

# Consolidated Financial Review

## For the 3<sup>rd</sup> Quarter, Ended December 31, 2018 [Japanese GAAP]



Feb. 13, 2019

Listed Market: TSE 1<sup>st</sup> section

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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 3<sup>rd</sup> quarter ended Dec.31, 2018 (4/01/2018-12/31/2018) (Percentage is the rate of increase or decrease from the previous corresponding period)

#### (1) Consolidated operating results

	Net sales		Operating Income		Ordinary Income		Net Income	
	Mil yen	%	Mil yen	%	Mil yen	%	Mil yen	%
Nine month ended Dec.31, 2018	26,675	43.8	858	96.4	943	91.4	485	148.2
Nine month ended Dec. 31 2017	18,550	-15.0	437	-17.0	492	-18.6	195	-50.8

Note: Comprehensive income

Nine months ended Dec. 31, 2018 ¥377 million (40.2%)  
 Nine months ended Dec. 31, 2017 ¥268 million (7.6%)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended Dec. 31, 2018	54.02		53.60	
Nine months ended Dec. 31, 2017	21.87		21.70	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mil yen	Mil yen	%
Dec.31, 2018	42,625	14,649	33.7
Mar.31, 2018	38,265	14,419	37.0

Note: Equity

As of Dec. 31, 2018: ¥14,348 million  
 As of Mar. 31, 2018: ¥14,143 million

### 2. Cash Dividends

	Cash dividend per share				
	The 1st quarter	The 2nd quarter	The 3 <sup>rd</sup> quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2018	---	10.00	---	10.00	20.00
Fiscal year ending Mar. 31, 2019	---	10.00	---		
Fiscal year ending Mar. 31, 2019(forecast)				10.00	20.00

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

### 3. Corporate estimates for the year ending March 31, 2019 (4/01/2018-3/31/2019)

(Percentage is the rate of increase or decrease from the previous financial year)

	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, 2019	36,000	24.7	1,800	68.4	1,600	67.5	800	98.1	88.84

Note: Revision of corporate estimate in year: 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 Dec. 31, 2018 9,758,947 shares As of Mar. 31, 2018 9,706,877 shares

② Number of treasury stock as of end of period

As of Dec. 31, 2018 945,905 shares As of Mar. 31, 2018 745,843 shares

③ Average number of issued shares outstanding

Nine months ended Dec. 31 2018 8,986,968 shares Nine months ended Dec. 31, 2017: 8,944,754 shares

\*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.

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## 1. Qualitative Information, Financial Statements

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

During the nine months started from Apr.1, 2018, world economy moved generally moderate recovery base. But a fear for slowdown of world economy growth rate started to spread because of actualization of the concern items such as trade friction between P.R.C. and the U.S.A., political confusion in the U.S.A., slowdown of Chinese economy and the future of Brexit negotiation. In Japan, in spite of disasters outbreak by heavy rain or big typhoon, economy moved moderate recovery base backed by aggressive new capital investment related to Tokyo Olympic Game or sudden increase of foreign visitors and successively favorable employment condition.

Under these economic atmospheres, our group has endeavored to develop and commercialize new products which seize the customers' needs, which are changing every moment.

As a result, this nine months ended Dec. 31, 2018 of our consolidated business resulted as follows. Net sales amounted to ¥26,675 million (increased by 43.8% compared to the same period of the previous financial year), operating income marked ¥858 million (increased by 96.4% compared to the same period of the previous financial year), ordinary income marked ¥943 million (increased by 91.4% compared to the same period of the previous financial year) and profit attributable to owners of parent marked ¥485 million (increased by 148.2% compared to the same period of the previous financial year)

Each segment result was as follows.

(Display related business segment)

Sales of annealing equipment and etching equipment went well and sales amount recorded a big increase. But regarding profit and loss, price competition intensified and some equipment production cost increased, and profit depressed.

As a result, net sales of display related business amounted to ¥13,251 million (increased by 88.6% compared to the same period of the previous financial year) and segment loss marked ¥6 million (the same period of the previous financial year, segment loss marked ¥102 million)

(Mechatronics related business segment)

Sales of hard disc drive manufacturing related equipment and ion milling related equipment went well and business went well.

As a result, net sales of mechatronics related business amounted to ¥12,112 million (increased by 14.0% compared to the same period of the previous financial year) and segment income marked ¥669 million (increased by 56.8% compared to the same period of the previous financial year)

(Cleaning related and other business segment)

Sales for Chinese market went well and business moved stably.

As a result, net sales of cleaning related and other business amounted to ¥1,311 million (increased by 45.8% compared to the same period of the previous financial year) and segment income marked ¥26 million (the same period of the previous financial year segment income marked -¥60 million.)

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

(Assets)

Current assets as of Dec. 31, 2018 stood at ¥33,774 million increased by ¥4,489 million compared to the previous financial year end. The major increased items were trade note and accounts receivable by ¥2,849 million, work in process by ¥2,833 million. The major decreased items were cash and deposits by ¥1,281 million and securities by ¥646 million.

