

Consolidated Financial Review

For the 1st Quarter Ended Jun. 30, 2019 [Japanese GAAP]



Aug. 14, 2019

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.

Amounts are rounded down to the nearest million yen.

1. Financial highlights for the 1st quarter ended Jun.30, 2019 (4/01/2019–6/30/2019)

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

(1) Consolidated operating results

	Net sales		Operating Income		Ordinary Income		Net Income attributable to owners of parent	
	Mill. yen	%	Mill. yen	%	Mill. yen	%	Mill. yen	%
Three months ended Jun.30, 2019	5,351	0.9	-378	---	-409	---	-458	---
Three months ended Jun. 30, 2018	5,304	12.9	51	---	141	---	-32	---

Note: Comprehensive income

Three months ended Jun. 30, 2019 -¥458 million (--- %)

Three months ended Jun. 30, 2018 -¥111 million (--- %)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended Jun. 30, 2019	-50.92		---	
Three months ended Jun. 30, 2018	-3.61		---	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mill. yen	Mill. yen	%
Jun. 30, 2019	38,819	14,695	37.1
Mar. 31, 2019	41,645	15,261	35.9

Note: Equity

As of Jun. 30, 2019 ¥14,414 million

As of Mar. 31, 2019 ¥14,960 million

2. Cash Dividends

	Cash dividend per share				
	1st quarter end	2nd quarter end	3 rd quarter end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2019	---	10.00	---	10.00	20.00
Fiscal year ending Mar. 31, 2020	---				
Fiscal year ending Mar. 31, 2020 (forecast)		12.00	---	12.00	24.00

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

3. Corporate estimates for the year ending March 31, 2020 (4/01/2019-3/31/2020)

(Percentage is the rate of increase or decrease from the previous financial year)

	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, 2020	36,000	-0.1	2,000	8.5	1,900	2.6	1,200	9.7	133.14

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)

- ① Number of issued shares outstanding as of end of period (including treasury stock)

As of Jun. 30, 2019:	9,758,947 shares	As of Mar. 31, 2019:	9,758,947 shares
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- ② Number of treasury stock as of end of period

As of Jun. 30, 2019	746,520 shares	As of Mar. 31, 2019:	746,475 shares
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- ③ Average number of issued shares outstanding

Three months ended Jun. 30, 2019:	9,012,439 shares	Three months ended Jun. 30, 2018:	8,961,034 shares
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This quarterly financial report is exempt from quarterly review procedure.

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 on Financial Results for the Current Quarter

(1) Qualitative information regarding the status of consolidated business results.

During the three months started from Apr.1, 2019, because of growing intense of US-China trade friction and economic slowdown of P.R.C. became clear, and downward risk of US economy was increased. In Europe, Brexit issue and slowdown economy in Italy and Germany grew up the uncertainty of future economy and sense of caution about world economy spread. In Japan, because of overseas economy slowdown, economy tended to slow down mainly in manufacturing industry, and overall economy went flat.

In the FPD industry, where we operate, market was active mainly in P.R.C., never the less there were strength and weakness, demand kept aggressive and went flat. In the semiconductor industry, where we operate because of decreasing demand for IT and new capital investment of semiconductor industry worldwide base, downside risk increased in the short term but recovery of demand for semiconductor is expected after mid of this year.

Under these economic atmospheres, our group has endeavored to develop and commercialize new products which grasp customers' constantly changing needs.

As a result, our consolidated business result of this three months period ended Jun 30, 2019, were net sales of ¥5,351 million (0.9% increased compared to the corresponding period of the previous financial year), operating income of minus ¥378 million (the corresponding period of the previous financial year was ¥51 million), ordinary income of minus ¥409 million (the corresponding period of the previous financial year was ¥141 million), profit attributable to owners of parent of minus ¥458 million (the corresponding period of the previous financial year was minus ¥32 million)

Each segment result was as follows.

Moreover, since the first quarter of this financial term, we changed classification method of business and reorganized reportable segments into four reportable segment such as "Mechatronics related business", "Display related business", "Industrial machinery related business" and "Electronics related business".

Changes in classification method of business have been implemented for segment result of the corresponding period of the previous fiscal year.

(Mechatronics related business)

Hard disk and photovoltaic related business went well but sales of carrier tape were sluggish reflecting from shrinking market and business went flat.

As a result, sales of Mechatronics related business were ¥1,833 million (year-on-year increase of 8.0%) and segment profit was minus ¥80 million (the corresponding period of the previous financial year was minus ¥115 million).

(Display related business)

Sales of annealing equipment went well but sales of wet etching went weak because of our cautious marketing policy by poor profitability, and business went flat.

As a result, sales of Display related business were ¥1,651 million (year-on-year decrease of 4.5%) and segment profit was minus ¥261 million (the corresponding period of the previous year was minus ¥94 million).

(Industrial machinery related business)

Domestic demand for cleaning equipment continued declining trend but we strengthen sales force for P.R.C. market where recently demand was suddenly increasing, and business went firm.

