

# Consolidated Financial Review



## For the 3<sup>rd</sup> Quarter, Ended December 31, 2015 [Japanese GAAP]

Feb. 10, 2016

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.

### 1. Financial highlights for the 3<sup>rd</sup> quarter ended Dec.31, 2015 (4/01/2015-12/31/2015) (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	
	Mil yen	%	Mil yen	%	Mil yen	%	Mil yen	%
Nine month ended Dec.31, 2015	17,775	67.9	215	---	228	---	-133	---
Nine month ended Dec. 31 2014	10,587	5.3	-295	---	-52	---	-61	---

Note: Comprehensive income

Nine months ended Dec. 31, 2015      -¥167 million (--- %)  
 Nine months ended Dec. 31, 2014      ¥25 million (-98.7%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended Dec. 31, 2015	-14.91		---	
Nine months ended Dec. 31, 2014	-6.89		---	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mil yen	Mil yen	%
Dec.31, 2015	35,155	13,429	37.5
Mar.31, 2015	24,707	13,767	54.9

Note: Equity

As of Dec. 31, 2015:      ¥13,175 million  
 As of Mar. 31, 2015:      ¥13,566 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 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 March 31, 2016(4/01/2015-3/31/2016)

(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, 2016	26,500	59.4	800	1.7	720	-25.5	360	-43.7	40.32

Note: Revision of corporate estimate in year: Yes.

## 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 Dec. 31, 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 Dec. 31, 2015	745,801 shares	As of Mar. 31, 2015	755,397 shares
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③ Average number of issued shares outstanding

Nine months ended Dec. 31 2015	8,925,669 shares	Nine months ended Dec. 31, 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. The quarterly financial review procedure based upon the Financial Instruments and Exchange Law is undergoing 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, 2015, in the U.S.A. economy has been recovering by firm consumer spending backed by recovering employment situation. In Europe, economy has been stable backed by quantitative looser monetary policy. On the other hand, because of slowdown of economy growth speed in P.R.C., rising geopolitical risk in Europe and Middle East and big fall of oil price, fear for worldwide economy downturn has been spread and prospects of overall worldwide economy has been opaque.

In Japan, economy has been fluctuated with cloud hanging over the economy recovering engine such as weak yen and stock price hike influenced by slowdown of economy growth speed in P.R.C.

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, our consolidated this nine months business resulted as follows.

Net sales amounted to ¥17,775 million (67.9% increased compared to the same period of the previous year), operating income marked ¥215 million (the same period of the previous year marked loss ¥295 million), ordinary income marked ¥228 million (the same period of the previous year marked loss ¥52 million) and net loss attributable to owners of parent marked ¥133 million (the same period of the previous year marked loss ¥61 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 the figure of 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 pulled business and business went stably.

As a result of these, net sales of display related business amounted to ¥10,694 million (increased by 75.4% compared to the same period of the previous year) and segment income marked ¥104 million (decreased by 17.9% compared to the same period of the previous year)

#### (Mechatronics related business segment)

Demand of new capital investment for electric power business sharply increased with deregulation of electric power business and supported by big order of test handler, and business went well.

As a result of these, net sales of mechatronics related business amounted to ¥5,996 million (increased by 65.3% compared to the same period of the previous year) and segment income marked ¥392 million (the same period of the previous year segment income marked loss ¥11 million.)

#### (Cleaning related and other business segment)

In cleaning related equipment business, we certainly captured customers' needs and business went stably.

As a result of these, net sales of cleaning related and other business amounted to ¥1,084 million (increased by 25.7% compared to the same period of the previous year) and segment income marked ¥113 million (the same period of the previous year segment income marked loss ¥8 million.)

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

#### (Assets)

Current assets as of Dec. 31, 2015 stood at ¥26,963 million increased by ¥7,459 million compared to the previous financial year end. The major increased items were work in process by ¥4,047 million, trade note and accounts receivable by ¥3,181 million, merchandise and finished goods by ¥301 million, raw materials and supplies by ¥286 million, and deferred income taxes (short term) by ¥128 million. The major decreased items were securities by ¥947 million, cash and deposits by ¥158 million.

Noncurrent assets amounted to ¥8,191 million increased by ¥2,989 million compared to the previous financial year end. The increase was mainly due to an increase of investment in securities by ¥1,000 million, an increase of good will by ¥776 million, an increase of land by ¥466 million and machinery, equipment and vehicles (net) by ¥448 million.

As a result, total assets as of Dec. 31, 2015 stood at ¥35,155 million increased by ¥10,448 million compared to the previous financial year end.

#### (Liabilities)

Current liabilities as of Dec. 31, 2015 stood at ¥17,869 million increased by ¥10,891 million compared to the previous financial year end. The major increased items were notes and account payable-trade by ¥6,731, short-term loans payable by ¥3,938 million, expense payable by ¥180 and advances received by ¥103 million. The main decreased item was current portion of bonds payable by ¥300 million.

