

Consolidated Financial Review



For the 2nd Quarter Ended Sep. 30, 2015 [Japanese GAAP]

Nov.13, 2015
Listed Market: TSE

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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 2nd quarter ended Sep.30, 2015 (4/01/2015—9/30/2015) (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	%
Six months ended Sep.30, 2015	11,102	68.9	461	---	462	---	236	---
Six months ended Sep. 30, 2014	6,573	-21.1	-279	---	-194	---	-169	---

Note: Comprehensive income

Six months ended Sep. 30, 2015 ¥248 million (--- %)

Six months ended Sep. 30, 2014 - ¥138 million (--- %)

	Net income per share	Diluted net income per share
Six months ended Sep. 30, 2015	Yen 26.52	Yen 26.37
Six months ended Sep. 30, 2014	-18.98	---

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mil yen	Mil yen	%
As of Sep. 30, 2015	33,181	13,931	41.2
AS of Mar. 31, 2015	24,707	13,767	54.9

Note: Equity

As of Sep. 30, 2015: ¥13,680 million

As of Mar. 31, 2015: ¥13,566 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 2015	---	10.00	---	10.00	20.00
Fiscal year ending Mar. 31 2016	---	10.00			
Fiscal year ending Mar. 31, 2016 (forecast)			---	10.00	20.00

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

3. Corporate estimates for the year ending Mar. 31, 2016(4/01/2015-3/31/2016)

(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
Fiscal year ending Mar. 31, 2016	26,500	59.4	1,400	77.8	1,450	50.0	870	36.0	97.54

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 Sep. 30, 2015:	9,674,587 shares	As of Mar. 31, 2015:	9,674,587 shares
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② Number of treasury stock as of end of period

As of Sep. 30, 2015:	745,697 shares	As of Mar. 31, 2015:	755,397 shares
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③ Average number of issued shares outstanding

Six months ended Sep. 30, 2015:	8,924,069 shares	Six months ended Sep. 30, 2014:	8,919,190 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. It is under the review procedure process 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 "(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 six months started from Apr.1, 2015, world economy has been as follows. In the U.S.A., economy has kept recovering gradually supported by recovery of employment and an increasing individual consumption and rate hike time was groped.

In Europe economy was stable backed by weak euro currency on the other hand in P.R.C., economy was unpredictable under the spread of a sense of caution for economic slowdown. In Japan, economy has kept recovering in spite of sign of decline of weak yen and stock hike base influenced by economic slowdown in P.R.C..

Under these economic atmospheres, our group has endeavored to develop and commercialize new products to grasp client's needs.

As a result, our business result of consolidated this six months, net sales amounted to ¥11,102 million (68.9% increased compared to the previous corresponding period), operating income marked ¥461 million (the previous corresponding period, operating profit marked loss ¥279 million), ordinary income marked ¥462 million (the previous corresponding period, ordinary income marked loss ¥194 million), net income attributable to owners of parent marked ¥236 million (the previous corresponding period, net income attributable to owners of parent marked loss ¥169 million).

Each segment result was as follows.

As of the first quarter of this financial year, we have changed reportable segment classification and segment information of the previous corresponding period is made by changed new classification.

(Display related business segment)

Sales of heater for LCD panel manufacturing which is used for manufacturing of panel for smart phone and tablet devices was increased tremendously and business went well.

As a result, net sales of display related business segment amounted to ¥7,189 million (73.3% increased compared to the previous corresponding period) and segment income marked ¥444 million (136.1% increased compared to the previous corresponding period).

(Mechatronics related business segment)

We could get big new order of new type burnisher applicable to high recording density and test handler, addition to that supported by stable demand for new capital investment of electric power business and business went well.

As a result, net sales of mechatronics related business segment amounted to ¥3,234 million (74.0% increased compared to the previous corresponding period) and segment income marked ¥258 million (the previous corresponding period, net segment income marked loss ¥184 million)

(Cleaning related and other business segment)

Nevertheless under such severe atmosphere as continuous decrease in domestic demand, we could stably gather client's demand and business went well.

