

Consolidated Financial Review

For the 3rd Quarter Ended December 31, 2013 [Japanese GAAP]



Feb. 8, 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 3rd quarter ended Dec.31, 2012 (4/01/2012-12/31/2012) (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	%
Nine month ended Dec.31, 2012	12,081	55.1	93	---	17	---	-48	---
Nine month ended Dec. 31 2011	7,788	20.8	-158	---	-192	---	132	370.5

Note: Comprehensive income

Nine months ended Dec. 31, 2012 -¥26 million (--- %)
Nine months ended Dec. 31, 2011 ¥144 million (---%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2012	-5.48	---
Nine months ended Dec. 31, 2011	14.54	---

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mil yen	Mil yen	%
Dec.31, 2012	19,101	10,730	55.5
Mar. 31, 2012	24,735	10,983	43.6

Note: Equity

As of Dec. 31, 2012: ¥10,594million
As of Mar. 31, 2012: ¥10,780 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 2012	---	10.00	-	10.00	20.00
Fiscal year ending Mar. 31 2013	---	10.00	-		
Fiscal year ending Mar. 31, 2013 (forecast)			-	10.00	20.00

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

3. Corporate estimates for the year ending March 31, 2013 (4/01/2012-3/31/2013)

(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, 2013	17,000	37.3	300	65.2	250	66.4	150	-56.3	16.82

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 : Yes
- ④ Retrospective restatement : None

We changed the depreciation method from the first quarter of this financial period and it corresponded to the case of accounting policies change that is difficult to distinguish from changes in accounting estimates. 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 Dec. 31, 2012: 9,674,587 shares As of Mar. 31, 2012: 9,674,587 shares
- ② Number of treasury stock as of end of period
As of Dec. 31, 2012: 755,317 shares As of Mar. 31, 2012: 755,252 shares
- ③ Average number of issued shares outstanding
Nine months ended Dec. 31 2012: 8,919,327 shares Nine months ended Dec. 31, 2011: 9,137,675 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. 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 nine months started from Apr.1, 2012, worldwide economy has been decelerated with glooming future view. In the U.S., unemployment ratio and number of new house built showed a bit improving signal and it's economy was on the way to recover, but there was a so called "financial cliff " in front, therefore it was not optimistic at all. And in Europe, economic slump began to be prolonged, because of government financial problems. More over, in the Peoples Republic of China and developing countries, export to Europe decreased and slowdown of economic growth was realized.

Japanese economy has been weak tone, nevertheless the support by reconstruction demand from the earthquake disaster, because of slowdown of economy which was derived from the finish of subsidy to ecological car purchaser and decreasing export by overseas economy slowdown.

Under these economic atmospheres, our group has endeavored to get profit with promoting the proposed type of marketing of high value-ad products mainly to the Asia countries which are slowly but basically growing.

As a result, our business result of consolidated this nine months, sales amounted to ¥12,081 million (55.1% increased compared to the same period of the previous year), operating income marked ¥93 million (the same period of the previous year marked loss -¥158 million), ordinary income marked ¥17 million (the same period of the previous year marked loss -¥192 million), net loss marked ¥48 million (the same period of the previous year marked profit ¥132 million)

Each segment result was as follows.

(Industrial electronics related segment)

Regarding the hard disk related business, we have endeavored to promote the sales of Burnisher, UV curing and conveyor automatic machines and business went stably, nevertheless the demand for pc and car-navigation was not increased, new capital investment activity has been sluggish and the business atmosphere was very severe.

Regarding the semiconductor related business, demand of semiconductor for automobile and home electronics appliance was slow, new capital investment for semiconductor was postponed and our business went slow.

Regarding the liquid crystal manufacturing related equipment, sales of annealing equipment, which improve the panel film quality, was increased but setting up cost of sold equipment was increased and finally profit was not increased.

Regarding the heat treatment equipment, sales of the equipment of manufacturing the parts for Smartphone and tablet pc was stable but new capital investment for automobile manufacturing industry was postponed, sales of the related equipments was slow and total business went slow.

Regarding photovoltaic manufacturing related equipment, initially the sales were projected to increase because of expectation for renewable energy related capital investment would be aggressive. But European panel demand decreased, addition to that, over supply of low priced panel and restrained new capital investment were occurred and our business went slow.

As these results, this segment sales amounted to ¥11,307 million (61.8% increased compared to the same period of the previous year) and operating income marked ¥403 million (200.0% increased compared to the same period of the previous year).

(Cleaning related business)

We, nevertheless the worse business atmosphere such as declining cleaning demand and shrinking business size, have endeavored to get profit with strengthening our domestic and overseas sales forces and reducing the cost.