Non current assets amounted to ¥8,850 million decreased by ¥129 million compared to the previous financial year end. The major increased items were building and structures by ¥880 million and land by ¥482 million. The major decreased items were construction in progress account by 966 million and investment securities by ¥237 million.

As a result, total assets as of Dec. 31, 2018 stood at ¥42,625 million increased by ¥4,359 million compared to the previous financial year end.

(Liabilities)

Current liabilities as of Dec. 31, 2018 stood at ¥20,194 million increased by ¥ 4,570 million compared to the previous financial year end. The increase was mainly due to an increase of notes and accounts payable –trade by ¥2,758 million, an increase of short-term loans payable by ¥1,722 million and an increase of advance received by ¥618 million. The decrease was mainly due to a decrease of income tax payable by ¥326 million and a decrease of provision for bonus by ¥238 million.

Noncurrent liabilities amounted to ¥7,780 million decreased by ¥442 million compared to the previous financial year end. The main decreased item was long term loans payable by ¥470 million.

As a result, total liabilities as of Dec. 31, 2018 stood at ¥27,975 million increased by ¥4,128 million compared to the previous financial year end.

(Net assets)

Total net assets as of Dec. 31, 2018 amounted to ¥14,649 million increased by ¥230 million compared to the previous financial year end.

As a result, equity ratio at the end of 3<sup>rd</sup> quarter came to 33.7% and net assets per share came to ¥1,591.92.

**(3) Qualitative information regarding consolidated business results forecasts**

Consolidated twelve month business result forecasts ending at Mar.31, 2019 is the same as consolidated business results forecast which announced on May. 14, 2018.

## 2. Consolidated financial information

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of Mar.31,2018	This financial period. As of Dec.31,2018
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and deposits	8,219	6,937
Trade note and accounts receivable	11,695	14,545
Securities	905	258
Merchandise and finished goods	669	637
Work in process	5,819	8,652
Raw materials and supplies	991	1,160
Others	1,110	1,702
Allowance for doubtful accounts	-125	-121
<b>Total current assets</b>	<b>29,285</b>	<b>33,774</b>
<b>Non current assets</b>		
<b>Tangible fixed assets</b>		
Building and structures	3,769	4,622
Accumulated depreciation	-2,818	-2,790
Building and structures(net)	950	1,831
Machinery, equipment and vehicles	2,020	1,998
Accumulated depreciation	-1,487	-1,481
Machinery, equipment and vehicles(net)	532	516
Tools, equipment and fixtures	3,208	3,216
Accumulated depreciation	-2,563	-2,691
Tools, equipment and fixtures(net)	644	524
Land	3,080	3,563
Leased assets	123	200
Accumulated depreciation	-70	-77
Leased assets(net)	52	122
Construction in progress account	1,400	434
<b>Total tangible fixed assets</b>	<b>6,661</b>	<b>6,993</b>
<b>Intangible assets</b>		
Goodwill	559	459
Soft wares	94	78
Leased assets	27	33
Telephone subscription rights	20	18
Others	4	4
<b>Total intangible assets</b>	<b>706</b>	<b>593</b>
<b>Investments and other assets</b>		
Investment securities	443	205
Long-term lending	2	1
Differed income taxes	781	885
Long-term retention receivables	287	197
Others	411	203
Allowance for doubtful accounts	-314	-230
<b>Total investments and other assets</b>	<b>1,612</b>	<b>1,263</b>
<b>Total noncurrent assets</b>	<b>8,980</b>	<b>8,850</b>
<b>Total assets</b>	<b>38,265</b>	<b>42,625</b>

(Millions of yen)

	AS of Mar.31, 2018	This financial period AS of Dec.31, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and account payable-trade	7,990	10,748
Short-term loans payable	4,767	6,490
Lease obligations	30	40
Income taxes payable	476	149
Provision for bonuses	468	230
Provision for product warranties	113	184
Expense payable	401	563
Advances received	846	1,465
Others	530	322
Total current liabilities	15,623	20,194
<b>Fixed liabilities</b>		
Bonds payable	700	700
Long-term loans payable	6,016	5,545
Expense payable long term	12	90
Lease obligations	58	126
Deferred tax payable	120	93
Provision for directors' retirement benefits	86	---
Obligations related to retirement benefits	1,102	1,118
Asset retirement obligations	94	74
Others	30	30
Total fixed liabilities	8,222	7,780
Total liabilities	23,846	27,975
<b>Net Assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,778	2,801
Capital surplus	3,608	3,630
Retained earnings	8,521	8,827
Treasury stock	-638	-638
Total shareholders' equity	14,270	14,621
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale security	98	-1
Foreign currency translation adjustment	-204	-256
Pension liabilities adjustment	-22	-16
Total accumulated other comprehensive income	-127	-273
Subscription rights to shares	51	51
Non controlling interest	224	250
Total net assets	14,419	14,649
Total liabilities and net assets	38,265	42,625

**(2) Consolidated Statements of Income and Comprehensive Income**  
**Consolidated Statements of Income**

(Millions of yen)

