



FY2007
Financial Report

May 19, 2008
Y.A.C. Co., Ltd.



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- 2. Summary of FY2007**
- 3. Outlook of FY2008 and Basic Strategy of 10th Mid-Term Plan**



Key Message

- Transfer from 2nd section to 1st section
-Date of Assignment : Dec.10,2007 (Tokyo Stock Exchange)
- Creating the Corporate Culture for a High Profit Company
- FEL and New business strategies



1. Company Outline



1-1 YAC Outlook

(as of Mar 31, 2008)

Company Name	Y. A. C. Co., Ltd.
Ticker Symbol	6298 (1st-sec. /TSE, Japan)
Establishment	May, 1973
C.E.O.	Takefumi Momose
Facilities	Head Quarters: Akishima-Tokyo Sales Offices: Osaka, Fukuoka, Oita, Akishima Tokyo, Hsinchu-Taiwan, Shanghai-China Factories: Akishima-Tokyo, Yamanashi, Kumamoto, Shiga
Affiliated Companies	YAC Niigata Seiki Co., Ltd. (Niigata, Japan) HYAC Corporation (CA, USA) YAC Systems Singapore Pte Ltd (Singapore)
Paid-in Capital	¥2,756M
Business Areas	R&D, Designing, Manufacturing & Sales of Industrial Electronics Related Equipments & Industrial Cleaning Related Equipment
Financial Year	From April 1 to March 31



1-2. Major Products

Hard Disk Equipment Area

- Burnisher • Wiping System • Clean Conveyor

LCD Equipment Area

- Plasma Dry Etching System • Plasma Dry Ashing System

Semiconductor Equipment Area

- Test Handler for Logic IC's

Cleaning Equipment Area

- Automatic Bagging Machine • Shirts Pressing Machine • Apparel Machine

New Business Area

- FEL Equipment



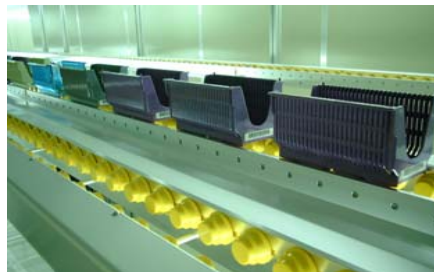
Major Products

< Hard Disk Equipment Area >

Burnisher	The disk surface precise polishing equipment to eliminate the nano-size projections on the disk surface after the process of magnetic film generating
Wiping System	The equipment to remove particles on the disk surface and to equalize the lubricant agent after the process of magnetic film generating
Clean Conveyor (for Hard Disk Factories)	The roller type clean conveyor system - Easier line designing by module concept - Higher transport efficiency than AGV or OHT by free loading and unloading as-needed
Clean Conveyor (for Semiconductor , Solar cell Factories)	The roller type clean conveyor system - Larger width and higher load bearing & transporting speed are required - Semiconductor: for 300mm wafer cassette transporting, - Solar cell :for Glass Substrate or 5inch wafer cassette transporting
Clean Conveyor (for LCD Factories)	The roller type clean conveyor system - Larger width and higher load bearing & transporting speed are required for transporting Glass substrate cutting by panel size



Burnisher



**Clean Conveyor
(for Hard Disk Factories)**



**Clean Conveyor
(for Semiconductor Factories)**



Major Products

< LCD Equipment Area >

Plasma Dry Etching System

The equipment to generate the micro transistors which control the directions of liquid crystals in each cell.
After eliminating of the area except hardened area by exposure, this equipment eliminates the exposed thin film by using plasma.



**G7 Plasma Dry Etching System
(3-chamber type)**

Applicable Glass Substrate Sizes

G2
G4
G4.5
G5
G5.5
G6
G7
G7.5
G8

< Semiconductor Equipment Area >

IC Test Handler (For Logic ICs)

The equipment to make automatic sorting based on the test result signal from the tester in the IC testing process.
It also makes high or low temperature testing environment (-55 deg.C to 155 deg.C) as the occasion demands.



**IC Test Handler
(4-IC Parallel Testing, Ambient Type)**



**=New Model=
IC Test Handler
(16-IC Parallel Testing)**

< Cleaning Equipment Area >

Shirt Pressing Machines (For Body)	The machine to press the body area of the shirt on the the dummy body by shutting in between 2 heat plates. (Options) Dual-Body Type, Single Body Type Auto Carry System (The system to make automatic transferring to the hanger after finishing)
Pressing Machines (For Tuck & Sleeve)	The machine to press tuck & sleeve areas (Options) Dual type, Single Type
Pressing Machines (For Collar & Cuffs)	The machine to press Collar & Cuffs areas (Options) Dual type, Single Type
Bagging Machines	The machine to bag the finished items using plastic film cover. (Options) Hanger Type, Folder Type
Apparel related Machines	Sponging Machine: to steam and press clothes for stability, Fusing Machine: to fuse clothes after cutting by parts, Pressing Machine: to press for smoothing down wrinkles



**Shirt Pressing Machine
(For Body: Dual Type)**



**Bagging Machine
(Hanger Type)**



**Sponging Machine
(For Apparel)**



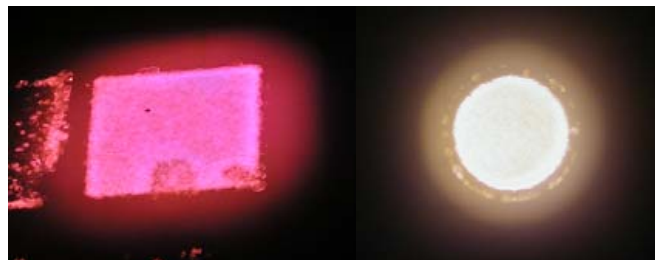
**Pressing Machine
(For Apparel)**



Major Products

< New Business Area, FEL >

Manufacturing of Nano-Diamond Thin Film	The Electron Emitter using Nano-Diamond thin film for FEL (Field Emission Lamp) Feature <ul style="list-style-type: none">• Environmentally friendly ECO-Light (no mercury and no lead)• Long-Life Lamp• Very high energy efficiency• Flexible control of light wave length
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radiation



2. Summary of FY2007



2-1 Highlight of FY2007 Result (Consolidated)

(Million¥)

Items	FY2005	FY2006	FY2007	Change from last FY	Year on year rate(%)
Net Sales	18,050	22,424	21,198	(1,226)	(5.5)%
Memory Disk	6,812	9,899	7,039	(2,860)	(28.9)%
LCD	8,526	9,400	10,919	1,519	16.2 %
Semiconductor	1,192	1,404	1,093	(310)	(22.1)%
Cleaning	1,522	1,721	2,146	425	24.7 %
Operating Income	2,495	3,676	2,295	(1,381)	(37.6)%
Ordinary income	2,401	3,583	2,371	(1,212)	(33.8)%
Net income	1,504	2,103	1,524	(579)	(27.5)%
Earning /Share	167.8	219.1	158.1	(61.0)	(27.8)%
Operating income Ratio	13.8%	16.4%	10.8%	—	—