As a result, this segment sales amounted to ¥773 million (3.2% decreased compared to the same period of the previous year) and operating income marked ¥53 million (24.1% decreased compared to the same period of the previous year)

(2) Qualitative information regarding changes in consolidated financial position

(Assets)

Current assets as of Dec. 31, 2012 stood at ¥14,587 million decreased by ¥5,677 million compared to the previous financial year end. The decrease was mainly due to decrease of work in process by ¥3,487 million, trade note and accounts receivable by ¥1,477 million and cash and deposits by ¥439 million. Non current assets amounted to ¥4,514 million increased by ¥43 million compared to the previous financial year end. The main factor was increase of fixed tangible assets by ¥54 million and decrease of intangible assets by ¥12 million.

As a result, total assets as of Dec. 31, 2012 stood at ¥19,101 million decreased by ¥5,633million compared to the previous financial year end.

(Liabilities)

Current liabilities as of Dec. 31, 2012 stood at ¥5,385 million decreased by ¥4,629 million compared to the previous financial year end. The decrease was mainly due to decrease of advances received by ¥2,406 million, decrease of notes and account payable-trade by ¥1,967 million and decrease of short-term loans by ¥258 million. Non current assets amounted to ¥2,985 million decreased by ¥796 million compared to the previous financial year end. The main factor was decrease of long-term loans payable by ¥709 million and decrease of bonds payable by ¥91 million. As a result, total liabilities as of Dec. 31, 2012 stood at ¥8,371 million decreased by ¥5,425 million compared to the previous financial year end.

(Net assets)

Total net assets as of Dec. 31, 2012 amounted to ¥10,730 million decreased by ¥208 million compared to the previous financial year end. The decrease was mainly due to decrease of retained earnings by ¥227 million.

As a result, equity ratio at the end of the 3rd quarter came to 55.5% (the previous financial year end was 43.6%).

(3) Qualitative information regarding consolidated business results forecasts

Consolidated twelve month business result forecasts ending at Mar.31, 2013 is the same as consolidated business results forecast which announced on Nov. 9, 2012.

2. Summary Information (Notes)

(1) Changes in significant consolidated subsidiaries.

None

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

(Changes depreciation method)

Following the revision of the Corporation Tax Act, Y.A.C.Co. Ltd. and its consolidated domestic subsidiaries changed the depreciation method based on the revised Corporation Tax Act for tangible fixed assets acquired on or after April 1, 2012, from the first quarter under review.

The effect of this change on profit is immaterial.

3. Consolidated financial informations

(1) Consolidated Balance Sheets

(Thousand of yen)

	The previous financial year end. (Mar. 31, 2012)	This financial period (Dec. 31, 2012)
(Assets)		
Current assets		
Cash and deposits	8,733,811	8,294,494
Trade note and accounts receivable	4,335,951	2,858,493
Merchandise and finished goods	114,186	157,252
Work in process	6,106,962	2,619,220
Raw materials and supplies	371,756	321,151
Deferred income taxes	279,171	248,998
Others	327,768	88,568
Allowance for doubtful accounts	-5,219	-818
Total current assets	20,264,388	14,587,360
Non current assets		
Tangible fixed assets		
Building and structures	2,254,100	2,260,540
Accumulated depreciation	-1,629,630	-1,671,614
Building and structures(net)	624,469	588,925
Machinery, equipment and vehicles	212,540	224,462
Accumulated depreciation	-187,685	-193,886
Machinery, equipment and vehicles(net)	24,855	30,575
Tools, equipment and fixtures	1,319,548	1,518,708
Accumulated depreciation	-1,092,049	-1,193,342
Tools, equipment and fixtures(net)	227,499	325,365
Land	2,374,622	2,374,622
Leased assets	54,681	60,150
Accumulated depreciation	-31,372	-39,641
Leased assets(net)	23,308	20,508
Construction in progress account	601,753	591,489
Total tangible fixed assets	3,876,509	3,931,488
Intangible assets		
Goodwill	57,220	45,541
Patent rights	3,000	---
Soft wares	48,626	51,916
Leased assets	3,990	3,226
Telephone subscription rights	13,316	13,316
Total intangible assets	126,154	114,000
Investments and other assets		
Investment in securities	143,222	136,424
Long-term lending	58	297
Differed income taxes	212,333	201,570
Long-term retention receivables	68,209	68,395
Others	123,064	140,966
Allowance for doubtful accounts	-78,209	-78,673
Total investments and other assets	468,679	468,979
Total non current assets	4,471,342	4,514,468
Total assets	24,735,730	19,101,828

(Thousand of yen)

