

Consolidated Financial Review

For the 1st Quarter Ended Jun. 30, 2016 [Japanese GAAP]



Aug. 10, 2016

Listed Market: TSE 1st 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.

1. Financial highlights for the 1st quarter ended Jun.30, 2016 (4/01/2016—6/30/2016)

(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		Profit attributable to owners of parent	
	Mil yen	%	Mil yen	%	Mil yen	%	Mil yen	%
Three months ended Jun.30, 2016	7,711	64.2	50	-76.8	-152	---	-185	---
Three months ended Jun. 30, 2015	4,695	147.1	217	---	220	---	106	---

Note: Comprehensive income
 Three months ended Jun. 30, 2016 ¥266 million (--- %)
 Three months ended Jun. 30, 2015 ¥164million (--- %)

	Earning per share		Diluted earning per share	
	Yen	Yen	Yen	Yen
Three months ended Jun. 30, 2016	-20.82	---	---	---
Three months ended Jun. 30, 2015	11.95	11.88	---	---

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mil yen	Mil yen	%
Jun. 30, 2016	35,981	13,131	35.8
Mar. 31, 2016	34,760	13,498	38.1

Note: Equity
 As of Jun. 30, 2016 ¥12,880 million
 As of Mar. 31, 2016 ¥13,240million

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, 2016	---	10.00	---	10.00	20.00
Fiscal year ending Mar. 31, 2017	---				
Fiscal year ending Mar. 31,2017 (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, 2017 (4/01/2016-3/31/2017)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earning per share
	Mill. Yen	%	Mill Yen	%	Mill. Yen	%	Mill Yen	%	Yen
6 months ending Sep. 30, 2016	13,000	17.1	400	-13.3	350	-24.4	230	-2.8	25.76
Fiscal year ending Mar. 31, 2017	30,000	17.4	1,500	85.7	1,350	147.0	890	---	99.68

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.: Yes
- ② Changes of accounting policies other than ① : None
- 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, 2016	9,674,587 shares	As of Mar. 31, 2016:	9,674,587 shares
② Number of treasury stock as of end of period			
As of Jun. 30, 2016:	745,801 shares	As of Mar. 31, 2016	745,801 shares
③ Average number of issued shares outstanding			
Three months ended Jun. 30, 2016	8,928,786 shares	Three months ended Jun. 30, 2015:	8,919,190 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 and remain incomplete 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 three months started from Apr.1, 2016, world economy had remained in recovery supported by the U.S.A. which economy slowly expanded by recovery of employment condition and supported by Europe which economy expanded slowly backed by quantitative easing financial policy. But suddenly fear of slowdown of world economy has spread originated from unexpected success of the group which insist leaving from EU in the United Kingdom European Union membership referendum.

In Japan, backed by negative interest policy and postponement of consumer tax increase enforcement by central bank and government economic policy, economy had been slowly recovered but suddenly yen has advanced and stock price has gone down affected by results of UK referendum and future of economy has become uncertain.

Under these economic atmospheres, our group has endeavored to develop and commercialize new products which grasp customers' every moment changing need

As a result, our business result of consolidated this three months financial period, net sales amounted to ¥7,711 million (64.2% increased compared to the same period of the previous year), operating income marked ¥50 million (76.8% decreased compared to the same period of the previous year), ordinary income marked- ¥152 million (the same period of the previous year marked profit ¥220 million), profit attributable to owners of parent marked -¥185 million (the same period of the previous year marked ¥106 million).

Each segment result was as follows.

(Display related business)

Sales of equipment for panel manufacturing, which are used for manufacturing of flat panel for smart phone and tablet PC, has gone well and sales amount increased sharply but profit decreased in annealing equipment..

As a result, net sales of display related business amounted to ¥4,340 million (38.0% increased compared to the same period of the previous year) and segment income marked ¥82million (79.1% decreased compared to the same period of the previous year).

(Mechatronics related business)

YAC Garter Co.Ltd. contributed this financial term, which consolidated in the 2nd half of the previous financial year, sales of laser micro drilling equipment has been realized and business went well

As a result, net sales of mechatronics related business amounted to ¥3,037 (136.9 % increased compared to the same period of the previous year) and segment income marked ¥103 million (the corresponding period of the previous year marked -¥1million)

(Cleaning related and other business)

We could surely get customers' demand and business has gone well.

As a result, this segment sales amounted to ¥332 million (24.1% increased compared to the corresponding period of the previous year) and segment income marked ¥55 million (the corresponding period of previous year marked -¥26 million)

(2) Qualitative information regarding changes in consolidated financial position

(Assets)

Current assets as of Jun 30, 2016 stood at ¥28,224 million increased by ¥1,442 million compared to the previous financial year end. The main increases were cash and deposit by ¥1,496 million and trade notes and account receivables by ¥1,367 million. The main decrease was work in process by ¥831 million.

Non current assets amounted to ¥7,757 million decreased by ¥221 million compared to the previous financial year end. A main decrease was investment in securities by ¥91 million.