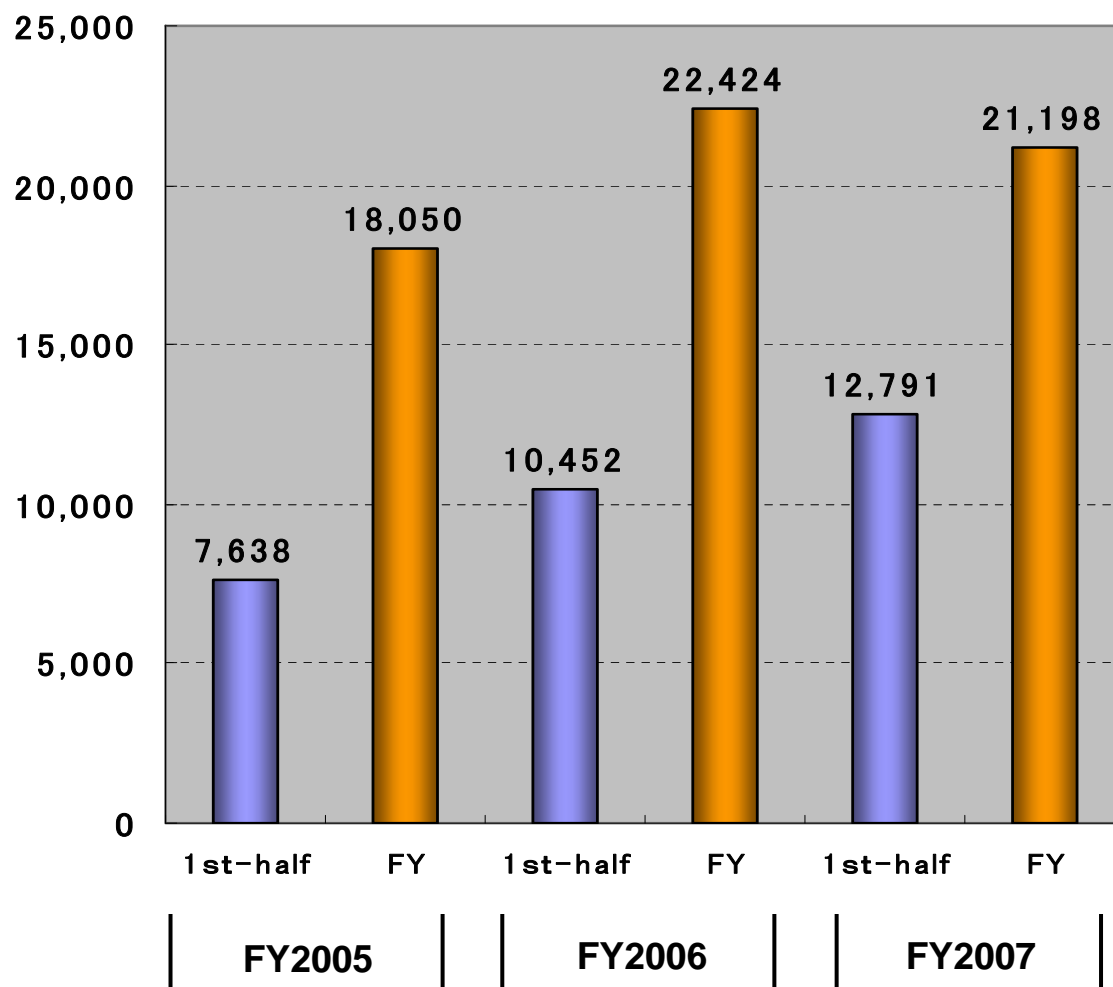
R & D expenses	225	237	287	50	21.1 %
Capital expenditure	63	52	321	269	517.3 %
Depreciation	207	160	148	(12)	(7.5) %



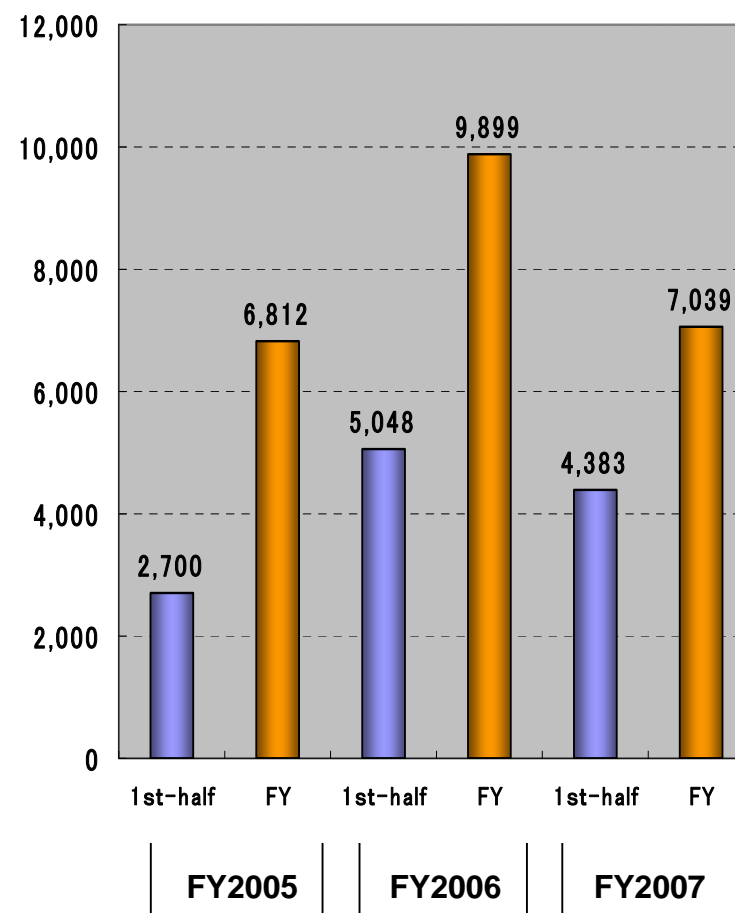
2-2 Sales by Business Unit (Consolidated)

(Million¥)