	The previous corresponding period. (Apr.1, 2017 to Dec.31,2017)	Nine months ended Dec.31,2018 (Apr. 1, 2018 to Dec.31, 2018)
Net sales	18,550	26,675
Cost of sales	14,440	22,148
Gross profit	4,109	4,527
Selling, g & a expenses		
Salary & directors' compensation	1,284	1,290
Provision for bonuses	62	52
Fringe benefit expenses	51	53
Rent expenses	124	134
Outsourcing expenses	95	104
R&D expenses	406	429
Depreciations	164	166
Others	1,481	1,438
Total selling, g&a expenses	3,672	3,668
Operating income (loss)	437	858
Non-operating income		
Interest income	14	13
Dividends income	24	40
Foreign exchange gains	---	58
Rents income	7	10
Reversal of allowance for doubtful assets.	61	---
Insurance proceed	---	19
Others	34	28
Total non-operating income	141	170
Non-operating expenses		
Interest expenses	43	53
Factoring fee	0	---
Foreign exchange losses	6	---
Foreign withholding tax	20	---
Office relocation cost	---	12
Others	13	19
Total non-operating losses	85	85
Ordinary income (loss)	492	943
Extraordinary income		
Income on disposal of fixed assets	2	0
Income on disposal of Investment securities	---	78
Others	0	---
Total extraordinary income	2	79
Extraordinary loss		
Losses on disposal of fixed assets	5	3
Business restructuring expenses	41	---
Liquidation loss of affiliates.	7	---
Total extraordinary loss	54	3
Income (loss) before income tax	441	1,018
Income taxes	293	594
Income tax adjustment	-20	-99
Total income tax	273	494
Profit (loss) for the period	168	523
Profit (loss) attributable to non-controlling interest.	-27	38
Profit attributable to owners of parent	195	485



**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	<b>The previous corresponding period. (Apr.1, 2017 to Dec. 31, 2017)</b>	<b>Nine month ended Dec. 31, 2018. (Apr.1, 2018 to Dec.31, 2018)</b>
Profit(loss)for the period	168	523
Other comprehensive income		
Valuation difference on available-for sale securities	66	-100
Foreign currency translation adjustments	37	-52
Pension liability adjustments	-3	6
Total other comprehensive income (loss)	100	(146)
Comprehensive income	268	377
Comprehensive income attributable to:		
Owners of parent	296	339
Non-controlling interest (loss)	(27)	37

**(3) Notes on quarterly financial report.**

**(Notes concerning Going Concern Assumption.)**

None.

**(Notes concerning major changes in shareholders equity.)**

None.

**(Adoption of special accounting methods for preparation of quarterly financial statements.)**

None.

**(Changes of accounting policies.)**

None

**(Changes in accounting estimates.)**

None.

**(Additional information.)**

(Adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) has been adopted from the beginning of the first quarter of this fiscal year. As a result, deferred income tax assets are classified as "Investments and other assets"

**(Segment Information)**

I . The previous corresponding period (Apr.1, 2017 to Dec.31, 2017)

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

(Millions 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			
<b>Sales</b>						
Sales to outside costumer	7,025	10,625	899	18,550	---	18,550
Intersegment sales and transfers	16	0	2	18	-18	---
<b>Total</b>	<b>7,041</b>	<b>10,625</b>	<b>901</b>	<b>18,569</b>	<b>-18</b>	<b>18,550</b>
<b>Segment income (loss)</b>	<b>(102)</b>	<b>427</b>	<b>(60)</b>	<b>263</b>	<b>173</b>	<b>437</b>

## Notes

1. Segment income (loss) adjustment of ¥173 million is the corporate expenses and income not apportioned in each reportable segment. Corporate income, mainly comprises management fee and others from consolidated subsidiaries belong to each segment, is ¥853 million. Corporate expenses, mainly comprise the headquarters' general and administrative expenses, is ¥680 million.

2. Segment income (loss) is adjusted with operating income under consolidated statements of income.

2. Information on assets in reportable segments

None

3. 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, 2018 to Dec.31, 2018)

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

(Millions 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			
<b>Sales</b>						
Sales to outside customer	13,251	12,112	1,311	26,675	---	26,675
Intersegment sales and transfers	2	17	52	73	-73	---
<b>Total</b>	<b>13,254</b>	<b>12,130</b>	<b>1,363</b>	<b>26,748</b>	<b>-73</b>	<b>26,675</b>
<b>Segment income (loss)</b>	<b>(6)</b>	<b>669</b>	<b>26</b>	<b>690</b>	<b>168</b>	<b>858</b>

Notes

1. Segment income (loss) adjustment of ¥168 million is the corporate income and corporate expenses not apportioned in each reportable segment. Corporate income, mainly comprise management fee from consolidated subsidiaries which belong to each reportable segment, is ¥635 million. And corporate expenses, mainly comprise the headquarters' general and administrative expenses, is ¥467 million.
2. Segment income (loss) is adjusted with operating income under consolidated statements of income.

2. Information on assets in reportable segments

None.

3. 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.