



FY2006
Financial Report

May 18, 2007
Y.A.C. Co., Ltd



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Key Message

- Aim for the record net income for five consecutive years
- Challenge to be a High Profit Company
- New business strategies



1. Company Outline



1-1 YAC Outlook

(as of Mar 31, 2007)

Company Name	Y. A. C. Co., Ltd.
Ticker Symbol	6298 (2nd-sec. /TSE, Japan)
Establishment	May, 1973
C.E.O.	Takefumi Momose
Facilities	Head Quarters: Akishima-Tokyo Sales Offices: Osaka, Fukuoka, Oita, Akishima-Tokyo Factories: Akishima-Tokyo, Yamanashi, Kumamoto, Shiga
Affiliated Companies	YAC Niigata Seiki Co., Ltd. (Niigata, Japan) HYAC Corporation (CA, USA) YAC Systems Singapore Pte Ltd (Singapore)
Paid-in Capital	¥2,756M
Business Areas	R&D, Designing, Manufacturing & Sales of Industrial Electronics Related Equipments & Industrial Cleaning Related Equipment
Financial Year	From April 1 to March 31



1-2. Major Products

Hard Disk Equipment Area

- Burnisher
- Wiping System
- Clean Conveyer

LCD Equipment Area

- Plasma Dry Etching System
- Plasam Dry Ashing System

Semiconductor Equipment Area

- Test Handler for Logic IC's

Cleaning Equipment Area

- Automatic Bagging Machine
- Shirts Pressing Machine



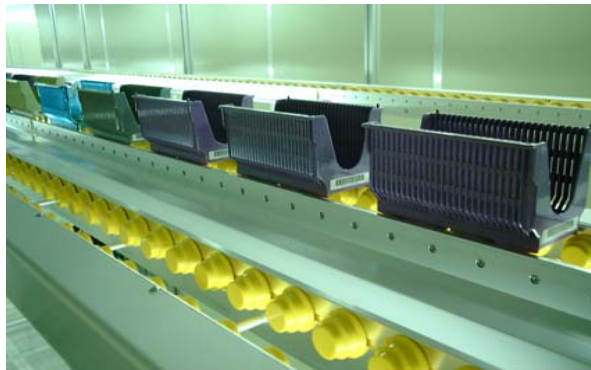
Major Products

< Hard Disk Equipment Area >

Burnisher	The disk surface precise polishing equipment to eliminate the nano-size projections on the disk surface after the process of magnetic film generating
Wiping System	The equipment to remove particles on the disk surface and to equalize the lubricant agent after the process of magnetic film generating
Clean Conveyor (for Hard Disk Factories)	The roller type clean conveyer system - Easier line designing by module concept - Higher transport efficiency than AGV or OHT by free loading and unloading as-needed
Clean Conveyor (for Semiconductor Factories)	Same as above but; - Larger width and higher load bearing & transporting speed are required for 300mm wafer cassette transporting.