Total Sales



Memory Disk Sales

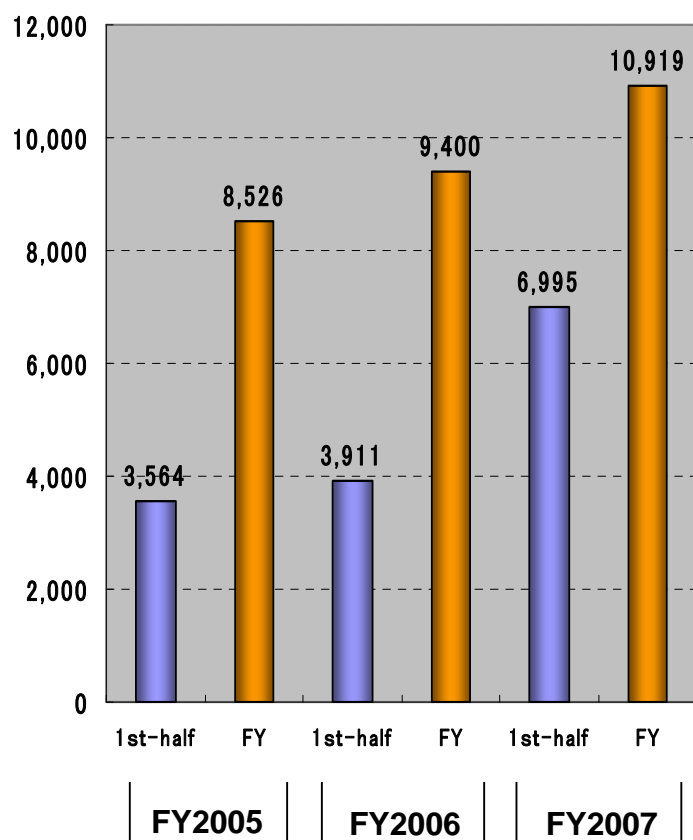




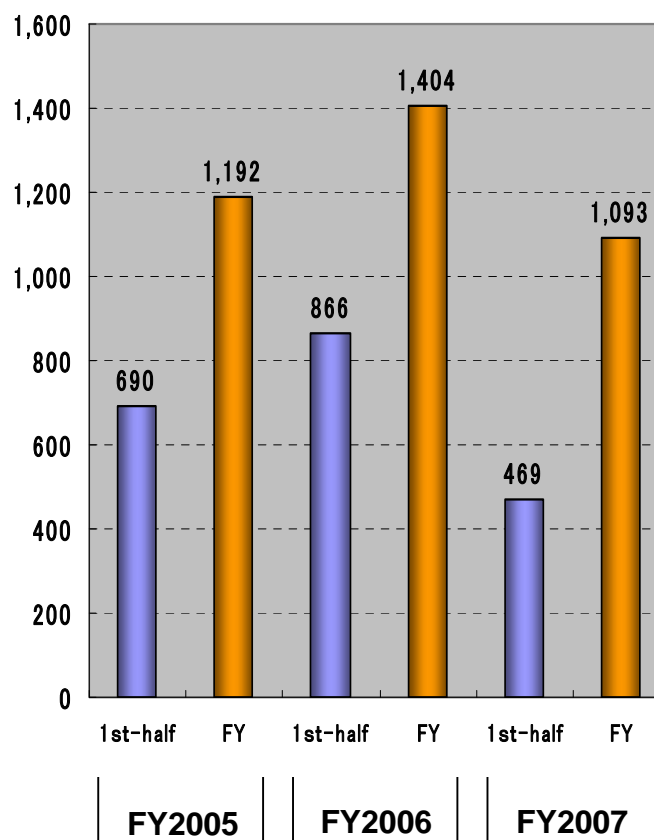
2-2 Sales by Business Unit (Consolidated)

(Million¥)

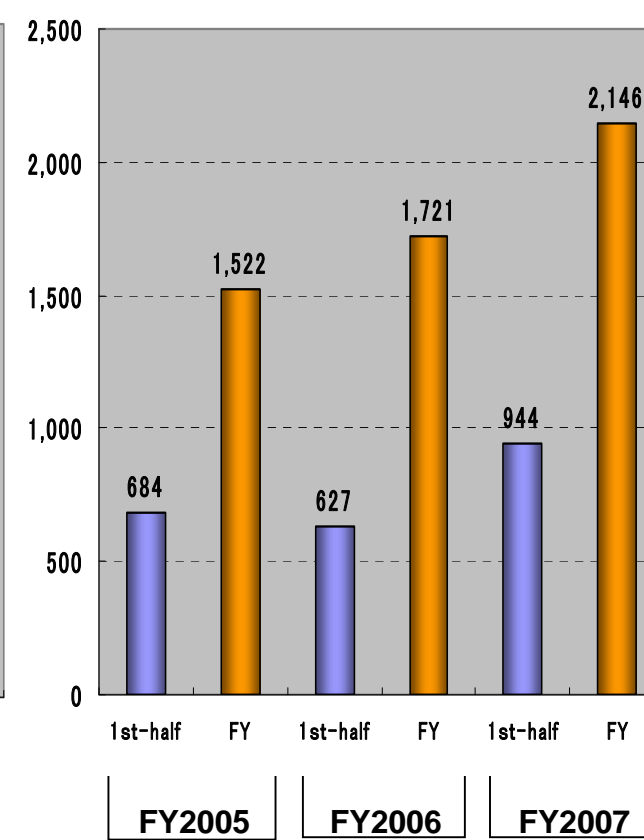
LCD Sales



Semiconductor Sales



Cleaning Sales





2-3 Amount of Received Orders by Business Unit (Consolidated)

(Million¥)

Business Units	FY2005	FY2006	FY2007	Change from last FY	Year-on-year rate(%)
Memory Disk	8,320	9,582	5,106	(4,476)	(46.7)%
LCD	8,509	10,872	9,969	(903)	(8.3)%
Semiconductor	1,117	1,368	1,337	(31)	(2.3)%
Cleaning & Others	1,522	1,721	2,146	425	24.7 %
Total	19,468	23,543	18,558	(4,985)	(21.1)%

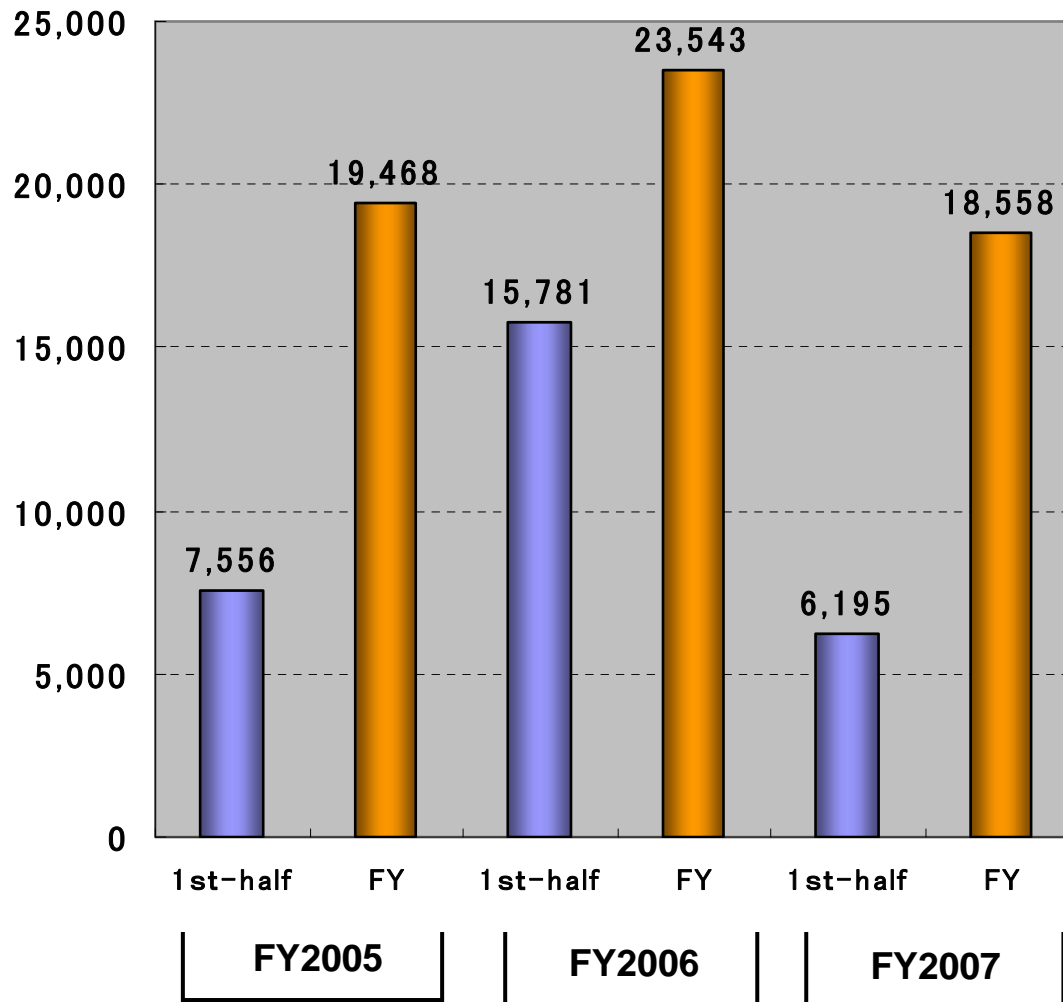
Note) Amounts of Received Order on Cleaning Related Segment is the same amounts as the amounts of Sales because that is carried on the planed production based on the sales plan.