As a result, net sales of cleaning related and other business segment amounted to ¥679 million (19.8 % increased compared to the previous corresponding period) and net segment income marked ¥30 million (the previous corresponding period, net segment income marked loss ¥1 million)

(2) Qualitative information regarding changes in consolidated financial position

(Assets)

Current assets as of Sep. 30, 2015 stood at ¥24,841 million increased by ¥5,336 million compared to the previous financial year end. The main factors were an increase of trade note and account receivable by ¥3,456 million, an increase of work in process by ¥2,955 million, an increase of raw materials and supplies by ¥278 million, an increase of merchandise and finished goods by ¥235 million, a decrease of cash and deposit by ¥ 1,027 million and a decrease of securities by ¥967 million. Noncurrent assets amounted to ¥8,339 million increased by ¥3,136 million compared to the previous financial year end. The main increases were investment in securities by ¥999 million,

goodwill by ¥816 million, machinery, equipment and vehicles (net) by ¥493 million, land by ¥466 million and building and structures (net) by ¥110 million. As a result, total assets as of Sep. 30, 2015 stood at ¥33,181 million increased by ¥8,473 million compared to the previous financial year end.

(Liabilities)

Current liabilities as of Sep. 30, 2015 stood at ¥15,349 million increased by ¥8,372 million compared to the previous financial year end. The main factors were an increase of notes and accounts payable-trade by ¥4,485 million, an increase of short-term loans payable by ¥3,380 million. Noncurrent liabilities stood at ¥3,899 million decreased by ¥62 million compared to the previous financial year end. This is mainly due to an increase of provision for retirement benefits by ¥175 million and a decrease of long-term loans payable by ¥280 million.

As a result, total liabilities as of Sep.30, 2015 stood at ¥19,249 million increased by ¥8,309 million compared to the previous financial year end.

(Net assets)

Total net assets as of Sep. 30, 2015 amounted to ¥13,931 million increased by ¥163 million compared to the previous financial year end. This is mainly due to an increase of retained earnings by ¥144 million.

As a result, equity ratio at the end of the 2nd quarter came to 41.2 % (the previous financial year end was 54.9 %).

(3) Qualitative information regarding consolidated business results forecasts

Consolidated twelve month business result forecasts ending at Mar.31, 2016 is the same as consolidated business results forecast which announced on Aug. 17, 2015.

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 accounting standards for Revised Accounting Standard for Business Combinations”)

The Company adopted the “Revised Accounting Standard for Business Combinations” (Accounting Standard Board of Japan (ASBJ) Statement No. 21 of September 13, 2013, hereinafter referred to as the “Business Combinations Accounting Standard”), the “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 of September 13, 2013, hereinafter referred to as the “Consolidated Financial Statements Accounting Standard”) and the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 of September 13, 2013, hereinafter referred to as the “Business Divestitures Accounting Standard”) as of the first quarter of this fiscal year.

In consequence, the differences arising from the changes in the equity portion for the subsidiaries the Company continues to control are recognized in capital surplus, and costs associated with the acquisition are treated as expenses in the fiscal year in which they incurred. Additionally, for business combinations that are implemented after the beginning of the first quarter of this fiscal year, the revision of acquisition costs allocation due to determination of provisional accounting treatment is reflected in the quarterly consolidated financial statements for the quarter in which the business combination occurred.

Furthermore, the Company changed the method of presenting quarterly net income and moved “Minority interests” to “Non-controlling interests.”

In order to reflect these changes in representation, the Company reclassified its quarterly consolidated financial statements for the first quarter of the previous fiscal year and consolidated financial statements for the previous fiscal year.

The Company applied these standards in accordance with the transitional treatment prescribed in Section 58-2 (4) of the Business Combinations Accounting Standard, Section 44-5 (4) of the Consolidated Financial Statements Accounting Standard, and Section 57-4 (4) of the Business Divestitures Accounting Standard, and continue to apply these standards from the beginning of the first quarter of this fiscal year into the future.

The effect of these changes in accounting policies had no effect on the quarterly consolidated financial statements for the first quarter of this fiscal year.

