

Translation

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## Summary of Consolidated Financial Results for the Year Ended December 31, 2013 (Based on Japanese GAAP)

February 14, 2014

Company name	YKT CORPORATION		
Stock exchange listing	Tokyo		
Stock Code	2693	URL	<a href="http://www.ykt.co.jp">http://www.ykt.co.jp</a>
Representative	PRESIDENT	TORU ICHIOKA	
Inquiries	DIRECTOR	EIJI MAEDA	TEL 03-3467-1251
Scheduled date of ordinary general meeting of shareholders	March 26, 2014		
Scheduled date to file Securities Report	March 26, 2014		
Scheduled date to commence dividend payments	March 27, 2014		
Preparation of supplementary material on earnings	yes		
Holding of earnings performance review	no -		

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended December 31, 2013 (from January 1, 2013 to December 31, 2013)

#### (1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended December 31, 2013	7,099	(11.7)	(221)	-	(213)	-	(169)	-
Year ended December 31, 2012	8,036	(25.6)	148	(57.4)	163	(58.0)	224	(39.4)

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/Net sales
	Yen	Yen	%	%	%
Year ended December 31, 2013	(14.24)	-	(3.1)	(2.5)	(3.1)
Year ended December 31, 2012	18.87	18.84	4.1	1.8	1.8

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2013	8,111	5,379	66.3	452.55
As of December 31, 2012	9,227	5,571	60.3	468.70

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Period-end cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of December 31, 2013	631	1	(860)	2,332
As of December 31, 2012	142	(25)	12	2,536

### 2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2012	-	0.00	-	5.00	5.00	59	22.5	1.1
Year ended December 31, 2013	-	0.00	-	5.00	5.00	59	-	1.1
Year ending December 31, 2014 (Forecast)	-	0.00	-	5.00	5.00		59.3	

3. Forecast of consolidated financial results for the year ending December 31, 2014 (from January 1, 2014 to December 31, 2014)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending June 30, 2014	4,300	10.2	40	-	50	-	50	-	4.21
Full year	8,800	24.0	80	-	100	-	100	-	8.42

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2013

(changes in specified subsidiaries resulting in the change in scope of consolidation): no

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

Changes in accounting policies due to revisions to accounting standards and other regulations: yes

Changes in accounting policies due to other reasons: no

Changes in accounting estimates: no

Restatement of prior period financial statements after error corrections: no

(3) Number of issued shares

Total number of issued shares at the end of the period (including treasury stock)

As of December 31, 2013	11,888,740 shares	As of December 31, 2012	11,888,740 shares
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Number of shares of treasury stock at the end of the period

As of December 31, 2013	11,009 shares	As of December 31, 2012	10,705 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Year ended December 31, 2013	11,877,893 shares	Year ended December 31, 2012	11,878,139 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2012	As of December 31, 2013
Assets		
Current assets		
Cash and deposits	2,550,885	2,332,116
Notes and accounts receivable - trade	1,341,500	740,040
Merchandise	1,421,970	1,035,897
Deferred tax assets	101,419	61,935
Other	286,607	355,440
Allowance for doubtful accounts	(1,945)	(671)
Total current assets	5,700,438	4,524,759
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,307,362	1,153,402
Accumulated depreciation	(836,854)	(706,370)
Buildings and structures, net	470,508	447,031
Land	1,702,974	1,657,243
Other	253,462	266,425
Accumulated depreciation	(178,627)	(206,722)
Other, net	74,834	59,703
Total property, plant and equipment	2,248,317	2,163,978
Intangible assets	21,728	17,490
Investments and other assets		
Investment securities	102,413	162,146
Deferred tax assets	61,059	161,981
Real estate for investment	798,142	798,380
Accumulated depreciation	(79,828)	(93,046)
Real estate for investment, net	718,314	705,334
Guarantee deposits	313,016	316,154
Other	62,691	59,557
Allowance for doubtful accounts	(247)	-
Total investments and other assets	1,257,247	1,405,173
Total non-current assets	3,527,293	3,586,642
Total assets	9,227,731	8,111,402

(Thousands of yen)

	As of December 31, 2012	As of December 31, 2013
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	822,279	568,331
Short-term loans payable	400,000	-
Current portion of long-term loans payable	510,648	515,146
Current portion of bonds	163,600	72,000
Income taxes payable	11,882	25,247
Other	730,000	837,830
Total current liabilities	<u>2,638,409</u>	<u>2,018,555</u>
Non-current liabilities		
Bonds payable	72,000	-
Long-term loans payable	727,040	494,068
Provision for retirement benefits	185,338	197,348
Other	33,608	22,050
Total non-current liabilities	<u>1,017,987</u>	<u>713,466</u>
Total liabilities	<u>3,656,397</u>	<u>2,732,022</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,385,709	1,385,709
Capital surplus	1,997,995	1,997,995
Retained earnings	2,166,080	1,937,499
Treasury shares	(3,176)	(3,224)
Total shareholders' equity	<u>5,546,609</u>	<u>5,317,980</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,623	21,904
Deferred gains or losses on hedges	7,893	4,756
Foreign currency translation adjustment	1,099	30,628
Total accumulated other comprehensive income	<u>20,615</u>	<u>57,290</u>
Subscription rights to shares	4,108	4,108
Total net assets	<u>5,571,334</u>	<u>5,379,379</u>
Total liabilities and net assets	<u>9,227,731</u>	<u>8,111,402</u>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Net sales	8,036,755	7,099,395
Cost of sales	6,135,945	5,659,675
Gross profit	1,900,809	1,439,720
Selling, general and administrative expenses	1,752,369	1,661,463
Operating income (loss)	148,440	(221,742)
Non-operating income		
Interest income	7,677	7,513
Dividend income	3,845	4,416
Purchase discounts	15,291	10,885
Real estate rent	33,804	33,804
Other	10,319	2,107
Total non-operating income	70,938	58,726
Non-operating expenses		
Interest expenses	22,001	19,527
Interest on bonds	2,111	1,029
Foreign exchange losses	7,496	7,396
Loss on sales of accounts receivable	2,333	4,095
Rent expenses on real estates	17,682	16,118
Other	4,453	2,813
Total non-operating expenses	56,079	50,981
Ordinary income (loss)	163,299	(213,997)
Extraordinary income		
Gain on sales of non-current assets	-	2,006
Total extraordinary income	-	2,006
Extraordinary losses		
Loss on retirement of non-current assets	595	-
Total extraordinary losses	595	-
Income (loss) before income taxes and minority interests	162,703	(211,991)
Income taxes - current	7,064	22,424
Income taxes - deferred	(68,494)	(65,224)
Total income taxes	(61,430)	(42,800)
Income (loss) before minority interests	224,133	(169,191)
Net income (loss)	224,133	(169,191)