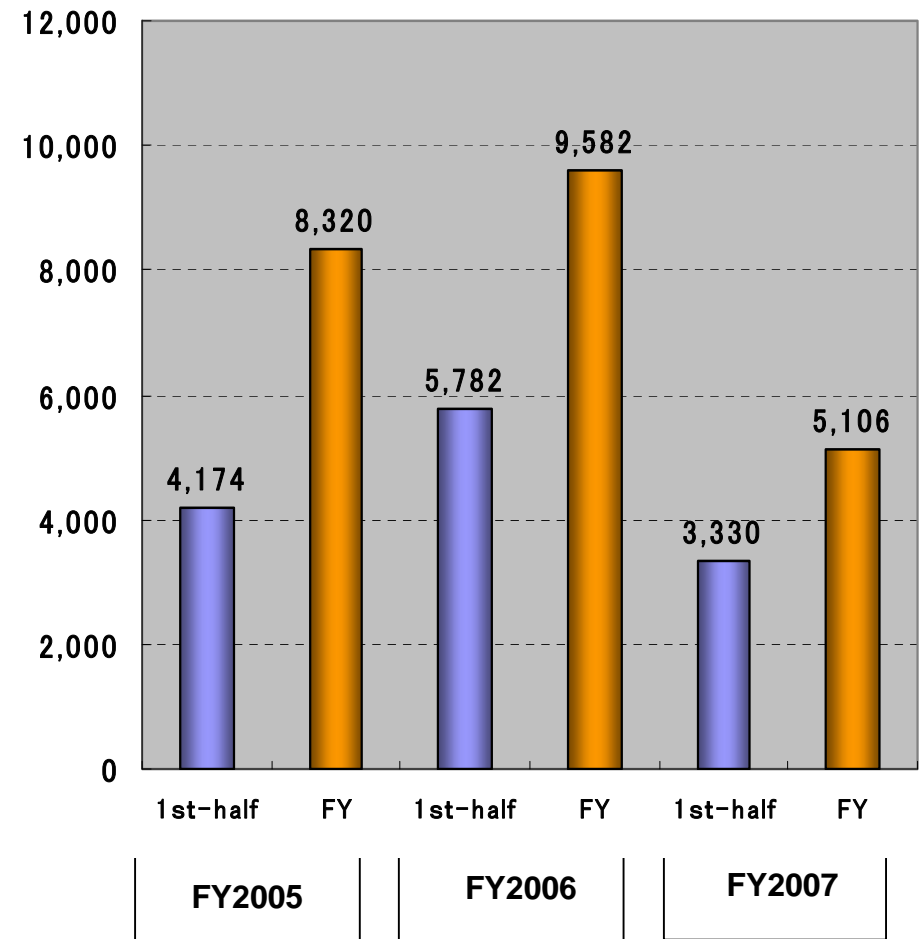
2-3 Amount of Received Orders by Unit (Consolidated)

(Million¥)

