, decrease of short-term loans payable by ¥98 million, decrease of provision for bonuses by ¥54 million, current portion of bonds payable by ¥53 million, increase of expense payable by 88 million and increase of advances received by ¥75 million.

Non current liabilities amounted to ¥3,329 million decreased by ¥224 million compared to the previous financial year end. The main factor was decrease of long-term loans payable by ¥220 million.

As a result, total liabilities as of Jun.30, 2013 stood at ¥9,916 million decreased by ¥414 million compared to the previous financial year end.

(Net assets)

Total net assets as of Jun. 30, 2013 amounted to ¥10,806 million decreased by ¥241 million compared to the previous financial year end. The main factor was decrease of retained earnings by ¥252 million.

As a result, equity ratio at the end of the 1st quarter came to 51.4 % (the previous financial year end was 50.9 %).

(3) Qualitative information regarding consolidated business results forecasts

Consolidated twelve month business result forecasts ending at Mar.31, 2014 is the same as consolidated business results forecast which announced on May. 14, 2013.

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 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 ¥20,191 thousand, operating income is increased by ¥21,181 thousand, ordinary income and income before income tax are increased by ¥2,474 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 (Jun. 30, 2013)
(Assets)		
Current assets		
Cash and deposits	8,041,953	5,463,191
Trade note and accounts receivable	3,740,033	6,657,293
Securities	854,354	902,335
Merchandise and finished goods	140,322	189,130
Work in process	3,503,544	2,449,256
Raw materials and supplies	299,348	300,529
Deferred income taxes	203,027	227,383
Others	98,501	95,059
Allowance for doubtful accounts	-2,167	-1,501
Total current assets	16,878,917	16,282,678
Non current assets		
Tangible fixed assets		
Building and structures	2,262,950	2,262,302
Accumulated depreciation	-1,687,877	-1,701,526
Building and structures(net)	575,072	560,776
Machinery, equipment and vehicles	224,700	209,103
Accumulated depreciation	-198,563	-192,253
Machinery, equipment and vehicles(net)	26,136	16,849
Tools, equipment and fixtures	1,579,778	1,580,423
Accumulated depreciation	-1,246,482	-1,285,435
Tools, equipment and fixtures(net)	333,296	294,987
Land	2,374,622	2,374,622
Leased assets	69,051	67,290
Accumulated depreciation	-43,641	-46,045
Leased assets(net)	25,410	21,245
Construction in progress account	538,671	554,352
Total tangible fixed assets	3,873,209	3,822,834
Intangible assets		
Goodwill	53,190	46,411
Soft wares	48,240	44,840
Leased assets	18,379	17,326
Telephone subscription rights	13,562	13,562
Total intangible assets	133,372	122,140
Investments and other assets		
Investment in securities	152,649	152,128
Long-term lending	230	230
Differed income taxes	203,920	199,716
Long-term retention receivables	68,395	81,763
Others	146,900	153,229
Allowance for doubtful accounts	-78,395	-91,741
Total investments and other assets	493,701	495,327
Total non current assets	4,500,282	4,440,302
Total assets	21,379,200	20,722,981

(Thousands of yen)

	The previous financial year end. (Mar. 31, 2013)	This financial period (Jun. 30, 2013)
Liabilities		
Current liabilities		
Notes and account payable-trade	4,769,362	4,640,704
Short-term loans payable	1,168,483	1,070,422
Current portion of bonds payable	106,510	53,450
Leas obligations	17,051	13,015
Income taxes payable	18,135	13,063
Provision for bonuses	138,108	83,869
Provision for product warranties	29,454	20,497
Expense payable	285,208	373,532
Advances received	87,971	163,196
Others	156,547	155,222
Total current liabilities	6,776,834	6,586,972
Fixed liabilities		
Bonds payable	1,000,000	1,000,000
Long-term loans payable	1,741,768	1,520,855
Lease obligations	29,046	27,480
Deferred tax payable	66,964	67,753
Provision for retirement benefits	676,092	671,273
Provision for directors' retirement benefits	40,595	42,335
Total fixed liabilities	3,554,467	3,329,697
Total liabilities	10,331,301	9,916,670
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	5,073,627
Treasury stock	-646,176	-646,176
Total shareholders' equity	11,018,866	10,766,407
Accumulated other comprehensive income		
Valuation difference on available-for-sale security	16,155	19,626
Foreign currency translation adjustment	-144,983	-125,516
Total accumulated other comprehensive income	-128,828	-105,890
Minority interests	157,860	145,793
Total net assets	11,047,898	10,806,311
Total liabilities and net assets	21,379,200	20,722,981