As a result, sales of Industrial machine related business were ¥449 million (year-on-year increase of 46.3%) and segment profit was minus ¥14 million (the corresponding period of the previous year was ¥10 million).

(Electronics related business)

Business went weak because of circulated big demand for measurement equipment by electric power companies.

As a result, sales of Electronics related business were ¥1,416 million (year-on-year decrease of

9.8%) and segment profit was minus ¥43 million (the corresponding period of the previous year was ¥85 million).

(2) Qualitative information regarding changes in consolidated financial position

(Assets)

Current assets as of Jun 30, 2019 were ¥30,217 million, a decrease of ¥2,645 million compared to the previous financial year end. The major increase were ¥312 million in work in process and ¥120 million in raw materials and supplies, and the major decreases were ¥2,113 million in trade note and accounts receivable, ¥772 million in cash and deposits and ¥258 million in securities. Noncurrent assets were ¥8,601 million a decrease of ¥180 million compared to the previous financial year end. A main decrease was ¥220 million in construction in progress. As a result, total assets as of Jun. 30, 2019 were ¥38,819 million, a decrease of ¥2,825 million compared to the previous financial year end.

(Liabilities)

Current liabilities as of Jun. 30, 2019 were ¥15,729 million, a decrease of ¥1,818 million compared to the previous financial year end. The major increases were ¥256 million in short-term loans payable and ¥108 million in expense payable, and main decrease was ¥1,665 million in notes and accounts payable-trade.

Fixed liabilities as of Jun. 30, 2019 were ¥8,395 million, a decrease of ¥440 million compared to the previous financial year end. The main decrease was ¥415million in long term loan payable. As a result, total liabilities as of Jun.30, 2019 were ¥24,124 million, a decrease of ¥2,259 million compared to the previous financial year end.

(Net assets)

Total net assets as of Jun. 30, 2019 were ¥14,695 million, a decrease of ¥566 million compared to the previous financial year end. As a result, equity ratio at the end of the 1st quarter was 37.1% (the previous financial year end was 35.9 %)

(3) Qualitative information regarding consolidated business results forecasts

Consolidated twelve month business result forecasts ending at Mar.31, 2020 remains the same as consolidated business results forecast which announced on May. 14, 2019

2. Consolidated financial information

(1) Consolidated Balance Sheets

(Millions of yen)

	As of Mar. 31, 2019	As of Jun 30, 2019
(Assets)		
Current assets		
Cash and deposits	8,032	7,260
Trade note and accounts receivable	14,366	12,253
Securities	258	0
Merchandise and finished goods	752	859
Work in process	6,952	7,264
Raw materials and supplies	1,264	1,384
Others	1,422	1,366
Allowance for doubtful accounts	-186	-172
Total current assets	32,863	30,217
Non current assets		
Tangible fixed assets		
Buildings and structures	4,632	4,870
Accumulated depreciation	-2,824	-2,873
Building and structures(net)	1,808	1,996
Machinery, equipment and vehicles	2,002	2,002
Accumulated depreciation	-1,509	-1,543
Machinery, equipment and vehicles(net)	492	459
Tools, equipment and fixtures	3,218	3,232
Accumulated depreciation	-2,713	-2,750
Tools, equipment and fixtures(net)	505	481
Land	3,563	3,563
Leased assets	227	226
Accumulated depreciation	-84	-86
Leased assets(net)	143	140
Construction in progress	390	170
Total tangible fixed assets	6,904	6,812
Intangible assets		
Good will	425	392
Soft wares	80	84
Leased assets	39	36
Telephone subscription rights	18	18
Others	4	4
Total intangible assets	568	536
Investments and other assets		
Investment securities	227	219
Long-term lending	1	1
Differed income taxes	917	862
Long-term retentions receivable	195	195
Others	200	191
Allowance for doubtful accounts	-234	-217
Total investments and other assets	1,309	1,252
Total noncurrent assets	8,781	8,601
Total assets	41,645	38,819

(Millions of yen)

	As of Mar. 31, 2019	As of Jun 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,157	6,491
Short-term loans payable	5,780	6,036
Lease obligations	59	52
Income taxes payable	478	---
Provision for bonuses	446	336
Provision for products warranty	134	130
Expense payable	470	579
Advances received	1,739	1,588
Others	280	512
Total current liabilities	17,547	15,729
Fixed liabilities		
Bonds payable	700	700
Long-term loans payable	6,571	6,155
Expense payable long term	88	82
Lease obligations	141	144
Deferred tax payable	100	67
Obligations related to retirement benefits	1,127	1,137
Asset retirement obligation	75	75
Others	30	30
Total fixed liabilities	8,835	8,395
Total liabilities	26,383	24,124
Net assets		
Shareholders' equity		
Capital stock	2,801	2,801
Capital surplus	3,630	3,630
Retained earnings	9,436	8,887
Treasury stock	-638	-638
Total shareholders' equity	15,230	14,681
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13	7
Foreign currency translation adjustment	-277	-268
Pension liability adjustments	-5	-5
Total accumulated other comprehensive income	-269	-266
Subscription rights to shares	51	51
Non controlling interests	249	228
Total net assets	15,261	14,695
Total liabilities and net assets	41,645	38,819