Total Orders



Memory Disk Orders

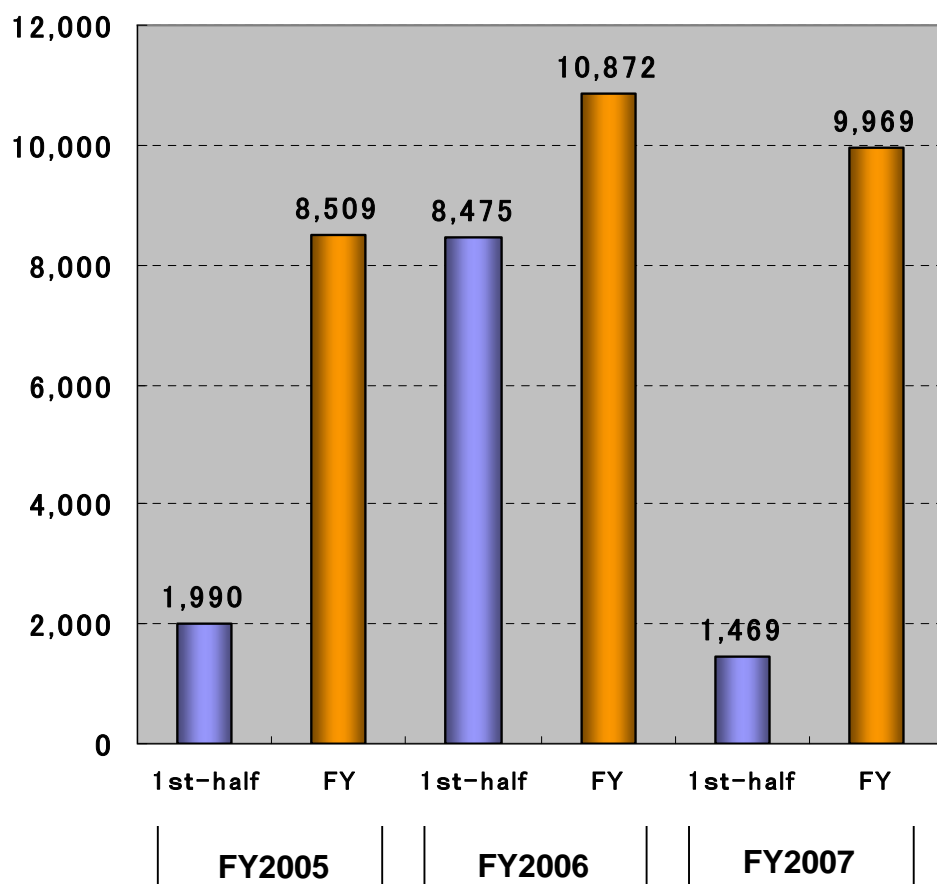




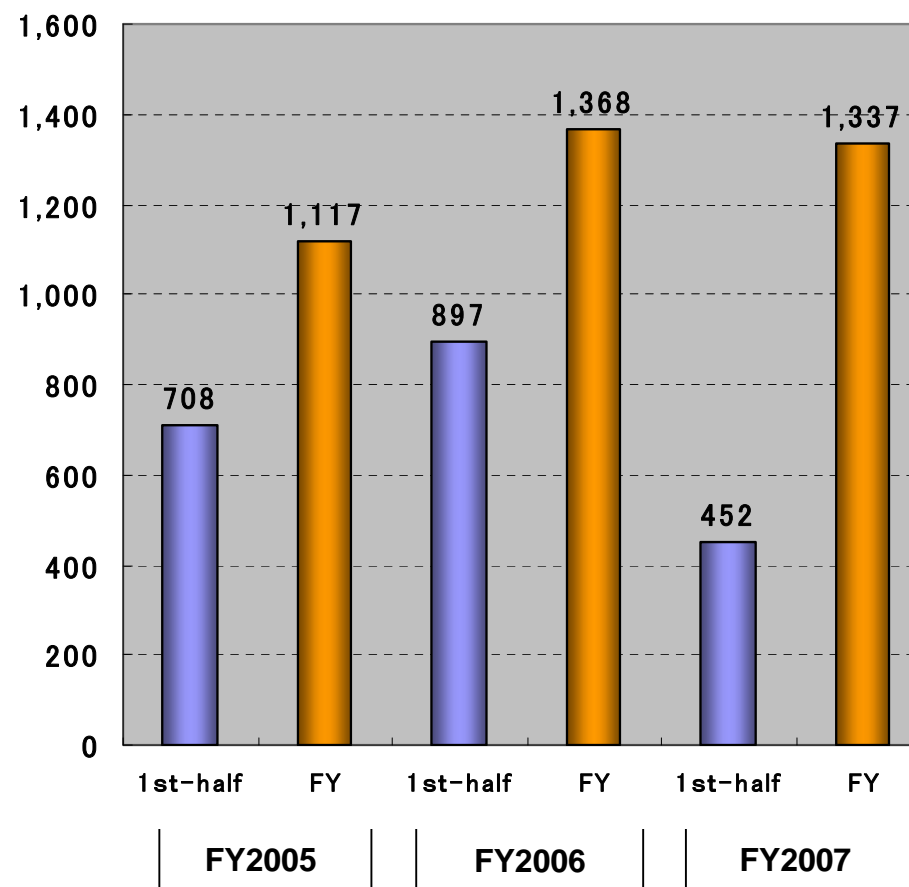
2-3 Amount of Received Orders by Unit (Consolidated)

(Million¥)

LCD Orders



Semiconductor Orders



Note) Amounts of Received Orders on Cleaning Related Segment is the same amounts as that of Sales .



2-4 Backlog Orders by Business Unit (Consolidated)

(Million¥)

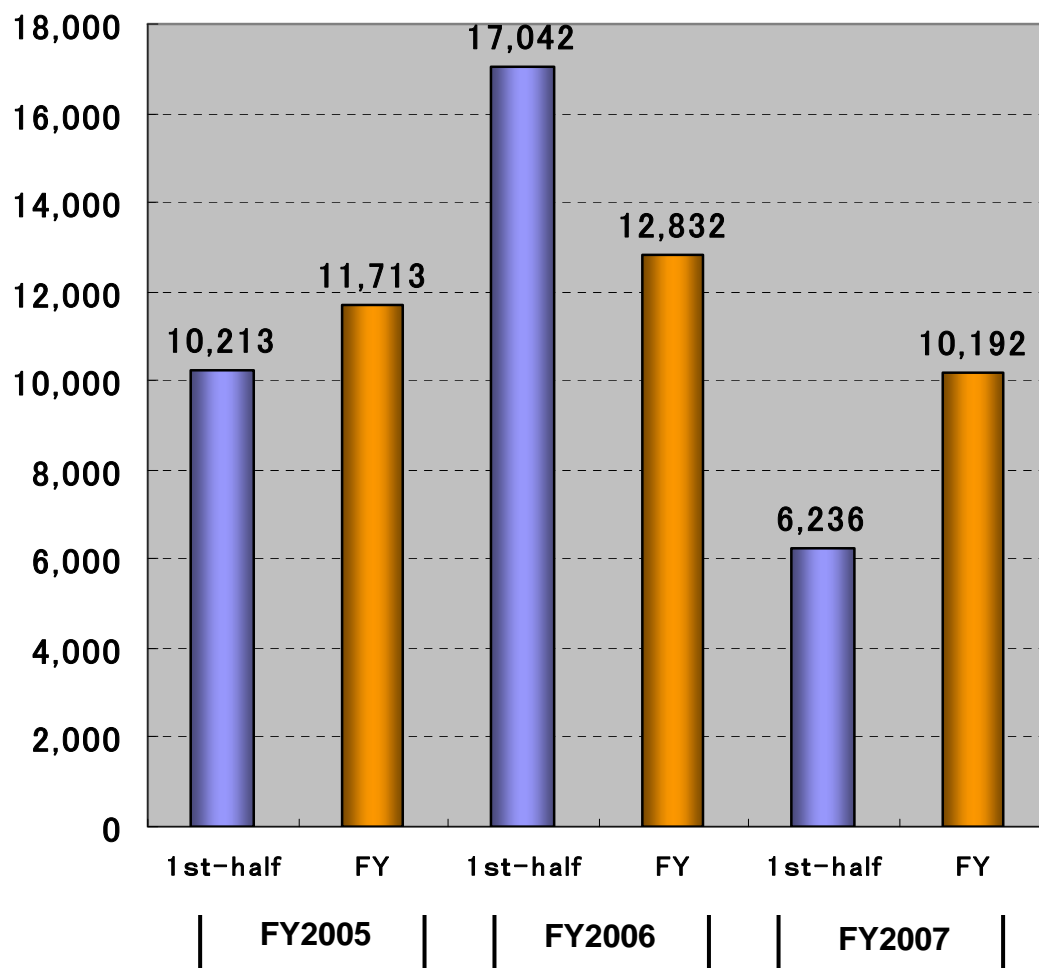
Business Units	FY2005	FY2006	FY2007	Change from last FY	Year-on-year rate(%)
Memory Disk	3,112	2,796	862	(1,934)	(69.1)%
LCD	8,407	9,879	8,928	(951)	(9.6)%
Semiconductor	194	158	402	243	153.8 %
Cleaning & Others	—	—	—	—	—
Total	11,713	12,832	10,192	(2,640)	(20.6)%