Burnisher



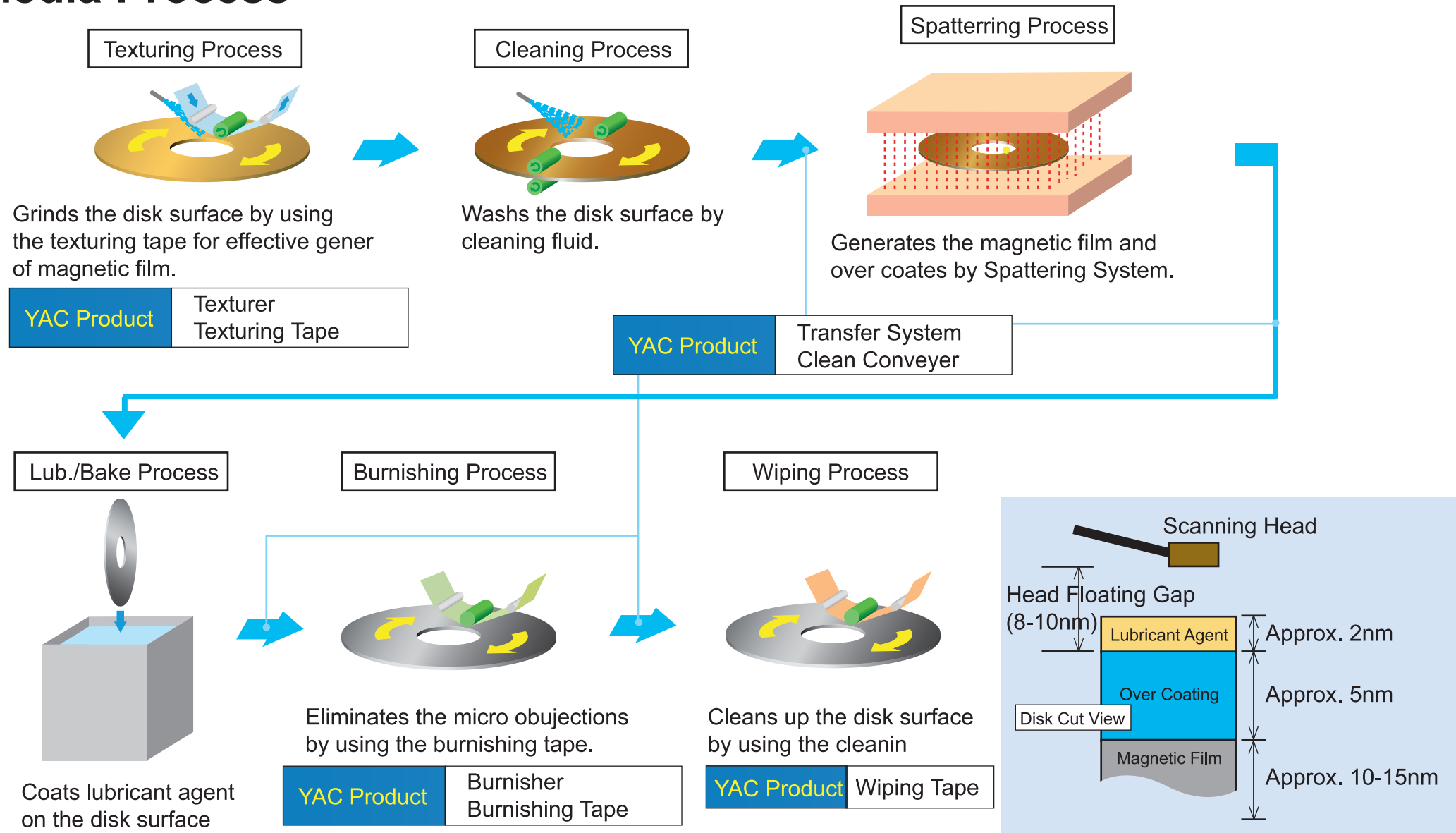
**Clean Conveyor
(for Hard Disk Factories)**



**Clean Conveyor
(for Semiconductor Factories)**

Harddisk Manufacturing Process

Media Process



< LCD Equipment Area >

Plasma Dry Etching System

The equipment to generate the micro transistors which control the directions of liquid crystals in each cell.
After eliminating of the area except hardened area by exposure, this equipment eliminates the exposed thin film by using plasma.