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

(Millions of yen)

	The previous corresponding period (Apr.1, 2018 to Jun. 30, 2018)	Three months ended Jun. 30, 2019 (Apr. 1, 2019 to Jun. 30, 2019)
Net sales	5,304	5,351
Cost of sales	4,167	4,577
Gross profit	1,136	774
Selling, g&a expenses		
Salary & directors' compensation	430	432
Provision for bonuses	56	59
Fringe benefit expenses	21	20
Rent expenses	43	43
Outsourcing expenses	30	28
R&D expenses	104	117
Depreciations	62	55
Others	336	395
Total selling, g&a expenses	1,084	1,153
Operating income(loss)	51	(378)
Non-operating income		
Interest income	4	2
Dividends income	41	19
Foreign exchange gains	55	---
Rents income	3	3
Others	5	13
Total non-operating income	110	39
Non-operating expenses		
Interest expenses	14	23
Foreign exchange losses	---	41
Others	6	4
Total non-operating losses	21	69
Ordinary income(loss)	141	(409)
Extraordinary income		
Income on disposal of fixed assets	0	0
Gains on disposal of investment insecurities	60	---
Others	8	---
Total extraordinary income	69	0
Extraordinary loss		
Losses on disposal of fixed assets	0	0
Others	0	0
Total extraordinary loss	0	0
Income(Loss) before income tax	210	(409)
Income taxes	165	17
Income tax adjustment	72	33
Total income tax	237	51
Profit(Loss)	(27)	(461)
Profit(Loss) attributable to non controlling interests	4	(2)
Profit attributable to owners of parent (loss)	(32)	(458)

Consolidated statements of comprehensive income

(Millions of yen)

	The previous corresponding period (Apr.1, 2018 to Jun.30, 2018)	Three months ended Jun. 30, 2019 (Apr.1, 2019 to Jun. 30, 2019)
Income(Loss) before minority interests	(27)	(461)
Other comprehensive income		
Valuation difference on available-for sale securities	-50	-6
Foreign currency translation adjustment	--34	8
Pension liability adjustments	2	0
Total other comprehensive Income (Loss)	(83)	2
Comprehensive income (Loss)	(111)	(458)
(comprehensive income(Loss) attribute to)		
Owners of parent	(116)	(455)
Non controlling interests	4	(2)

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

None

(Note concerning major changes in shareholders' equity)

None

(Changes of accounting policies)

None

(Changes in accounting estimates)

None

(Additional information)

None

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

I . The previous corresponding period (Apr. 1, 2018 to Jun. 30, 2018)

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

(Millions of Yen)

	Reportable segments				Total	Adjustment Note 1	Posted on consolidated statement of income. Note 2
	Mechatronics related business.	Display related business.	Industrial machinery related business.	Electronics related business.			
Sales							
Sales to outside customer	1,697	1,729	307	1,570	5,304	---	5,304
Intersegment sales and transfers	---	0	9	20	30	-30	---
Total	1,697	1,729	317	1,590	5,335	-30	5,304
Segment income (loss)	(115)	(94)	10	85	(114)	166	51

Notes

1. Segment income (loss) adjustment of ¥166 million is the corporate income and corporate expenses not apportioned in each reportable segment. Corporate income is management fee and others ¥244 million from consolidated subsidiaries belong to each segment. And corporate expense is general and administration division's expense ¥78 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

II . This financial period (Apr.1, 2019 to Jun.30, 2019)

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

(Millions of Yen)

	Reportable segments				Total	Adjustment Note 1	Posted on consolidated statement of income. Note 2
	Mechatronics related business.	Display related business.	Industrial machinery related business.	Electronics related business.			
Sales							
Sales to outside customer	1,833	1,651	449	1,416	5,351	---	5,351
Intersegment sales and transfers	0	0	---	0	1	-1	---
Total	1,833	1,652	449	1,416	5,353	-1	5,351
Segment income (loss)	(80)	(261)	(14)	(43)	(399)	20	(378)

Notes

1. Segment income (loss) adjustment of ¥20 million is the corporate income and corporate expenses not apportioned in each reportable segment. Corporate income is management fee and others ¥197 million. From consolidated subsidiaries belong to each reportable segment. And corporate expense is general and administration division's expense ¥176 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

3. Items on changes of reportable segment.

(Changes of reportable segments)

Since the first quarter of this financial term, we reorganize three reportable segments to 4 reportable segments such as "Mechatronics related business", "Display related business", "Industrial machinery related business" and "Electronics related business" based on their business.

Segment information of the previous corresponding period is reported by the changed classification method of reportable segments.