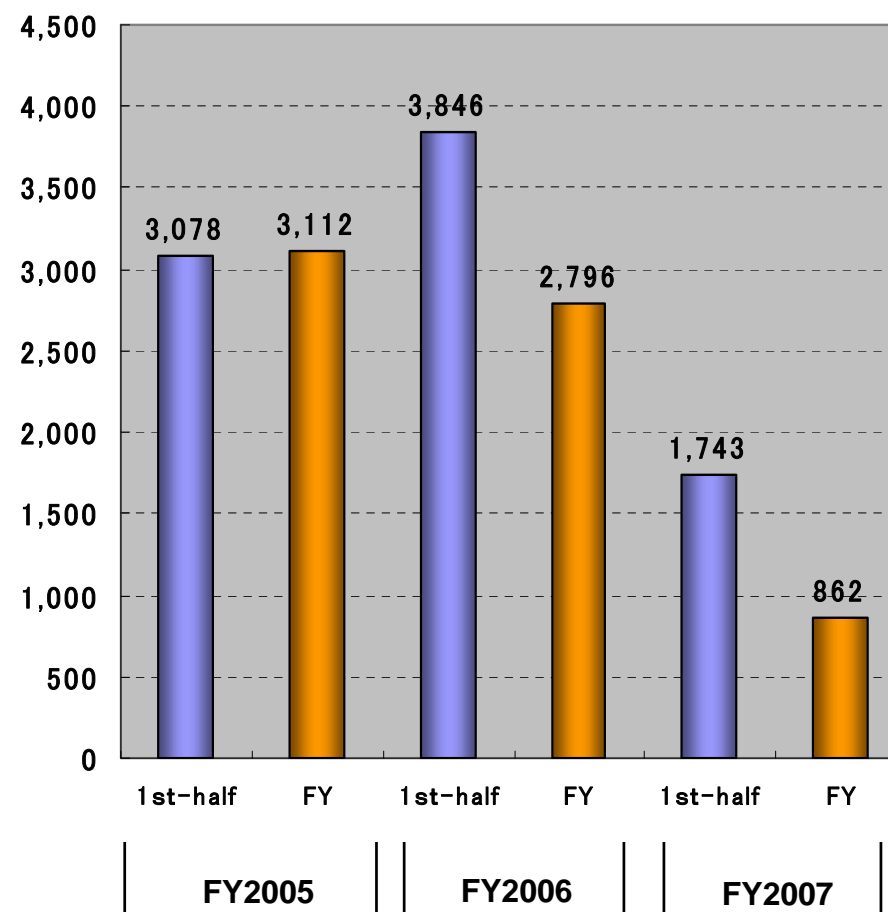
2-4 Backlog Orders by Business Unit (Consolidated)

(Million¥)

Total Backlog Orders



Memory Disk Backlog Orders

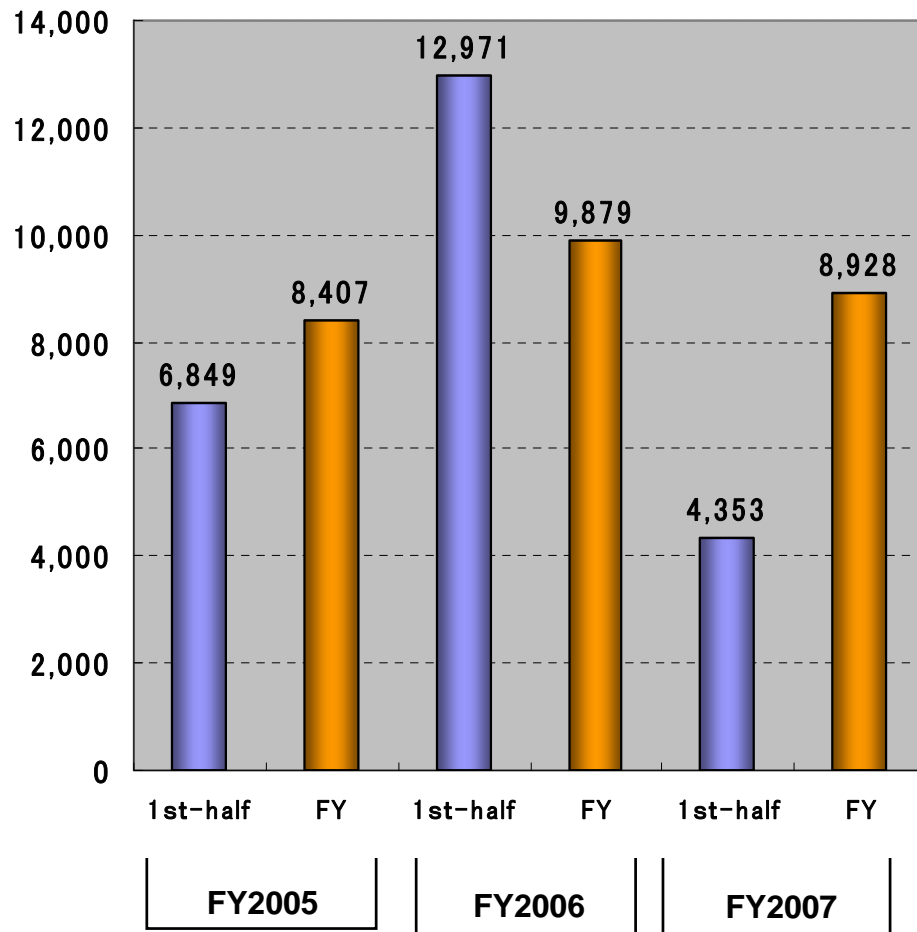




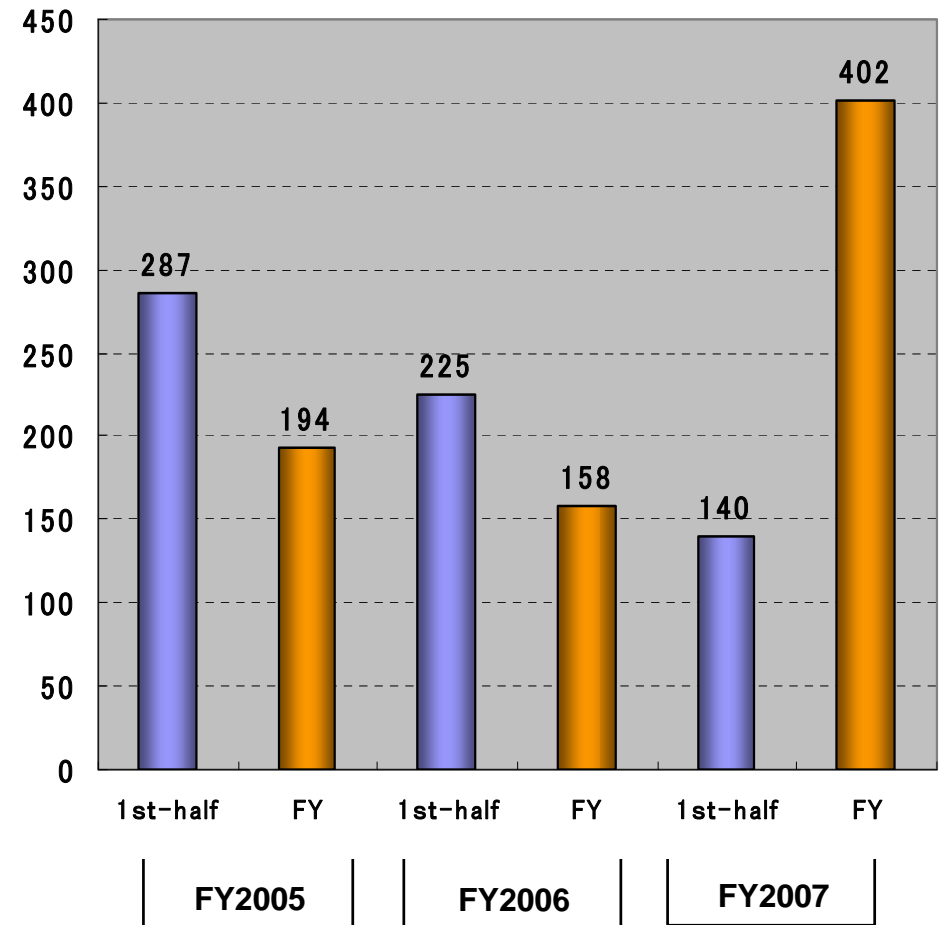
2-4 Backlog Orders by Business Units (Consolidated)