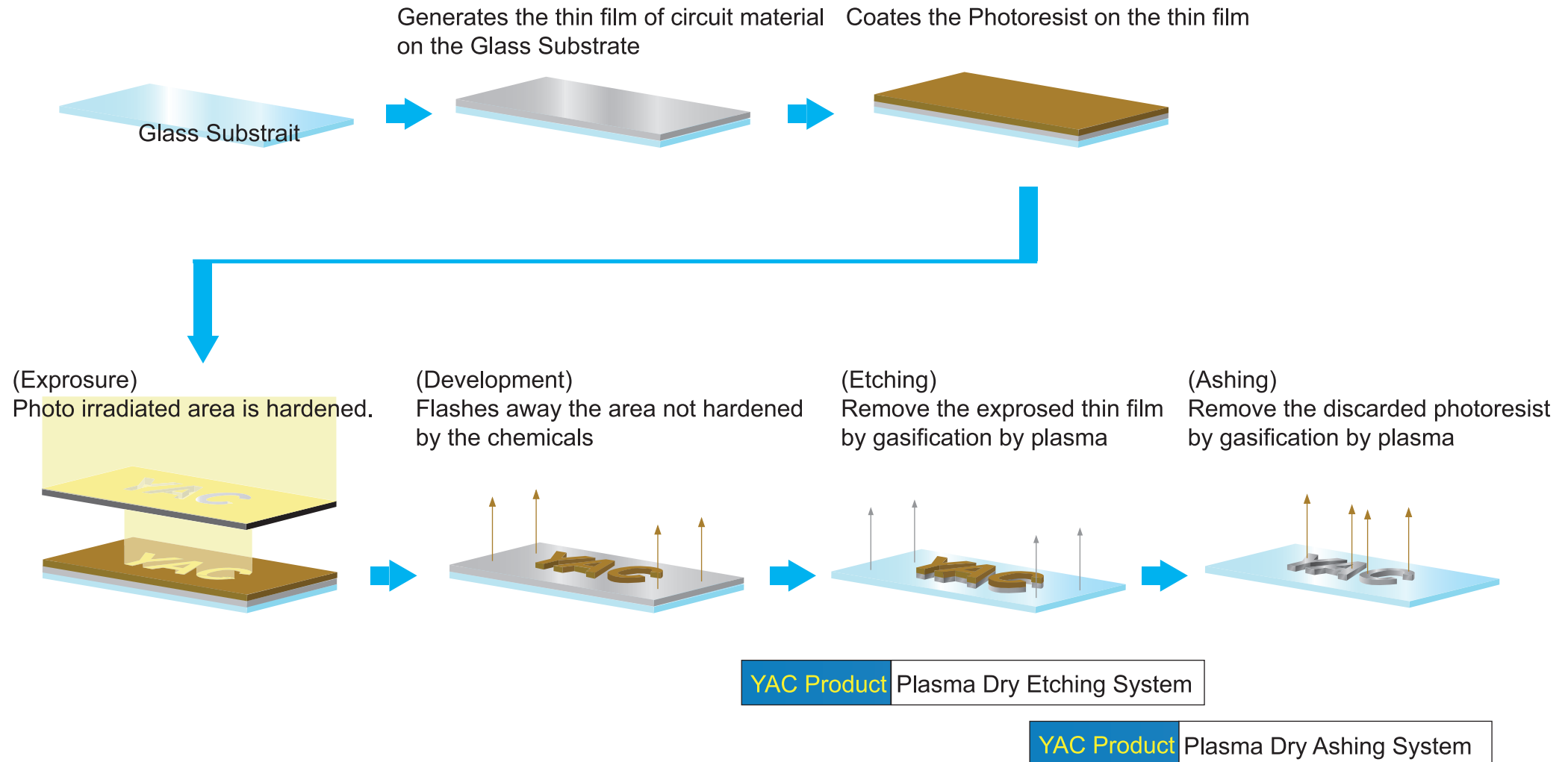
**G7 Plasma Dry Etching System
(3-chamber type)**

Applicable Glass Substrate Sizes

G2
G4
G4.5
G5
G5.5
G6
G7
G7.5
G8

LCD Panel Manufacturing Process

Array Process



* The circuit on the glass substrait is completed after repeating of the above processes.



Major Products

< Semiconductor Equipment Area >

IC Test Handler (For Logic ICs)

The equipment to make automatic sorting based on the test result signal from the tester in the IC testing process.
It also makes high or low temperature testing environment (-55 deg.C to 155 deg.C) as the occasion demands.



IC Test Handler
(4-IC parallel testing, Ambient Type)

< Cleaning Equipment Area >

Shirt Pressing Machine (For Body)	The machine to press the body area of the shirt on the the dummy body by shutting in between 2 heat plates. (Options) Dual-Body Type, Single Body Type Auto Carry System (The system to make automatic transferring to the hanger after finishing)
Pressing Machine (For Tuck & Sleeve)	The machine to press tuck & sleeve areas (Options) Dual type, Single Type
Pressing Machine (For Collar & Cuffs)	The machine to press Collar & Cuffs areas (Options) Dual type, Single Type
Bagging Machine	The machine to bag the finished items using plastic film cover. (Options) Hanger Type, Folder Type