As a result, total assets as of Jun. 30, 2016 stood at ¥35,981 million increased by ¥1,221 million compared to the previous financial year end.

(Liabilities)

Current liabilities as of Jun. 30, 2016 stood at ¥16,206 million increased by ¥1,838 million compared to the previous financial year end. The main increase was short term loans payable by ¥2,109 million. Fixed liabilities as of Jun. 30, 2016 stood at ¥6,643 million decreased by ¥250 million compared to the previous financial year end. The main factor is a decrease of long-term loans payable by ¥266 million.

As a result, total liabilities as of Jun.30, 2016 stood at ¥22,850 million increased by ¥1,587 million compared to the previous financial year end.

(Net assets)

Total net assets as of Jun. 30, 2016 amounted to ¥13,131 million decreased by ¥366 million compared to the previous financial year end. As a result, equity ratio at the end of the 1st quarter came to 35.8 % (the previous financial year end was 38.1 %)

(3) Qualitative information regarding consolidated business results forecasts

Consolidated twelve month business result forecasts ending at Mar.31, 2017 is the same as consolidated business results forecast which announced on May. 16, 2016

2. Summary Information (Notes)

(1) Changes in significant consolidated subsidiaries.

None

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

(Adoption of “Practical Solution on a change in depreciation method due to Tax Reform 2016”)

We applied “Practical Solution on a change in depreciation method due to Tax Reform 2016” (PITF No.32 on June 17,) from the first quarter of this financial year ending Mar. 31, 2017. As a result of this we have switched the method of depreciation for building and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

As a result of this change, influence to consolidated financial statement of this financial period is little.

3. Material events concerning Going concern assumption

Our consolidated operating cash flow was negative because of trade notes and account receivables at the end of Mar.31, 2016 was increased with increasing sales.

As a result, three consecutive years operating cash flow were negative. Addition to this, single base operating income ordinary income and profit marked significant loss and 2 consecutive years operating income marked loss.

Under such a situation, material events concerning Going concern assumption existed at the end of previous financial year. Ordinary income and profit attributable to owners of parent of the first quarters of this financial period marked loss as well, therefore material events concerning Going concern assumption exist successively

However trade notes and account receivables at the end of Mar.31, 2016 is expected to receive roughly within half a year and order backlog (outstanding balance of the previous financial year end was ¥15,073 million) expected to be realized in sales surely. In April 2016, we started new project so called “Building profitable corporate body project” and we actively cope to strengthen profitability with enough operating income. Addition to these, financial support by correspondent financial institutions including main bank are strong and we are considering to utilize free cash of each group company effectively.

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

4. Consolidated financial information

(1) Consolidated Balance Sheets

(Thousands of yen)

	The previous financial year end (Mar. 31, 2016)	This financial period (Jun. 30, 2016)
(Assets)		
Current assets		
Cash and deposits	5,397,972	6,894,188
Trade note and accounts receivable	12,342,531	13,709,769
Securities	84,431	39,908
Merchandise and finished goods	278,827	461,683
Work in process	6,621,669	5,790,577
Raw materials and supplies	921,680	856,471
Deferred income taxes	314,518	337,150
Others	935,652	249,408
Allowance for doubtful accounts	-115,906	-115,071
Total current assets	26,781,377	28,224,087
Non current assets		
Tangible fixed assets		
Buildings and structures	3,298,197	3,298,884
Accumulated depreciation	-2,501,499	-2,515,825
Building and structures(net)	796,697	783,058
Machinery, equipment and vehicles	2,054,866	1,956,774
Accumulated depreciation	-1,560,015	-1,500,344
Machinery, equipment and vehicles(net)	494,850	456,430
Tools, equipment and fixtures	3,144,482	3,129,921
Accumulated depreciation	-2,671,446	-2,693,722
Tools, equipment and fixtures(net)	473,035	436,199
Land	3,034,422	3,034,422
Leased assets	131,643	108,054
Accumulated depreciation	-82,081	-58,369
Leased assets(net)	49,562	49,685
Construction in progress	494,452	500,840
Total tangible fixed assets	5,343,021	5,260,635
Intangible assets		
Good will	831,166	795,241
Soft wares	62,397	58,725
Leased assets	19,590	17,613
Telephone subscription rights	19,603	19,603
Patent license	108,000	99,000
Others	9,147	8,571
Total intangible assets	1,049,905	998,755
Investments and other assets		
Investment in securities	1,111,116	1,019,299
Long-term lending	153,446	152,702
Differed income taxes	221,900	224,732
Long-term retentions receivable	78,873	124,908
Others	283,164	283,723
Allowance for doubtful accounts	-262,205	-307,002
Total investments and other assets	1,586,295	1,498,363
Total non current assets	7,979,223	7,757,755

Total assets	34,760,600	35,981,842
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(Thousands of yen)