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

(Thousands of yen)

	The previous corresponding period (Apr.1, 2012 to Jun. 30, 2012)	Three months ended Jun. 30, 2013 (Apr. 1, 2013 to Jun. 30, 2013)
Net sales	7,975,250	4,009,625
Cost of sales	6,837,837	3,658,084
Gross profit	1,137,413	351,541
Selling, g&a expenses		
Salary & directors' compensation	207,051	234,505
Provision for bonuses	26,025	27,971
Fringe benefit expenses	8,690	15,242
Rent expenses	19,721	19,064
Outsourcing expenses	14,276	11,477
R&D expenses	59,711	44,993
Depreciations	22,964	37,707
Others	157,539	180,226
Total selling, g&a expenses	515,980	571,189
Operating income (loss)	621,433	-219,648
Non-operating income		
Interest income	931	926
Dividends income	979	1,068
Foreign exchange gains	---	49,363
Rents income	2,571	2,954
Insurance premium income	3,093	---
Others	3,582	4,129
Total non-operating income	11,159	58,442
Non-operating expenses		
Interest expenses	10,495	8,976
Foreign exchange losses	14,983	---
Factoring fee	55	25
Equity in losses of affiliates	512	153
Others	3,351	1,035
Total non-operating losses	29,398	10,190
Ordinary income (loss)	603,193	-171,396
Extraordinary income		
Income on disposal of fixed assets	---	142
Total extraordinary income	---	142
Extraordinary loss		
Losses on disposal of fixed assets	4,528	680
Total extraordinary loss	4,528	680
Income (loss) before income tax	598,665	-171,934
Income taxes	156,743	23,761
Income tax adjustment	2,668	-20,191
Total income tax	159,412	3,569
Income (loss) before minority interests	439,253	-175,504
Minority interests in income (loss)	3,298	-12,238
Net income (loss)	435,955	-163,266

Consolidated statements of comprehensive income

(Thousands of yen)

	The previous corresponding period (Apr.1, 2012 to Jun.30, 2012)	Three months ended Jun. 30, 2013 (Apr.1, 2013 to Jun. 30, 2013)
Income (loss) before minority interests	439,253	-175,504
Other comprehensive income		
Valuation difference on available-for sale securities	-4,673	3,641
Foreign currency translation adjustment	-27,161	19,467
Total other comprehensive income	-31,835	23,109
Comprehensive income	407,418	-152,395
(comprehensive income attribute to)		
Owners of the parent	404,276	-140,327
Minority interests	3,141	-12,067

(3) Notes Concerning Going Concern Assumption.

None

(4) Notes Concerning Major Changes in Shareholders Equity

None

(5) Segment Information

I. The previous corresponding period (Apr. 1, 2012 to Jun. 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	7,771,572	203,677	7,975,250	---	7,975,250
Intersegment sales and transfers	---	---	---	---	---
Total	7,771,572	203,677	7,975,250	---	7,975,250
Segment income (loss)	741,639	12,428	754,068	(132,635)	621,433

Notes

1. Segment income (loss) adjustment of (¥132,635 thousands) 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 Jun.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	3,736,731	272,893	4,009,625	---	4,009,625
Intersegment sales and transfers	---	---	---	---	---
Total	3,736,731	272,893	4,009,625	---	4,009,625
Segment income (loss)	(114,537)	29,212	(85,325)	(134,322)	(219,648)

Notes

1. Segment income (loss) adjustment of (¥134,322 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 affiliate companies)

Incomes and expenses of foreign affiliate companies 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 affiliates to the consolidated financial report much clearly 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 information on the previous corresponding financial period, we use the new conversion method.