**Shirt Pressing Machine
(For Body : Dual Type)**



**Bagging Machine
(Hanger Type)**



2. Summary of FY2006 & forecast for FY2007



2-1 Highlight of FY2006 Result (Consolidated)

(Million ¥)

Items	FY2004	FY2005	FY2006	Change from last FY	Year on year rate (%)
Net Sales	18,711	18,050	22,423	4,373	24.2%
Operating Income	1,545	2,495	3,676	1,181	47.3%
Net Income b/Tax	1,508	2,401	3,583	1,182	49.2%
Net Income	1,197	1,504	2,103	599	39.8%
Earning/Share (Yen)	139.4	167.8	219.1	51.3	30.6%
Operating Income Ratio	8.3%	13.8%	16.4%	-	-

■ **Net Sales:** Increased in all business areas, especially Hard-disk related area.

■ **Operating Income:** Drastically improved by the system for “High-Profit Company”

(One and only technology, Commitment letter system, Low-cost operation, Elevation of motivation)



2-2 Sales by Business Unit (Consolidated)

(Million ¥)

Business Units	FY2004	FY2005	FY2006	Change from last FY	Year-on-year rate (%)
Memory Disk	4,749	6,811	9,899	3,088	45.3%
LCD	10,919	8,525	9,400	875	10.3%
Semiconductor	1,365	1,192	1,403	211	17.7%
Cleaning & others	1,678	1,522	1,721	199	13.1%
Total	18,711	18,050	22,423	4,373	24.2%



2-3 Amounts of Received Orders by Business Units

(Consolidated)

(Million ¥)

Business Segments	FY2004	FY2005	FY2006	Change from last FY	Year-on-year rate (%)
Memory Disk	4,689	6,650	9,612	2,962	44.5%
LCD	9,565	10,151	10,872	721	7.1%
Semiconductor	1,610	1,146	1,368	222	19.4%
Cleaning & others	-	-	-	-	-
Total	15,865	17,946	21,852	3,905	21.7%

Note) The amount is not indicated for the Cleaning Related segment because that business is carried based on the planed production based on the sales plan.



2-4 Backlog Orders by Business Units (Consolidated)

Business Units	FY2005	FY2006	Change from last FY	Yesr-on-year rate (%)
Memory Disk	3,112	2,826	▲286	▲9.1%
LCD	8,406	9,879	1,473	17.5%
Semiconductor	193	158	▲35	▲18.1%
Cleaning & others	-	-	-	-
Total	11,712	12,862	1,152	9.8%

Note) The amount is not indicated for the Cleaning Related segment because that business is carried based on the planed production based on the sales plan.



2-5 Summary of Profit & Loss (Consolidated)

(Million ¥)

Items	FY2004	FY2005	FY2006	Change from last FY	year-on-year Rate (%)
Net Sales	18,711	18,050	22,423	4,373	24.2%
Cost of Sales	15,524	13,778	16,711	2,933	21.3%
Gross Profit	3,187	4,271	5,712	1,441	33.7%
Sales & Administrative Expenses	1,642	1,776	2,036	260	14.7%
Operating Income	1,545	2,495	3,676	1,181	47.3%
Non Operating Income	112	42	73	31	74.5%
Non Operating Expenses	149	136	166	30	22.1%
Ordinary Income	1,508	2,401	3,583	1,182	49.2%
Extraordinary Gain	-	6	8	2	44.5%
Extraordinary Loss	129	94	117	23	25.1%
Income before Tax	1,378	2,313	3,474	1,161	50.2%
Income Tax	180	808	1,371	563	69.7%
Net Income	1,197	1,504	2,103	599	39.8%



2-6 Summary of Balance Sheet (Consolidated)

(Million ¥)