	The previous financial year end. (Mar. 31, 2016)	This financial period (Jun. 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,069,728	7,023,442
Short-term loans payable	5,246,947	7,356,494
Current portion of bonds payable	300,000	300,000
Lease obligations	24,092	24,806
Income taxes payable	425,343	46,658
Provision for bonuses	261,696	200,054
Provision for products warranty	215,322	204,018
Expense payable	400,597	457,662
Advances received	118,813	199,536
Others	306,113	394,027
Total current liabilities	14,368,655	16,206,700
Fixed liabilities		
Bonds payable	700,000	700,000
Long-term loans payable	4,856,093	4,589,636
Expense payable long term	61,853	61,726
Lease obligations	47,761	45,329
Deferred tax payable	71,431	72,746
Provision for director's retirement benefits	63,853	65,984
Obligations related to retirement benefits	1,015,493	1,032,653
Asset retirement obligations	48,718	46,974
Others	28,442	28,442
Total fixed liabilities	6,893,648	6,643,493
Total liabilities	21,262,303	22,850,194
Net assets		
Shareholders' equity		
Capital stock	2,756,680	2,756,680
Capital surplus	3,582,276	3,582,276
Retained earnings	7,685,048	7,409,882
Treasury stock	-638,014	-638,014
Total shareholders' equity	13,385,991	13,110,825
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,356	30,444
Foreign currency translation adjustment	-163,669	-251,230
Pension liability adjustments	-9,408	-9,272
Total accumulated other comprehensive income	-145,720	-230,058
Subscription rights to shares	31,042	34,203
Non controlling interests	226,983	216,678
Total net assets	13,498,296	13,131,648
Total liabilities and net assets	34,760,600	35,981,842

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

(Thousands of yen)

	The previous corresponding period (Apr.1, 2015 to Jun. 30, 2015)	Three months ended Jun. 30, 2016 (Apr. 1, 2016 to Jun. 30, 2016)
Net sales	4,695,963	7,711,532
Cost of sales	3,562,150	6,565,391
Gross profit	1,133,812	1,146,140
Selling, g&a expenses		
Salary & directors' compensation	362,781	381,798
Provision for bonuses	32,780	49,490
Fringe benefit expenses	19,054	17,723
Rent expenses	31,061	33,330
Outsourcing expenses	25,303	20,997
R&D expenses	59,874	100,097
Depreciations	56,563	57,050
Others	329,385	435,268
Total selling, g&a expenses	916,805	1,095,757
Operating income(loss)	217,007	50,383
Non-operating income		
Interest income	1,509	4,097
Dividends income	1,208	3,988
Foreign exchange gains	21,326	---
Rents income	3,040	2,945
Others	1,462	5,929
Total non-operating income	28,548	16,960
Non-operating expenses		
Interest expenses	8,818	16,717
Foreign exchange losses	---	191,552
Equity in loss of affiliates	13,706	---
Others	2,229	11,881
Total non-operating losses	24,754	220,150
Ordinary income(loss)	220,801	(152,806)
Extraordinary income		
Income on disposal of fixed assets	---	1,374
Total extraordinary income	---	1,374
Extraordinary loss		
Losses on disposal of fixed assets	1	1,061
Loss on valuation of investment securities	---	5,131
Total extraordinary loss	1	6,192
Income (Loss) before income tax	220,800	(157,624)
Income taxes	227,878	49,262
Income tax adjustment	-143,358	-24,408
Total income tax	84,519	24,854
Profit (Loss)	136,280	(182,478)
Profit attributable to non controlling interests	29,667	3,399
Profit attributable to owners of parent (loss)	106,612	(185,878)

Consolidated statements of comprehensive income

(Thousands of yen)

	The previous corresponding period (Apr.1, 2015 to Jun.30, 2015)	Three months ended Jun. 30, 2016 (Apr.1, 2016 to Jun. 30, 2016)
Income(Loss) before minority interests	136,280	(182,478)
Other comprehensive income		
Valuation difference on available-for sale securities	8,546	2,923
Foreign currency translation adjustment	20,055	-87,561
Pension liability adjustments	50	135
Total other comprehensive income	28,653	(84,502)
Comprehensive income(loss)	164,933	(266,981)
(comprehensive income(loss) attribute to)		
Owners of parent	134,804	(270,216)
Non controlling interests	30,129	3,235

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

None

(Notes Concerning Major Changes in Shareholders Equity)

None

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

I . The previous corresponding period (Apr. 1, 2015 to Jun. 30, 2015)

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	Mechatroni cs related business	Cleaning related & other business			
Sales						
Sales to outside costumer	3,145,516	1,282,400	268,046	4,695,963	---	4,695,963
Intersegment sales and transfers	---	---	---	---	---	---
Total	3,145,516	1,282,400	268,046	4,695,963	---	4,695,963
Segment income (loss)	393,190	(1,444)	(26,577)	365,167	(148,160)	217,007

Notes

1. Segment income (loss) adjustment of (¥148,160 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. 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, 2016 to Jun.30, 2016)

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 costumer	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. 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