3. Consolidated financial information

(1) Consolidated Balance Sheets

(Thousands of yen)

	The previous financial year end (Mar. 31, 2015)	This financial period (Sep. 30, 2015)
(Assets)		
Current assets		
Cash and deposits	7,211,589	6,184,504
Trade notes and accounts receivable	7,077,799	10,534,196
Securities	1,035,126	67,290
Merchandise and finished goods	147,213	382,890
Work in process	2,788,163	5,743,827
Raw materials and supplies	636,700	915,418
Deferred income taxes	241,050	386,180
Others	378,805	647,875
Allowance for doubtful accounts	-11,560	-20,414
Total current assets	19,504,887	24,841,768
Non current assets		
Tangible fixed assets		
Building and structures	2,705,236	3,295,843
Accumulated depreciation	-1,988,841	-2,468,752
Building and structures(net)	716,395	827,091
Machinery, equipment and vehicles	354,276	2,164,759
Accumulated depreciation	-269,233	-1,586,422
Machinery, equipment and vehicles(net)	85,042	578,336
Tools, equipment and fixtures	2,381,058	3,039,610
Accumulated depreciation	-2,059,828	-2,678,370
Tools, equipment and fixtures(net)	321,229	361,239
Land	2,568,122	3,034,422
Leased assets	39,064	137,642
Accumulated depreciation	-17,237	-80,974
Leased assets(net)	21,827	56,668
Construction in progress account	542,788	614,669
Total tangible fixed assets	4,255,405	5,472,428
Intangible assets		
Goodwill	90,753	907,463
Soft wares	38,912	60,023
Leased assets	28,433	23,969
Telephone subscription rights	18,638	19,603
Patent license	155,000	131,000
Others	31,407	11,757
Total intangible assets	363,145	1,153,816
Investments and other assets		
Investment in securities	203,071	1,202,355
Long-term lending receivables	92,713	78,735
Differed income taxes	176,458	185,226
Long-term retention receivables	68,168	76,032
Others	140,511	275,303
Allowance for doubtful accounts	-96,768	-104,582
Total investments and other assets	584,156	1,713,071
Total non current assets	5,202,707	8,339,316
Total assets	24,707,595	33,181,085

(Thousands of yen)

	The previous financial year end. (Mar. 31, 2015)	This financial period (Sep. 30, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,588,992	8,074,815
Short-term loans payable	1,576,688	4,957,324
Current portion of bonds payable	700,000	700,000
Lease obligations	16,480	26,466
Income taxes payable	265,050	332,529
Provision for bonuses	217,935	290,948
Provision for product warranties	89,241	183,447
Expense payable	248,468	372,285
Advances received	779	48,768
Others	273,968	363,215
Total current liabilities	6,977,604	15,349,801
Fixed liabilities		
Bonds payable	300,000	300,000
Long-term loans payable	2,430,465	2,149,701
Expense payable longterm	218,228	165,265
Lease obligations	36,351	57,379
Deferred tax payable	71,747	91,739
Provision for directors' retirement benefits	55,570	59,592
Provision for retirement benefits	821,345	996,609
Asset retirement obligation	---	50,886
Others	28,436	28,437
Total fixed liabilities	3,962,144	3,899,611
Total liabilities	10,939,748	19,249,413
Net assets		
Shareholders' equity		
Capital stock	2,756,680	2,756,680
Capital surplus	3,582,276	3,582,276
Retained earnings	7,838,790	7,982,956
Treasury stock	-646,220	-637,922
Total shareholders' equity	13,531,527	13,683,990
Accumulated other comprehensive income		
Valuation difference on available-for-sale security	59,057	44,278
Foreign currency translation adjustment	-30,564	-55,100
Pension liability adjustment	6,875	6,976
Total accumulated other comprehensive income	35,367	-3,845
Subscription right to shares	23,631	25,554
Non controlling interest	177,319	225,971
Total net assets	13,767,846	13,931,671
Total liabilities and net assets	24,707,595	33,181,085

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

(Thousands of yen)