(Million¥)

LCD Backlog Orders



Semiconductor Backlog Orders





2-5 Summary of Profit & Loss (Consolidated)

(Million¥)

Items	FY2005	FY2006	FY2007	Change from last FY	Year-on-year Rate(%)
Net Sales	18,050	22,423	21,198	(1,226)	(5.5)%
Cost of Sales	13,778	16,711	16,693	(18)	(0.1)%
Gross Profit	4,271	5,712	4,503	(1,209)	(21.2)%
Sales & Administrative expenses	1,776	2,036	2,208	172	8.4 %
Operating income	2,495	3,676	2,295	(1,381)	(37.6)%
Non Operating Income	42	73	168	95	130.1 %
Non Operating Expenses	136	166	92	(74)	(44.6)%
Ordinary Income	2,401	3,583	2,371	(1,212)	(33.8)%
Extraordinary Gain	6	8	6	(2)	(25.0)%
Extraordinary Loss	94	117	3	(114)	(97.4)%
Income before Tax	2,313	3,474	2,374	(1,100)	(31.7)%
Income Tax	808	1,371	850	(521)	(38.0)%
Net Income	1,504	2,103	1,524	(579)	(27.5)%



2-6 Summary of Balance Sheet (Consolidated)

Items	As of March 31,2006	As of March 31,2007	As of March 31,2008	Change from last FY	Year-on-year rate(%)
Current Assets	16,121	20,637	18,235	(2,402)	(11.6)%
Cash & cash equivalents	4,726	5,359	4,625	(734)	(13.7)%
Account receivables	7,121	7,470	9,217	1,747	23.4 %
Inventories	3,914	7,203	4,152	(3,051)	(42.4)%
Others	358	603	240	(363)	(60.2)%
Fixed Assets	2,744	2,969	3,165	196	6.6 %
Tangible fixed assets	2,493	2,660	2,827	167	6.3 %
Intangible fixed assets	13	109	99	(10)	(9.2)%
Investments and others	236	199	238	39	19.6 %
Total Assets	18,865	23,607	21,401	(2,206)	(9.3)%
Current liabilities	8,468	12,465	8,499	(3,966)	(31.8)%
Accounts payables	5,855	9,199	4,133	(5,066)	(55.1)%
Short-term liabilities	1,041	1,363	3,646	2,283	167.5 %
Others	1,571	1,903	720	(1,183)	(62.2)%
Fixed liabilities	4,189	1,097	2,172	1,075	97.8 %
Long-term liabilities	3,807	609	1,621	1,012	166.3 %
Others	381	487	550	63	12.9 %
Total liabilities	12,657	13,563	10,672	(2,891)	(21.3)%
Total Net Assets	6,207	10,044	10,729	685	6.8 %
Total Liabilities & Net Assets	18,865	23,607	21,401	(2,206)	(9.3)%

(Million¥)



2-7 Summary of Cash Flow Statement (Consolidated)

(Million¥)

Items	FY2005	FY2006	FY2007	Change from last FY
Cash Flow from operating activities	15	2,095	(2,823)	(4,918)
Cash Flow from Investing activities	417	(91)	(306)	(215)
Cash Flow from financing activities	1,652	(1,400)	2,582	3,982
Foreign currency translation difference in cash and equivalents	59	6	(167)	(173)
Net increase in cash and cash equivalents (decrease)	2,145	608	(714)	(1,322)
Cash and cash equivalents at the end of the period	4,726	5,335	4,621	(714)



3.Business Environment , Outlook of FY2008 and Basic Strategy of 10th Mid-Term Plan



3-1 Basic Strategy of 9th. Mid-Term Plan

Characteristics of IT Related Businesses

1. High growing
2. Tough Competition
3. Highly Frequent Change (Innovation)
4. Market Deviation



**Ensuring of
Stable Profit in
this market
environment**

YAC's Basic Business Strategy

1. Challenge to be a High Profit Company	▪ Strengthening of One and Only Technologies ▪ Thoroughness of Commitment System ▪ Thoroughness of Low-cost management ▪ Upsurge of motivation
2. Preoccupy of Market needs	▪ Preoccupy of Market needs by rigid relationship with customers ▪ Thoroughness of the product differentiation (Patent) ▪ Fast reactions ▪ Secure the position as market leader & price leader and improvement of YAC Brand
3. Fab-less Management (Industrial Electronics Area)	▪ Management system mainly consist of sales, R&D, designing and after-sales services. ▪ Minimizing of company management risks
4. Substantial Support to Customers	▪ Make intimate relationship with customers ▪ Promote to use YAC Parts and consuming items
5. M&A, Alliance	▪ Aim to enlarge our business and get synergy effect.
6. Global Management	▪ Moving Ahead
7. Environmental Activity	▪ Promote Environment Technology



3-3 Business Environment & Market Trend

< Hard disk Market >

- ✓ Needs of larger capacity HD is still in a high level demand of over 15% a year but the disorder of reforming in the world-wide HD Business is continued
- ✓ Facilities for Next generation, High density media
- ✓ Estimate -20% Y-0-Y growth

< LCD Market >

- ✓ Flat panel display market continues high growth in both Larger size and small size
- ✓ Active TV replacement demand and continuous & aggressive capital investment in preparation to the full conversion to the digital terrestrial broadcasting in 2011 in Japan.
- ✓ Estimate the same capacity Y-0-Y growth



3-3 *Business Environment & Market Trend*

< Semiconductor Market >

- ✓ The needs for Backend Process is in upward phase
- ✓ Estimate +45% Y-0-Y growth

< Cleaning Market >

- ✓ Stable in Domestic Market. Increase in Outside Japan Market
- ✓ Cost reduction by self-manufacturing
- ✓ Estimate +20% Y-0-Y growth

< FEL Market >

- ✓ Test samples to Lamp Makers
- ✓ Contribute to sales during the next year



3-4 Challenges by Business Area (1)

Business Area	Current Status	Challenges	Actions to be taken
Hard disk	<ul style="list-style-type: none"> Worldwide 80% market share in Burnisher area Market Leader 	<ul style="list-style-type: none"> Aim to gain further market share of Burnisher, Wiping System 	<ul style="list-style-type: none"> Aim worldwide market share 100% (High-throughput, Small Footprint)
		<ul style="list-style-type: none"> Develop High density Media system 	<ul style="list-style-type: none"> Strengthen collaboration with Main customers
		<ul style="list-style-type: none"> Expand of sales of conveyers for hard disk, semiconductor LCD ,solar cell market 	<ul style="list-style-type: none"> Cost reduction including the production outside Japan
		<ul style="list-style-type: none"> Increase of the sales of consuming items 	<ul style="list-style-type: none"> Enlarge consuming items for New Wiping system
LCD	<ul style="list-style-type: none"> Worldwide 25% market share in Plasma Dry Etching System area 	<ul style="list-style-type: none"> Increase of market share 	<ul style="list-style-type: none"> Differentiation from competitive product
		<ul style="list-style-type: none"> Improvement of profit rate 	<ul style="list-style-type: none"> Thoroughness of low cost designing and strict production control Strengthen collaboration with subcontractors
		<ul style="list-style-type: none"> Started to develop New System 	<ul style="list-style-type: none"> Efficient use of Plasma Technology



