

Translation

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Summary of Consolidated Financial Results for the Year Ended December 31, 2014 (Based on Japanese GAAP)

February 13, 2015

Company name: YKT CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 2693 URL <http://www.ykt.co.jp>
 Representative: PRESIDENT TORU ICHIOKA
 Inquiries: DIRECTOR EIJI MAEDA TEL 03-3467-1251
 Scheduled date of ordinary general meeting of shareholders: March 25, 2015
 Scheduled date to file Securities Report: March 25, 2015
 Scheduled date to commence dividend payments: March 26, 2015
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2014 (from January 1, 2014 to December 31, 2014)

(1) Consolidated financial 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, 2014	8,700	22.5	21	-	57	-	(13)	-
Year ended December 31, 2013	7,099	(11.7)	(221)	-	(213)	-	(169)	-

	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, 2014	(1.14)	-	(0.3)	0.7	0.2
Year ended December 31, 2013	(14.24)	-	(3.1)	(2.5)	(3.1)

(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, 2014	8,081	5,352	66.2	450.27
As of December 31, 2013	8,111	5,379	66.3	452.55

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2014	(306)	(6)	4	2,033
Year ended December 31, 2013	631	1	(860)	2,332

2. Cash dividends

	Annual dividends per share					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, 2013	-	0.00	-	5.00	5.00	59	-	1.1
Year ended December 31, 2014	-	0.00	-	10.00	10.00	118	-	2.2
Year ending December 31, 2015 (Forecast)	-	0.00	-	5.00	5.00		74.2	

3. Forecast of consolidated financial results for the year ending December 31, 2015 (from January 1, 2015 to December 31, 2015)

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, 2015	4,800	4.2	145	94.9	160	91.3	60	108.4	5.05
Full year	9,300	6.9	180	735.8	210	263.2	80	—	6.73

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2014

(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

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 (common shares)

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

As of December 31, 2014	11,888,740 shares	As of December 31, 2013	11,888,740 shares
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Number of treasury shares at the end of the period

As of December 31, 2014	11,269 shares	As of December 31, 2013	11,009 shares
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Average number of shares during the period

Year ended December 31, 2014	11,877,596 shares	Year ended December 31, 2013	11,877,893 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2013	As of December 31, 2014
Assets		
Current assets		
Cash and deposits	2,332,116	2,033,906
Notes and accounts receivable - trade	740,040	1,169,927
Merchandise	1,035,897	1,056,218
Deferred tax assets	61,935	120,530
Other	355,440	278,963
Allowance for doubtful accounts	(671)	(5,031)
Total current assets	4,524,759	4,654,515
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,153,402	1,153,032
Accumulated depreciation	(706,370)	(729,034)
Buildings and structures, net	447,031	423,998
Land	1,657,243	1,657,243
Other	266,425	267,109
Accumulated depreciation	(206,722)	(229,858)
Other, net	59,703	37,251
Total property, plant and equipment	2,163,978	2,118,492
Intangible assets	17,490	12,902
Investments and other assets		
Investment securities	162,146	187,557
Deferred tax assets	161,981	37,205
Real estate for investment	798,380	798,380
Accumulated depreciation	(93,046)	(105,132)
Real estate for investment, net	705,334	693,248
Guarantee deposits	316,154	313,677
Other	59,557	64,044
Total investments and other assets	1,405,173	1,295,733
Total non-current assets	3,586,642	3,427,128
Total assets	8,111,402	8,081,643

(Thousands of yen)

	As of December 31, 2013	As of December 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	568,331	834,665
Current portion of long-term loans payable	515,146	480,415
Current portion of bonds	72,000	–
Income taxes payable	25,247	25,066
Advances received	697,852	284,698
Other	139,977	203,507
Total current liabilities	<u>2,018,555</u>	<u>1,828,352</u>
Non-current liabilities		
Long-term loans payable	494,068	675,334
Provision for retirement benefits	197,348	–
Net defined benefit liability	–	212,269
Other	22,050	13,546
Total non-current liabilities	<u>713,466</u>	<u>901,149</u>
Total liabilities	<u>2,732,022</u>	<u>2,729,502</u>
Net assets		
Shareholders' equity		
Capital stock	1,385,709	1,385,709
Capital surplus	1,997,995	1,997,995
Retained earnings	1,937,499	1,864,529
Treasury shares	(3,224)	(3,267)
Total shareholders' equity	<u>5,317,980</u>	<u>5,244,967</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,904	38,259
Deferred gains or losses on hedges	4,756	21,492
Foreign currency translation adjustment	30,628	43,312
Total accumulated other comprehensive income	<u>57,290</u>	<u>103,064</u>
Subscription rights to shares	4,108	4,108
Total net assets	<u>5,379,379</u>	<u>5,352,141</u>
Total liabilities and net assets	<u>8,111,402</u>	<u>8,081,643</u>