Noncurrent liabilities amounted to ¥3,856 million decreased by ¥105 million compared to the previous financial year end. The major increased items were bond payable by ¥300 million and retirement benefits related provisions by ¥168 million. The major decreased items were long-term loans payable by ¥551 million and expense payable long-term by ¥116 million.

As a result, total liabilities as of Dec. 31, 2015 stood at ¥21,726 million increased by ¥10,786 million compared to the previous financial year end.

**(Net assets)**

Total net assets as of Dec. 31, 2015 amounted to ¥13,429 million decreased by ¥338 million compared to the previous financial year end. The decrease was mainly due to a decrease of retained earnings by ¥314 million.

As a result, equity ratio at the end of the 3<sup>rd</sup> quarter came to 37.5% (the previous financial year end was 54.9%).

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

We have revised the consolidated business results forecast for the fiscal year ending March 31, 2016 announced on Aug.17, 2015. Please refer to the “Announcement on Consolidated Financial Forecast Revision” announced on Feb.10, 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 accounting standards for Revised Accounting Standard for Business Combinations”)

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

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

We 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 nine months ended Dec. 31, 2015.

### 3. Consolidated financial information

#### (1) Consolidated Balance Sheets

(Thousands of yen)

	The previous financial year end. ( Mar. 31, 2015)	This financial period end. (Dec. 31, 2015)
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and deposits	7,211,589	7,052,769
Trade note and accounts receivable	7,077,799	10,259,561
Securities	1,035,126	87,607
Merchandise and finished goods	147,213	448,759
Work in process	2,788,163	6,835,369
Raw materials and supplies	636,700	923,121
Deferred income taxes	241,050	369,168
Others	378,805	1,007,247
Allowance for doubtful accounts	-11,560	-19,699
Total current assets	19,504,887	26,963,904
<b>Non current assets</b>		
<b>Tangible fixed assets</b>		
Building and structures	2,705,236	3,297,131
Accumulated depreciation	-1,988,841	-2,483,901
Building and structures(net)	716,395	813,230
Machinery, equipment and vehicles	354,276	2,102,351
Accumulated depreciation	-269,233	-1,569,033
Machinery, equipment and vehicles(net)	85,042	533,318
Tools, equipment and fixtures	2,381,058	3,036,279
Accumulated depreciation	-2,059,828	-2,709,530
Tools, equipment and fixtures(net)	321,229	326,748
Land	2,568,122	3,034,422
Leased assets	39,064	134,787
Accumulated depreciation	-17,237	-80,614
Leased assets(net)	21,827	54,173
Construction in progress account	542,788	632,240
Total tangible fixed assets	4,255,405	5,394,133
<b>Intangible assets</b>		
Goodwill	90,753	867,091
Soft wares	38,912	56,096
Leased assets	28,433	21,737
Telephone subscription rights	18,638	19,603
Patent License	155,000	117,000
Others	31,407	11,133
Total intangible assets	363,145	1,092,662
<b>Investments and other assets</b>		
Investment in securities	203,071	1,203,438
Long-term lending	92,713	69,032
Differed income taxes	176,458	183,688
Long-term retention receivables	68,168	76,104
Others	140,511	277,434
Allowance for doubtful accounts	-96,768	-104,647
Total investments and other assets	584,156	1,705,050
Total noncurrent assets	5,202,707	8,191,847
Total assets	24,707,595	35,155,752

(Thousands of yen)

	The previous financial year end. (Mar. 31, 2015)	This financial period (Dec. 31, 2015)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and account payable-trade	3,588,992	10,320,418
Short-term loans payable	1,576,688	5,514,727
Current portion of bonds payable	700,000	400,000
Leas obligations	16,480	24,089
Income taxes payable	265,050	297,844
Provision for bonuses	217,935	137,260
Provision for product warranties	89,241	184,409
Expense payable	248,468	428,803
Advances received	779	103,987
Others	273,968	458,038
Total current liabilities	6,977,604	17,869,578
<b>Fixed liabilities</b>		
Bonds payable	300,000	600,000
Long-term loans payable	2,430,465	1,878,835
Expense payable long term	218,228	102,100
Lease obligations	36,351	54,674
Deferred tax payable	71,747	92,892
Provision for directors' retirement benefits	55,570	61,723
Obligations related to retirement benefits	821,345	989,559
Asset retirement obligations	---	48,212
Others	28,436	28,442
Total fixed liabilities	3,962,144	3,856,439
Total liabilities	10,939,748	21,726,018
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,756,680	2,756,680
Capital surplus	3,582,276	3,582,276
Retained earnings	7,838,790	7,523,893
Treasury stock	-646,220	-637,922
Total shareholders' equity	13,531,527	13,224,928
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale security	59,057	44,651
Foreign currency translation adjustment	-30,564	-100,720
Pension liabilities adjustment	6,875	7,041
Total accumulated other comprehensive income	35,367	-49,028
Subscription rights to shares	23,631	28,906
Non controlling interest	177,319	224,927
Total net assets	13,767,846	13,429,733
Total liabilities and net assets	24,707,595	35,155,752