	The previous corresponding period (Apr.1, 2014 to Sep. 30, 2014)	Six months ended Sep. 30, 2014 (Apr. 1, 2015 to Sep. 30, 2015)
Net sales	6,573,200	11,102,918
Cost of sales	5,329,870	8,843,985
Gross profit	1,243,329	2,258,933
Selling, g&a expenses		
Salary & directors' compensation	628,981	698,712
Provision for bonuses	53,760	110,151
Fringe benefit expenses	26,766	30,932
Rent expenses	52,956	61,309
Outsourcing expenses	34,509	43,010
R&D expenses	133,899	120,834
Depreciation	89,775	113,266
Others	502,383	619,110
Total selling, g&a expenses	1,523,031	1,797,328
Operating income (loss)	(279,702)	461,604
Non-operating income		
Interest income	10,128	9,259
Dividends income	3,198	3,554
Investment securities valuation gains	6,767	16,897
Foreign exchange gains	75,273	2,847
Rents income	5,907	6,092
Others	4,064	4,123
Total non-operating income	105,338	42,774
Non-operating expenses		
Interest expenses	17,122	20,018
Factoring fee	70	---
Equity in losses of affiliates	391	18,144
Others	2,919	3,311
Total non-operating losses	20,504	41,473
Ordinary income (loss)	(194,867)	462,905
Extraordinary income		
Income on disposal of fixed assets	165	162
Income on negative goodwill	2,737	---
Total extraordinary income	2,902	162
Extraordinary loss		
Losses on disposal of fixed assets	64	1,671
Total extraordinary loss	64	1,671
Income (loss) before income tax	(192,029)	461,396
Income taxes	50,714	321,467
Income tax adjustment	-63,602	-147,700
Total income tax	-12,888	173,767
Net Income (loss)	(179,141)	287,629
Net income attributable to non-controlling interest(loss)	(9,860)	50,981
Net income attributable to owners of parent(loss)	(169,280)	236,648

Consolidated statements of comprehensive income

(Thousands of yen)

	The previous corresponding period (Apr.1, 2014 to Sep.30, 2014)	Six months ended Sep. 30, 2015 (Apr.1, 2015 to Sep. 30, 2015)
Net Income (loss)	(179,141)	287,629
Other comprehensive income		
Valuation difference on available- for sale securities	8,875	-14,853
Foreign currency translation adjustment	33,317	-24,535
Pension liabilities adjustment	-1,225	101
Total other comprehensive income	40,967	-39,287
Comprehensive income	-138,173	248,342
Comprehensive income attributable to owners of parent.	-128,484	197,435
Comprehensive income attributable to non-controlling interest.	-9,689	50,907

(3) Notes on quarterly financial report

(Note concerning going concern assumption)

None

(Note concerning major changes in shareholders' equity)

None

(Segment information)

I. The previous corresponding period (Apr. 1, 2014 to Sep. 30, 2014)

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 customer	4,147,475	1,858,560	567,164	6,573,200	---	6,573,200
Intersegment sales and transfers	---	---	---	---	---	---
Total	4,147,475	1,858,560	567,164	6,573,200	---	6,573,200
Segment income (loss)	188,129	(184,075)	(1,304)	2,749	(282,451)	(279,702)

Notes

1. Segment income (loss) adjustment of (¥282,451 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, 2015 to Sep.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	Mechatronics related business	Cleaning related & other business			
Sales						
Sales to outside customer	7,189,170	3,234,556	679,191	11,102,918	---	11,102,918
Intersegment sales and transfers	---	---	---	---	---	---
Total	7,189,170	3,234,556	679,191	11,102,918	---	11,102,918
Segment income (loss)	444,217	258,434	30,565	733,217	(271,613)	461,604

Notes

1. Segment income (loss) adjustment of (¥271,613 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 assets in reportable segments

In this financial period we have acquired shares of Nihon Garter Co., Ltd. and consolidated. As a result of this consolidation, segment assets of Mechatronics related business increased by ¥4,588,713 thousand.

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:

In this financial period we have acquired shares of Nihon Garter Co., Ltd. And consolidated. As a result of this consolidation, goodwill was generated. Increased amount of goodwill in this financial period was ¥837,623 thousand.

Significant income related to negative goodwill:

None

4. Changes of reportable segments

As of the first quarter of this financial year, we have changed reportable segment classification from the previous two categories such as "Industrial electronics related business" and "Cleaning related business" to present three categories such as "Display related business", "Mechatronics related business" and "Cleaning related and other business".

Segment information of the previous corresponding period is made by changed new classification.