3-4 Challenges by Business Area (2)

Business Area	Current Status	Challenges	Actions to be taken
Semi conductor	<ul style="list-style-type: none">■ Market Share : 5%■ Rigid relationship with the major customer	<ul style="list-style-type: none">■ Acquisition of additional major customers■ Releasing new version	<ul style="list-style-type: none">■ Development of new major customers■ Brash up of major products■ high productivity , high stability, environmental control
Cleaning	<ul style="list-style-type: none">■ Established YAC Brand■ Domestic Market Share<ul style="list-style-type: none">- Bagging Machine: 90%- Pressing Machine: 50%■ Apparel Market	<ul style="list-style-type: none">■ Increase of market share■ Exporting■ the sales of consuming items■ Improvement of the gross profit ratio	<ul style="list-style-type: none">■ Rebuild the policy of the agents■ Cost reduction by self-manufacturing■ Business expansion to US & China markets■ Environmental control
FEL Equipment	<ul style="list-style-type: none">■ the Samples to Lamp Makers	<ul style="list-style-type: none">■ Improvement of manufacturing technology■ Quality control	<ul style="list-style-type: none">■ Stability■ Cost reduction■ Technology for the quantity production



3-3 Plan for whole FY 2008 (consolidated)

(Million¥)

Items	FY2005	FY2006	FY2007	FY2008 (forecast)		Change from last FY (forecast)	Year-on- year rate(%) (forecast)
				(1 st -half)	(FY)		
Net Sales	18,050	22,424	21,198	8,500	20,000	(1,198)	(5.6)%
Operating Income	2,495	3,676	2,295	800	2,100	(195)	(8.5)%
Ordinary Income	2,401	3,583	2,371	800	2,100	(271)	(11.7)%
Net Income	1,504	2,103	1,524	500	1,350	(174)	(11.1)%
Earning/Share(Yen)	167.8	219.1	158.1	53.7	145.2	(12.9)	(8.2)%



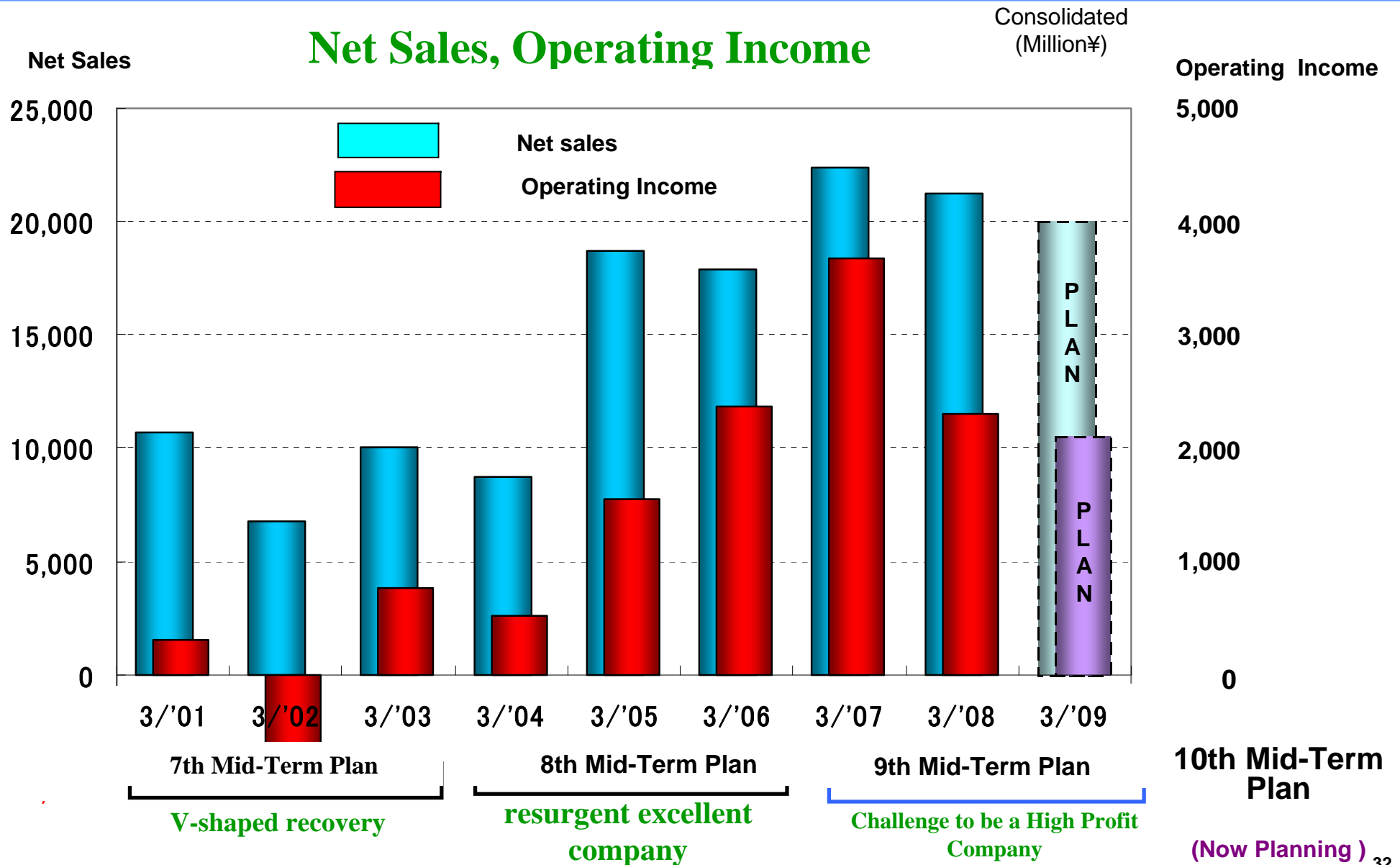
3-4 Sales Forecast by Business Unit (consolidated)

(Million¥)

Business Segment	FY2005	FY2006	FY2007	FY2008 (forecast)		Change from last FY (forecast)	Year-on- year rate(%) (forecast)
				1st-half	FY		
Memory Disk	6,812	9,899	7,039	1,800	5,500	(1,539)	(21.8)%
LCD	8,526	9,400	10,919	4,770	10,300	(619)	(5.7)%
Semiconductor	1,192	1,404	1,093	800	1,600	507	46.4 %
Cleaning & others	1,522	1,721	2,146	1,130	2,600	454	21.2 %
FEL	—	—	—	0	0		
Total	18,050	22,424	21,198	8,500	20,000	(1,198)	(5.7)%



3-5 Change of Business Performance & 9th Mid-Term Plan





The prospects described in this document is based on the information we have as of the time this document is published, and the actual result may differ from such prospects due to various unexpected factors.

Y. A. C. Co., Ltd