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

(Thousands of yen)

	The previous corresponding period(Apr.1, 2014 to Dec. 31,2014)	Nine months ended Dec.31,2015 (Apr. 1, 2015 to Dec.31, 2015)
Net sales	10,587,893	17,775,108
Cost of sales	8,418,904	14,674,026
Gross profit	2,168,988	3,101,082
Selling, g&a expenses		
Salary & directors' compensation	994,415	1,097,709
Provision for bonuses	31,358	51,819
Fringe benefit expenses	42,841	48,821
Rent expenses	87,724	99,057
Outsourcing expenses	55,229	87,395
R&D expenses	225,616	195,498
Depreciations	156,085	175,654
Others	871,266	1,129,259
Total selling, g&a expenses	2,464,538	2,885,216
Operating income (loss)	(295,549)	215,866
Non-operating income		
Interest income	14,717	13,721
Dividends income	3,882	4,963
Investment securities valuation gains	6,767	16,897
Foreign exchange gains	231,997	25,912
Rents income	9,025	9,422
Others	7,418	12,362
Total non-operating income	273,808	83,278
Non-operating expenses		
Interest expenses	25,978	32,422
Factoring fee	70	---
Bond issuance expenses	---	6,024
Equity in losses of affiliates	530	27,816
Others	4,564	4,776
Total non-operating losses	31,144	71,039
Ordinary income (loss)	(52,884)	228,105
Extraordinary income		
Income on disposal of fixed assets	144	2,058
Income on negative goodwill	2,737	---
Total extraordinary income	2,881	2,058
Extraordinary loss		
Losses on disposal of fixed assets	1,056	9,228
Total extraordinary loss	1,056	9,228
Income (loss) before income tax	(51,059)	220,935
Income taxes	43,828	431,586
Income tax adjustment	(23,703)	(127,328)
Total income tax	20,124	304,257
Net income (loss)	(71,184)	(83,322)
Net income attributable to non-controlling interest (loss)	(9,730)	49,802
Net income attributable to owners of parent (loss)	(61,454)	(133,124)



**Consolidated statements of comprehensive income**

(Thousands of yen)

	<b>The previous corresponding period (Apr.1, 2014 to Dec. 31, 2014)</b>	<b>Nine month ended Dec. 31, 2015 (Apr.1, 2015 to Dec.31, 2015)</b>
Net income (loss)	(71,184)	(83,322)
Other comprehensive income		
Valuation difference on available-for sale securities	18,600	-14,345
Foreign currency translation adjustments	75,878	-70,155
Pension liability adjustments	1,837	165
Total other comprehensive income (loss)	96,316	(84,335)
Comprehensive income	25,131	(167,658)
Comprehensive income attributable to owners of parent (loss)	34,533	(217,521)
Comprehensive income attributable to non-controlling interest (loss)	(9,421)	49,862

**(3) Notes on quarterly financial report**  
**(Notes Concerning Going Concern Assumption.)**

None

**(Notes Concerning Major Changes in Shareholders Equity)**

None

**(Segment Information)**

I. The previous corresponding period (Apr.1, 2014 to Dec.31, 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	Mechatronics related business	Cleaning related & other business			
Sales						
Sales to outside customer	6,097,037	3,627,741	863,114	10,587,893	---	10,587,893
Intersegment sales and transfers	---	---	---	---	---	---
<b>Total</b>	<b>6,097,037</b>	<b>3,627,741</b>	<b>863,114</b>	<b>10,587,893</b>	<b>---</b>	<b>10,587,893</b>
<b>Segment income (loss)</b>	<b>127,783</b>	<b>(11,463)</b>	<b>(8,876)</b>	<b>107,444</b>	<b>(402,993)</b>	<b>(295,549)</b>

Notes

1. Segment income (loss) adjustment of (¥402,993 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 Dec.31, 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			
<b>Sales</b>						
Sales to outside customer	10,694,440	5,996,114	1,084,553	17,775,108	---	17,775,108
Intersegment sales and transfers	---	---	---	---	---	---
<b>Total</b>	<b>10,694,440</b>	<b>5,996,114</b>	<b>1,084,553</b>	<b>17,775,108</b>	<b>---</b>	<b>17,775,108</b>
<b>Segment income (loss)</b>	<b>104,927</b>	<b>392,384</b>	<b>113,819</b>	<b>611,130</b>	<b>(395,264)</b>	<b>215,866</b>

Notes

1. Segment income (loss) adjustment of (¥395,264 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 ¥4,700,043 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:

None.

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.