Items	Mar/2005	Mar/2006	Mar/2007	Change from last FY	year-on-year rate (%)
Current Assets	12,639	16,121	20,637	4,516	28.0%
Cash and cash equivalents	2,860	4,726	5,359	633	13.4%
Account receivables	6,650	7,121	7,470	349	4.9%
Inventories	2,850	3,914	7,203	3,289	84.0%
Others	278	358	603	245	68.3%
Fixed assets	3,103	2,744	2,969	225	8.2%
Tangible fixed assets	2,738	2,493	2660	167	6.7%
Intangible fixed assets	17	13	109	96	686.8%
Investments and others	347	236	199	▲37	▲15.6%
Total Asset s	15,743	18,865	23,607	4742	25.1%
Current liabilities	9,050	8,468	12,465	3,997	47.2%
Account payables	6,745	5,855	9,199	3,344	57.1%
Short-term liabilities	1,569	1,041	1,363	322	31.0%
Others	736	1,571	1,903	332	21.1%
Fixed liabilities	2,080	4,189	1,098	▲3,091	▲73.8%
Long-term liabilities	1,709	3,807	609	▲3,198	▲84.0%
Others	371	381	487	106	27.8%
Total liabilities	11,131	12,657	13,563	906	7.2%
Capital shares	4,612	6,207	10,044	3,837	61.8%
Total Liabilities & Capital	15,743	18,865	23,607	4,742	25.1%



2-7 Summary of Cash Flow Statement (Consolidated)

(Million ¥)

Items	FY2004	FY2005	FY2006	Change from last FY
Cash Flow from operating activities	2,541	15	2,095	2,080
Cash Flow from Investing activities	391	417	▲91	▲508
Cash Flow from financing activities	-2,020	1,652	▲1,400	▲3,052
Effects of exchange rate change on Cash and cash equivalents	5	59	6	▲53
Increase(decrease)of cash and cash equivalents	918	2,145	608	▲1,537
Year-End balance of cash and equivalents	2,581	4,726	5,335	609



2-8 Plan for whole FY2007 (Consolidated)

(Million ¥)

Items	FY2004	FY2005	FY2006	Forecast			
				FY2007		Change from last FY	year-on- year rate(%)
				1 st -half	FY		
Net Sales	18,711	18,050	22,423	11,500	25,000	2,577	11.5%
Operating Income	1,545	2,495	3,676	1,500	3,750	74	2.0%
Ordinary Income	1,508	2,401	3,583	1,450	3,650	67	1.8%
Net Income	1,197	1,504	2,103	850	2,200	97	4.6%
Earning/Share (Yen)	139.4	167.8	219.1	88.1	227.9	8.8	4.0%



2-9 Sales Forecast by Business Unit (Consolidated)

(Million ¥)

Items	FY2004	FY2005	FY2006	Forecast			
				FY2007		Change from last FY	year-on- year rate(%)
				1 st -half	FY		
Memory Disk	4,749	6,811	9,899	4,500	10,500	601	6.1%
LCD	10,919	8,525	9,400	5,500	10,600	1,200	12.8%
Semiconductor	1,365	1,192	1,403	600	1,500	97	6.9%
Cleaning & others	1,678	1,522	1,721	900	2,400	679	39.5%
Total	18,711	18,050	22,423	11,500	25,000	2,577	11.5%



3. Basic Strategy & 9th Mid-Term Plan

(FY2006 – FY2008)



3-1 Basic Strategy of 9th. Mid-Term Plan

Characteristics of IT Related Businesses

1. **High growing**
2. **Tough Competition**
3. **Highly Frequent Change (Innovation)**
4. **Market Deviation**

 **Ensuring of Stable Profit in this market environment**



YAC's Basic Business Strategy

1. Challenge to be a High Profit Company	<ul style="list-style-type: none">●Strengthening of One and Only Technologies●Thoroughness of Commitment System●Thoroughness of Low-cost management●Upsurge of motivation
2. One and Only Technologies	<ul style="list-style-type: none">●Preoccupy of Market needs by rigid relationship with customers●Thoroughness of the product differentiation (Patent)●Fast reactions●Secure the position as market leader & price leader and improvement of YAC Brand
3. Fab-less Management (Industrial Electronics Area)	<ul style="list-style-type: none">●Management system mainly consist of sales, R&D, designing and after-sales services.●Minimizing of company management risks



3-2 Outline of Mid-term Plan

(FY2006 – FY2008)

Challenge to be a High Profit Company

(1) Business Objectives

- Shift from defensive to offensive management
(Operating profit : over 4 billion yen)
- Challenge to be a high profit company
(Operating profit : over 15%)
- Improvement of corporate value
(Aggregate market value : over 50 billion yen)
- Higher corporate status
(Listing on 1st sec. of TSE)