	The previous financial year end. (Mar. 31, 2012)	This financial period (Dec. 31, 2012)
Liabilities		
Current liabilities		
Notes and account payable-trade	5,607,967	3,640,695
Short-term loans payable	1,259,750	1,001,318
Current portion of bonds payable	140,880	108,510
Leas obligations	12,249	13,253
Income taxes payable	20,774	6,348
Provision for bonuses	162,341	69,053
Provision for product warranties	50,498	51,811
Provision for compensation for damages	---	23,783
Expense payable	248,425	200,512
Advances received	2,442,522	36,175
Others	69,731	233,859
Total current liabilities	10,015,139	5,385,321
Fixed liabilities		
Bonds payable	1,106,510	1,015,000
Long-term loans payable	1,900,371	1,191,290
Lease obligations	16,400	11,659
Deferred tax payable	65,796	65,788
Provision for retirement benefits	637,048	663,123
Provision for directors' retirement benefits	55,655	38,855
Total fixed liabilities	3,781,782	2,985,717
Total liabilities	13,796,921	8,371,038
Net assets		
Shareholders' equity		
Capital stock	2,756,680	2,756,680
Capital surplus	3,582,276	3,582,276
Retained earnings	5,287,754	5,060,471
Treasury stock	-646,148	-646,176
Total shareholders' equity	10,980,563	10,753,252
Accumulated other comprehensive income		
Valuation difference on available-for-sale security	4,262	5,170
Foreign currency translation adjustment	-204,634	-164,330
Total accumulated other comprehensive income	-200,372	-159,159
Minority interests	158,617	136,697
Total net assets	10,938,808	10,730,790
Total liabilities and net assets	24,735,730	19,101,828

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

(Thousand of yen)

	The previous corresponding period(Apr.1, 2011 to Dec. 31,2011)	Nine months ended Dec.31,2012 (Ap. 1, 2012 to Dec.31, 2012)
Net sales	7,788,858	12,081,184
Cost of sales	6,333,938	10,368,662
Gross profit	1,454,920	1,712,522
Selling, g&a expenses		
Salary & directors' compensation	614,701	632,176
Provision for bonuses	25,623	22,835
Fringe benefit expenses	27,104	25,336
Rent expenses	55,675	56,611
Outsourcing expenses	52,577	42,833
R&D expenses	178,542	212,249
Depreciations	100,467	116,033
Others	559,108	510,560
Total selling, g&a expenses	1,613,801	1,618,635
Operating income (loss)	-158,880	93,886
Non-operating income		
Interest income	3,836	3,856
Dividends income	1,934	2,385
Rents income	7,920	9,053
Insurance premium income	347	3,207
Subsidies income	1,300	981
Others	5,579	5,088
Total non-operating income	20,917	24,574
Non-operating expenses		
Interest expenses	32,533	28,689
Foreign exchange losses	15,335	65,703
Factoring fee	45	152
Equity in losses of affiliates	654	776
Others	6,447	5,611
Total non-operating losses	55,017	100,934
Ordinary income (loss)	-192,980	17,527
Extraordinary income		
Income on negative goodwill	255,207	70
Total extraordinary income	255,207	70
Extraordinary loss		
Losses on disposal of fixed assets	1,816	6,303
Allowance for compensation for damage	---	23,783
Losses related to step acquisitions	49,513	---
Total extraordinary loss	51,330	30,086
Income (loss) before income tax	10,896	-12,489
Income taxes	8,627	15,129
Income tax adjustment	-198,131	40,523
Total income tax	-189,503	55,652
Income (loss) before minority interests	200,400	-68,141
Minority interests in income (loss)	67,502	-19,245
Net income (loss)	132,897	-48,896

Consolidated statements of comprehensive income

(Thousand of yen)

	The previous corresponding period (Apr.1, 2011 to Dec.31, 2011)	Nine month ended Dec. 31, 2012 (Apr.1, 2012 to Dec. 31, 2012)
Income (loss) before minority interests	200,400	-68,141
Other comprehensive income		
Valuation difference on available-for sale securities	-10,268	1,145
Foreign currency translation adjustment	-45,822	40,304
Total other comprehensive income	-56,091	41,450
Comprehensive income (comprehensive income attribute to)	144,308	-26,691
Owners of the parent	77,633	-7,683
Minority interests	66,674	-19,007

(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, 2011 to Dec.31, 2011)

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

(Thousand of yen)

	Reportable segment		Total	Adjustment	Posted on consolidated statement of income
	Industrial electronics related business	Cleaning related business			
Sales					
Sales to outside customer	6,990,065	798,792	7,788,858	---	7,788,858
Intersegment sales and transfers	---	---	---	---	---
Total	6,990,065	798,792	7,788,858	---	7,788,858
Segment income (loss)	134,674	70,060	204,734	(363,615)	(158,880)

Notes

1. Segment income (loss) adjustment of (¥363,615 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.

II. This financial period (Apr. 1, 2012 to Dec.31, 2012)

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

(Thousand of yen)

	Reportable segment		Total	Adjustment	Posted on consolidated statement of income
	Industrial electronics related business	Cleaning related business			
Sales					
Sales to outside customer	11,307,996	773,188	12,081,184	---	12,081,184
Intersegment sales and transfers	---	---	---	---	---
Total	11,307,996	773,188	12,081,184	---	12,081,184
Segment income (loss)	403,970	53,181	457,152	(363,265)	93,886

Notes

1. Segment income (loss) adjustment of (¥363,265 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.