

# Consolidated Financial Review

## For the 2<sup>nd</sup> Quarter Ended Sep. 30, 2018 [Japanese GAAP]



Nov.1 3

Listed Market: TSE 1st

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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 2<sup>nd</sup> quarter ended Sep.30, 2018 (4/01/2018—9/30/2018)

(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	%
Six months ended Sep.30, 2018	15,977	32.8	326	39.7	428	38.2	161	6.7
Six months ended Sep. 30, 2017	12,033	-30.3	233	-60.0	310	-8.3	151	-42.6

Note: Comprehensive income

Six months ended Sep. 30, 2018 ¥86 million (-54.8%)

Six months ended Sep. 30, 2017 ¥191 million (171.8%)

	Profit per share		Diluted profit per share	
	Yen		Yen	
Six months ended Sep. 30, 2018	17.98		17.84	
Six months ended Sep. 30, 2017	16.92		16.78	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mil yen	Mil yen	%
As of Sep. 30, 2018	44,768	14,449	31.6
As of Mar. 31, 2018	38,265	14,419	37.0

Note: Equity

As of Sep. 30, 2018: ¥14,151 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 Mar. 31, 2019(4/01/2018-3/31/2019)

(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		Profit for the period 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	88.63

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. : 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)

- ①Number of issued shares outstanding as of end of period ( including treasury stock)  
As of Sep. 30, 2018: 9,758,947 shares As of Mar. 31, 2018: 9,706,877 shares
- ②Number of treasury stock as of end of period  
As of Sep. 30, 2018: 745,845 shares As of Mar. 31, 2018: 745,843 shares
- ③Average number of issued shares outstanding  
Six months ended Sep. 30, 2018: 8,973,838 shares Six months ended Sep. 30, 2017: 8,936,549 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.

\*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.

(Changes of the indicated monetary unit.)

We used to use thousand yen as monetary unit in consolidated financial statements, however we have changed to use million yen as monetary unit from this financial year.

In this consolidated financial review, in order to make it easy to compare with previous year, we use million yen as monetary unit for the previous year's financial figures.

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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, 2018, world economy has moved as follows.

In the U.S.A. economy showed stable growth with increasing individual consumption backed by stable employment and big tax reduction. In Europe, economy moved stably dragged by increasing individual consumption.

In the P.R.C., notwithstanding slowdown of new investment for infrastructures, individual consumption and export has moved stably and on the whole, world economy moved recovering base. On the other hand increasing influence on world economy by US-China trade friction is concerned.

In Japan, notwithstanding heavy rains and typhoons damaged various matters but economy has moved stable recovering base backed by Tokyo OLYMPIC game and sudden increased foreign tourists related active new capital investment and successively recovering employment.

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

As a result, consolidated this six months our business result, net sales amounted to ¥15,977 million (32.8% increased compared to the previous corresponding period), operating income marked ¥326 million (39.7% increased compared to the previous corresponding period), ordinary income marked ¥428 million (38.2% increased compared to the previous corresponding period), profit attributable to owners of parent marked ¥161 million (6.7% increased compared to the previous corresponding period).

Each segment result was as follows.

(Display related business segment)

Net sales of this segment tremendously increased by catching an increasing market demand but profit shrunk because of intensified price competition and increasing manufacturing cost in some product.

As a result, net sales of display related business segment amounted to ¥7,790 million (86.2% increased compared to the previous corresponding period) and segment income marked minus ¥32 million (the previous corresponding period segment income marked minus ¥219 million).

(Mechatronics related business segment)

Business went well, by grasping increasing market demand.

As a result, net sales of mechatronics related business segment amounted to ¥7,465 million (3.4% increased compared to the previous corresponding period) and segment income marked ¥291 million (22.9% decreased compared to the previous corresponding period)

(Cleaning related and other business segment)

In severe business atmosphere such as domestic demand for cleaning related equipment has kept decreasing and business did not show remarkable fluctuations.

As a result, net sales of cleaning related and other business segment amounted to ¥721 million (14.6 % increased compared to the previous corresponding period) and net segment income marked minus ¥116 million (the previous corresponding period segment income marked minus ¥85 million)

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

(Assets)

Current assets as of Sep. 30, 2018 stood at ¥35,594 million increased by ¥6,309 million compared to the previous financial year end. The main factors were increase of work in process by ¥4,723 million, trade note and account receivable by 1,384 and raw materials and supplies by ¥78 million.