(2) Business Strategy

- R&D based solution provider Company
- In depth marketing
- Fab-less Management
- M&A, Alliance
- Global Management
- Management to motivate employee

(3) System to be a High Profit Company

One and Only Technology

- Product Development and Patents
- Differentiation & Closer customer relationship
- Price Leader

Commitment Letter System

- Commitment of Gross Profit by each sales person and production group
- Deming Cycle (PDCA)

Uplifting of morale

- Clear indication of business direction
- Thorough discussion
- Incentives

Low-cost Company Management

- Small & picked members
- Quick adapting to the market change
- Pursuit of business efficiency



3-3 Business Environment

< Harddisk Market >

- ✓ Growing needs of larger capacity HD from Increase of movie applications
(perpendicular magnetic recording media -> Discreet media)
- ✓ Increase of HD applications such as for Mobile Music Player, Mobile Phone, Car Navigation System, Video Recorder, Video Camera, Digital Still Camera and other home appliances.(Expansion of the use.)
- ✓ The conflict with Flash Memories is limited and segregated

< LCD Market >

- ✓ Full-scale diffusion of Large & Flat Screen TV (Mainstream is LCD)
- ✓ Shifting to Larger size TV screen, 40-50".
- ✓ Active TV replacement demand and continuous & aggressive capital investment in preparation to the full conversion to the digital terrestrial broadcasting in 2011 in Japan.
- ✓ Next generation glass substrate size target to over 50" flat TV.
- ✓ Growing back of OEL display panels.



3-3 Business Environment

< Semiconductor Market >

- ✓ “Silicon Cycle” is in upward phase and estimated to keep the trend until 2008.
- ✓ Continuous high demand of mobile broad band communication ICs from development and spread of Information Technologies.

< Cleaning Market >

- ✓ Stabled Market. Sign of increase of cleaning consumption from pickup in personal consumption
- ✓ Polarization in capital investigation patterns in big shops and small shops.



3-4 Challenges by Business Area (1)

Business Area	Current Status	Challenges	Actions to be taken
Harddisk	<ul style="list-style-type: none"> Worldwide 80% market share in Burnisher area Market Leader 	<ul style="list-style-type: none"> Aim to gain further market share of Burnisher 	<ul style="list-style-type: none"> Aim worldwide market share 100% (High-throughput, Small Footprint)
		<ul style="list-style-type: none"> Aim to gain further market share of Wiping System 	<ul style="list-style-type: none"> Aim worldwide market share 100%
		<ul style="list-style-type: none"> Expand of sales of conveyers for hard disk, semiconductor % LCD market 	<ul style="list-style-type: none"> Cost reduction including the production outside Japan
		<ul style="list-style-type: none"> Increase of the sales of consuming items 	<ul style="list-style-type: none"> Aim sales increase of consuming items for Wiping System
LCD	<ul style="list-style-type: none"> Worldwide 25% market share in Plasma Dry Etching System area (One competitor only) Started 10th generation system 	<ul style="list-style-type: none"> Increase of market share 	<ul style="list-style-type: none"> Differentiation from competitive product
		<ul style="list-style-type: none"> Improvement of profit rate 	<ul style="list-style-type: none"> Thoroughness of low cost designing and strict production control Strengthen collaboration with subcontractors