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Income before minority interests	224,133	(169,191)
Other comprehensive income		
Valuation difference on available-for-sale securities	2,783	10,281
Deferred gains or losses on hedges	77,170	(3,136)
Foreign currency translation adjustment	19,574	29,529
Total other comprehensive income	99,528	36,674
Comprehensive income	323,662	(132,516)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	323,662	(132,516)

## Consolidated statements of changes in net assets

Fiscal year ended December 31, 2012

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,385,709	1,997,995	2,001,338	(3,146)	5,381,897
Changes of items during period					
Dividends of surplus			(59,391)		(59,391)
Net loss			224,133		224,133
Purchase of treasury shares				(30)	(30)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	164,742	(30)	164,711
Balance at end of current period	1,385,709	1,997,995	2,166,080	(3,176)	5,546,609

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	8,840	(69,277)	(18,475)	(78,912)	4,108	5,307,094
Changes of items during period						
Dividends of surplus						(59,391)
Net loss						224,133
Purchase of treasury shares						(30)
Net changes of items other than shareholders' equity	2,783	77,170	19,574	99,528	-	99,528
Total changes of items during period	2,783	77,170	19,574	99,528	-	264,240
Balance at end of current period	11,623	7,893	1,099	20,615	4,108	5,571,334

Fiscal year ended December 31, 2013

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,385,709	1,997,995	2,166,080	(3,176)	5,546,609
Changes of items during period					
Dividends of surplus			(59,390)		(59,390)
Net loss			(169,191)		(169,191)
Purchase of treasury shares				(47)	(47)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	(228,581)	(47)	(228,629)
Balance at end of current period	1,385,709	1,997,995	1,937,499	(3,224)	5,317,980

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	11,623	7,893	1,099	20,615	4,108	5,571,334
Changes of items during period						
Dividends of surplus						(59,390)
Net loss						(169,191)
Purchase of treasury shares						(47)
Net changes of items other than shareholders' equity	10,281	(3,136)	29,529	36,674	-	36,674
Total changes of items during period	10,281	(3,136)	29,529	36,674	-	(191,954)
Balance at end of current period	21,904	4,756	30,628	57,290	4,108	5,379,379



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Cash flows from operating activities		
Income before income taxes and minority interests	162,703	(211,991)
Depreciation	67,918	60,843
Increase (decrease) in allowance for doubtful accounts	381	(1,274)
Increase (decrease) in accounts payable - bonuses	(21,470)	(34,940)
Increase (decrease) in provision for retirement benefits	8,705	12,009
Increase (decrease) in provision for directors' bonuses	(14,000)	-
Interest and dividend income	(11,523)	(11,929)
Interest expenses	24,112	20,557
Decrease (increase) in notes and accounts receivable - trade	225,775	619,946
Decrease (increase) in inventories	(753,237)	396,681
Decrease (increase) in other current assets	(23,061)	(2,183)
Increase (decrease) in notes and accounts payable - trade	81,992	(267,060)
Increase (decrease) in other current liabilities	(44,180)	(8,535)
Other, net	472,367	69,547
Subtotal	176,483	641,672
Interest and dividend income received	11,636	11,892
Interest expenses paid	(22,215)	(19,425)
Income taxes paid	(23,876)	(2,182)
Net cash provided by (used in) operating activities	142,027	631,957
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,316)	(18,020)
Proceeds from sales of property, plant and equipment	-	48,349
Purchase of intangible assets	(12,950)	(341)
Purchase of investment securities	-	(43,757)
Other, net	(1,592)	15,360
Net cash provided by (used in) investing activities	(25,859)	1,589
Cash flows from financing activities		
Increase in short-term loans payable	-	58,000
Decrease in short-term loans payable	-	(458,000)
Proceeds from long-term loans payable	700,000	340,000
Repayments of long-term loans payable	(453,370)	(568,474)
Redemption of bonds	(164,200)	(163,600)
Cash dividends paid	(61,021)	(58,739)
Other, net	(8,676)	(10,151)
Net cash provided by (used in) financing activities	12,732	(860,965)
Effect of exchange rate change on cash and cash equivalents	15,735	23,055
Net increase (decrease) in cash and cash equivalents	144,635	(204,362)
Cash and cash equivalents at beginning of period	2,391,843	2,536,478
Cash and cash equivalents at end of period	2,536,478	2,332,116