Noncurrent assets amounted to ¥9,173 million increased by ¥193 million compared to the previous financial year end. The main increased items were building and structures (net) by ¥299 million and differed income tax by ¥152 million. The main decreased item was investment

securities by ¥197 million.

As a result, total assets as of September 30, 2018 stood at ¥44,768 million increased by ¥6,502 million compared to the previous financial year end.

(Liabilities)

Current liabilities as of Sep. 30, 2018 stood at ¥22,397 million increased by ¥6,773 million compared to the previous financial year end. The main increased items were notes and accounts payable-trade by ¥4,556 million, advances received by ¥1,884 million and short-term loans payable by ¥482 million Noncurrent liabilities stood at ¥7,921 million decreased by ¥300 million compared to the previous financial year end. This is mainly due to a decrease of long-term loans payable by ¥312 million.

As a result, total liabilities as of Sep.30, 2018 stood at ¥30,318 million increased by ¥6,472 million compared to the previous financial year end.

(Net assets)

Total net assets as of Sep. 30, 2018 amounted to ¥14,449 million increased by ¥30 million compared to the previous financial year end.

As a result, equity ratio at the end of the 2<sup>nd</sup> quarter came to 31.6 % and net asset per share came to ¥1,570.14

### **(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.	As of Sep. 30, 2018
<b>(Assets)</b>		
Current assets		
Cash and deposits	8,219	8,147
Trade note and accounts receivable	11,695	13,080
Securities	905	558
Merchandise and finished goods	669	643
Work in process	5,819	10,542
Raw materials and supplies	991	1,069
Others	1,110	1,670
Allowance for doubtful accounts	-125	-116
<b>Total current assets</b>	<b>29,285</b>	<b>35,594</b>
<b>Non current assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures	3,769	4,128
Accumulated depreciation	-2,818	-2,878
<b>Building and structures(net)</b>	<b>950</b>	<b>1,249</b>
Machinery, equipment and vehicles	2,020	1,987
Accumulated depreciation	-1,487	-1,455
<b>Machinery, equipment and vehicles(net)</b>	<b>532</b>	<b>532</b>
Tools, equipment and fixtures	3,208	3,213
Accumulated depreciation	-2,563	-2,642
<b>Tools, equipment and fixtures(net)</b>	<b>644</b>	<b>570</b>
Land	3,080	3,080
Leased assets	123	183
Accumulated depreciation	-70	-65
<b>Leased assets(net)</b>	<b>52</b>	<b>118</b>
Construction in progress	1,400	1,532
<b>Total tangible fixed assets</b>	<b>6,661</b>	<b>7,084</b>
<b>Intangible assets</b>		
Good will	559	492
Soft wares	94	77
Leased assets	27	22
Telephone subscription rights	20	20
Others	4	4
<b>Total intangible assets</b>	<b>706</b>	<b>617</b>
<b>Investments and other assets</b>		
Investment securities	443	245
Long-term lending	2	2
Differed income taxes	781	934
Long-term retentions receivable	287	197
Others	411	322
Allowance for doubtful accounts	-314	-231
<b>Total investments and other assets</b>	<b>1,612</b>	<b>1,471</b>
<b>Total noncurrent assets</b>	<b>8,980</b>	<b>9,173</b>
<b>Total assets</b>	<b>38,265</b>	<b>44,768</b>

(Millions of yen)

	As of Mar. 31, 2018.	As of Sep. 30, 2018.
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	7,990	12,546
Short-term loans payable	4,767	5,250
Lease obligations	30	37
Income taxes payable	476	351
Provision for bonuses	468	440
Provision for products warranty	113	186
Expense payable	401	591
Advances received	846	2,731
Others	530	261
Total current liabilities	15,623	22,397
<b>Fixed liabilities</b>		
Bonds payable	700	700
Long-term loans payable	6,016	5,703
Expense payable long term	12	97
Lease obligations	58	93
Deferred tax payable	120	94
Provision for director's retirement benefits	86	---
Obligations related to retirement benefits	1,102	1,114
Asset retirement obligation	94	86
Others	30	30
Total fixed liabilities	8,222	7,921
Total liabilities	23,846	30,318
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,778	2,801
Capital surplus	3,608	3,630
Retained earnings	8,521	8,593
Treasury stock	-638	-638
Total shareholders' equity	14,270	14,387
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	98	25
Foreign currency translation adjustment	-204	-243
Pension liability adjustments	-22	-18
Total accumulated other comprehensive income	-127	-235
Subscription rights to shares	51	51
Non controlling interests	224	246
Total net assets	14,419	14,449
Total liabilities and net assets	38,265	44,768