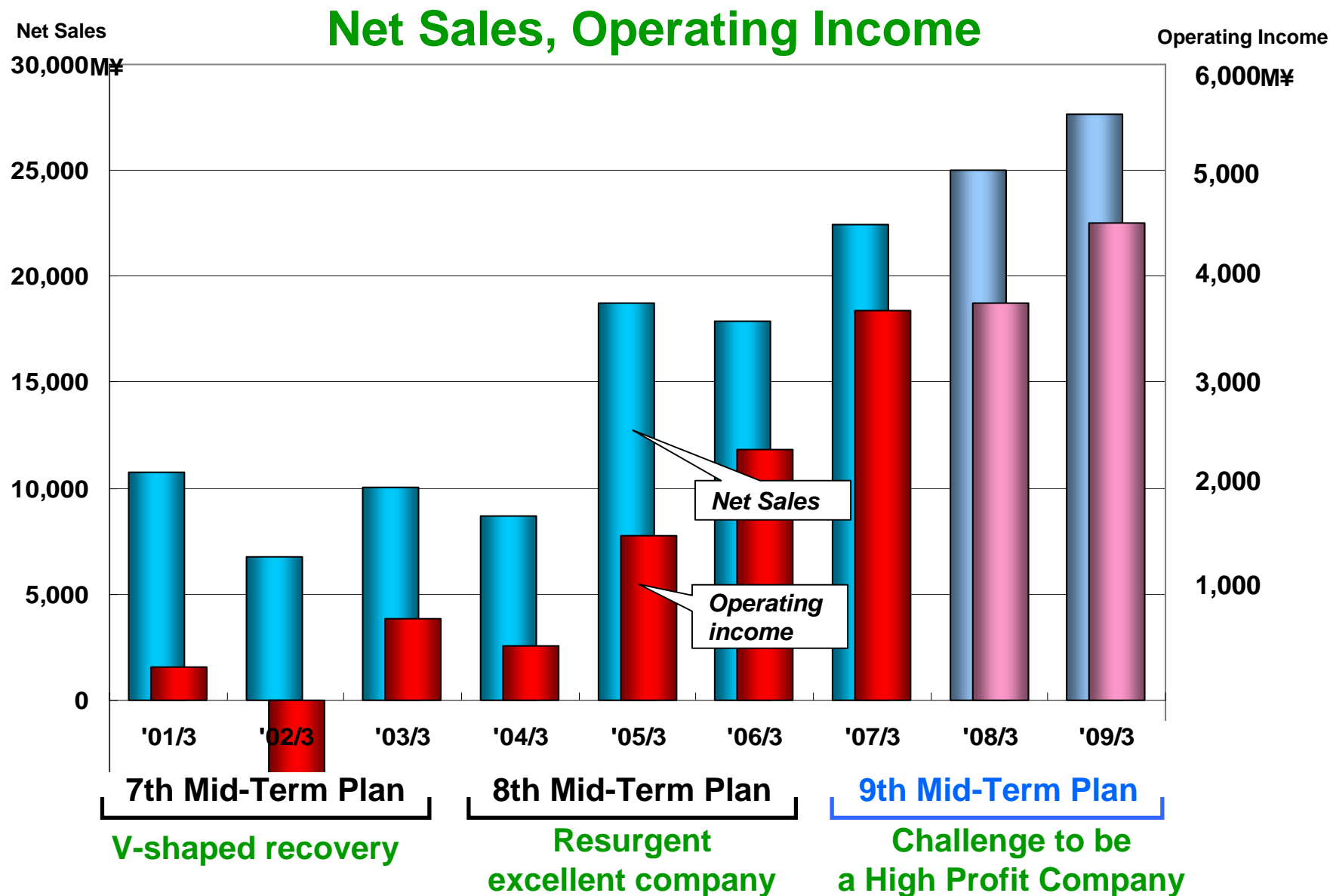


3-4 Challenges by Business Area (2)

Business Area	Current Status	Challenges	Actions to be taken
Semicon-ductor	<ul style="list-style-type: none">■ Market Share : 5%■ Rigid relationship with the major customer	<ul style="list-style-type: none">■ Acquisition of additional major customers■ Improvement of the gross profit ratio	<ul style="list-style-type: none">■ Development of new major customers■ Brash up of major products■ Releasing of new products<ul style="list-style-type: none">- 16-IC Parallel Testing Model- Low price Simplified Model
Cleaning	<ul style="list-style-type: none">■ Established YAC Brand■ Established the manufacturing base■ Domestic Market Share<ul style="list-style-type: none">- Bagging Machine: 90%- Pressing Machine: 50%	<ul style="list-style-type: none">■ Increase of market share■ Improvement of the gross profit ratio■ Increase of exporting	<ul style="list-style-type: none">■ Package Dealing■ Cost reduction by self-manufacturing■ Business expansion to US & China markets



3-5 Change of Business Performance & 9th Mid-Term Plan (Consolidated)





The prospects described in this document is based on the information we have as of the time this document is published, and the actual result may differ from such prospects due to various unexpected factors.

Y. A. C. Co., Ltd.