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

(Millions of yen)

	The previous corresponding period.(Apr.1, 2017 to Sep. 30, 2017)	Six months ended Sep. 30, 2018. (Apr. 1, 2018 to Sep. 30, 2018)
<b>Net sales</b>	12,033	15,977
<b>Cost of sales</b>	9,345	13,298
<b>Gross profit</b>	2,687	2,678
<b>Selling, g&amp;a expenses</b>		
Salary & directors' compensation	853	857
Provision for bonuses	88	111
Fringe benefit expenses	34	36
Rent expenses	76	86
Outsourcing expenses	81	94
R&D expenses	280	227
Depreciation	112	101
Others	926	836
<b>Total selling, g&amp;a expenses</b>	2,454	2,352
<b>Operating income (loss)</b>	233	326
<b>Non-operating income</b>		
Interest income	9	8
Dividends income	22	39
Foreign exchange profits	---	73
Rents income	5	7
Reversal of allowance for doubtful assets.	53	---
Others	23	22
<b>Total non-operating income</b>	115	151
<b>Non-operating expenses</b>		
Interest expenses	26	35
Foreign exchange losses	0	---
Others	11	13
<b>Total non-operating losses</b>	38	49
<b>Ordinary income (loss)</b>	310	428
<b>Extraordinary income</b>		
Income on disposal of fixed assets	1	0
Income on disposal of investments in securities	---	78
Others	0	---
<b>Total extraordinary income</b>	1	78
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	5	0
Liquidation loss of affiliates.	10	---
Business restructuring expenses	56	---
<b>Total extraordinary loss</b>	71	0
<b>Profit (loss) before income tax</b>	239	507
<b>Income taxes</b>	185	469
<b>Income tax adjustment</b>	-86	-157
<b>Total income tax</b>	98	312
<b>Profit (loss) for the period</b>	141	195
<b>Profit (loss) attributable to:</b>		
<b>Non-controlling interest.</b>	(10)	33
<b>Owners of parent</b>	151	161



## Consolidated statements of comprehensive income

(Millions of yen)

	The previous corresponding period. (Apr.1, 2017 to Sep.30, 2017)	Six months ended Sep. 30, 2018. (Apr.1, 2018 to Sep. 30, 2018)
Profit (loss) for the period	141	195
Other comprehensive income		
Valuation difference on available- for sale securities	46	-73
Foreign currency translation adjustment	6	-39
Pension liabilities adjustment	-2	4
Total other comprehensive income	50	-108
Comprehensive income	191	86
Comprehensive income(loss) attributable to:		
Owners of parent.	201	52
Non-controlling interest.	(9)	33

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

(Note concerning going concern assumption)

None

(Note 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 Sep. 30, 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 customer	4,184	7,220	629	12,033	---	12,033
Intersegment sales and transfers	14	0	2	16	(16)	---
<b>Total</b>	<b>4,198</b>	<b>7,220</b>	<b>631</b>	<b>12,050</b>	<b>(16)</b>	<b>12,033</b>
<b>Segment income (loss)</b>	<b>(219)</b>	<b>378</b>	<b>(85)</b>	<b>72</b>	<b>160</b>	<b>233</b>

Notes

1. Segment income (loss) adjustment of ¥160 million is the corporate expenses not apportioned in each reportable segment. Corporate income is management fee and others, ¥528 million from consolidated subsidiaries belong to each segment. And corporate expense is general and administration division's expense ¥368 million. 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, 2018 to Sep.30, 2018)

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

(Millions of yen)

	Reportable segment			Total	Adjustment Note 1	Posted on consolidate d statement of income Note 2
	Display related business	Mechatronics related business	Cleaning related & other business			
Sales						
Sales to outside customer	7,790	7,465	721	15,977	---	15,977
Intersegment sales and transfers	2	6	49	57	-57	---
<b>Total</b>	<b>7,792</b>	<b>7,471</b>	<b>770</b>	<b>16,034</b>	<b>-57</b>	<b>15,977</b>
<b>Segment income (loss)</b>	<b>(32)</b>	<b>291</b>	<b>(116)</b>	<b>143</b>	<b>183</b>	<b>326</b>

Notes

1. Segment income (loss) adjustment of ¥183 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 ¥464 million. And corporate expenses, mainly comprise the headquarters' general and administrative expenses, is ¥281 million.
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.