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

(Thousands of yen)

	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Net sales	7,099,395	8,700,245
Cost of sales	5,659,675	6,918,743
Gross profit	1,439,720	1,781,502
Selling, general and administrative expenses	1,661,463	1,759,966
Operating income (loss)	(221,742)	21,536
Non-operating income		
Interest income	7,513	7,564
Dividend income	4,416	5,809
Purchase discounts	10,885	15,933
Real estate rent	33,804	33,804
Other	2,107	10,378
Total non-operating income	58,726	73,489
Non-operating expenses		
Interest expenses	19,527	13,977
Interest on bonds	1,029	–
Foreign exchange losses	7,396	–
Loss on sales of accounts receivable	4,095	6,684
Rent expenses on real estates	16,118	15,181
Other	2,813	1,370
Total non-operating expenses	50,981	37,214
Ordinary income (loss)	(213,997)	57,811
Extraordinary income		
Gain on sales of non-current assets	2,006	718
Total extraordinary income	2,006	718
Extraordinary losses		
Loss on retirement of non-current assets	–	254
Loss on sales of non-current assets	–	874
Total extraordinary losses	–	1,128
Income (loss) before income taxes and minority interests	(211,991)	57,401
Income taxes - current	22,424	22,820
Income taxes - deferred	(65,224)	48,161
Total income taxes	(42,800)	70,982
Loss before minority interests	(169,191)	(13,580)
Net loss	(169,191)	(13,580)

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Loss before minority interests	(169,191)	(13,580)
Other comprehensive income		
Valuation difference on available-for-sale securities	10,281	16,354
Deferred gains or losses on hedges	(3,136)	16,735
Foreign currency translation adjustment	29,529	12,683
Total other comprehensive income	36,674	45,774
Comprehensive income	(132,516)	32,193
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(132,516)	32,193

Consolidated statements of changes in net assets

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

Fiscal year ended December 31, 2014

(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	1,937,499	(3,224)	5,317,980
Changes of items during period					
Dividends of surplus			(59,388)		(59,388)
Net loss			(13,580)		(13,580)
Purchase of treasury shares				(43)	(43)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	(72,969)	(43)	(73,012)
Balance at end of current period	1,385,709	1,997,995	1,864,529	(3,267)	5,244,967

	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	21,904	4,756	30,628	57,290	4,108	5,379,379
Changes of items during period						
Dividends of surplus						(59,388)
Net loss						(13,580)
Purchase of treasury shares						(43)
Net changes of items other than shareholders' equity	16,354	16,735	12,683	45,774	–	45,774
Total changes of items during period	16,354	16,735	12,683	45,774	–	(27,238)
Balance at end of current period	38,259	21,492	43,312	103,064	4,108	5,352,141

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(211,991)	57,401
Depreciation	60,843	54,473
Increase (decrease) in allowance for doubtful accounts	(1,274)	4,359
Increase (decrease) in accounts payable - bonuses	(34,940)	34,479
Increase (decrease) in provision for retirement benefits	12,009	17,131
Interest and dividend income	(11,929)	(13,373)
Interest expenses	20,557	13,977
Decrease (increase) in notes and accounts receivable - trade	619,946	(417,221)
Decrease (increase) in inventories	396,681	(5,966)
Decrease (increase) in other current assets	(2,183)	(20,115)
Increase (decrease) in notes and accounts payable - trade	(267,060)	262,301
Increase (decrease) in other current liabilities	(8,535)	1,013
Other, net	69,547	(263,239)
Subtotal	641,672	(274,778)
Interest and dividend income received	11,892	13,486
Interest expenses paid	(19,425)	(13,520)
Income taxes paid	(2,182)	(32,118)
Net cash provided by (used in) operating activities	631,957	(306,931)
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,020)	(7,413)
Proceeds from sales of property, plant and equipment	48,349	1,295
Purchase of intangible assets	(341)	-
Purchase of investment securities	(43,757)	-
Other, net	15,360	(491)
Net cash provided by (used in) investing activities	1,589	(6,609)
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	340,000	700,000
Repayments of long-term loans payable	(568,474)	(553,465)
Redemption of bonds	(163,600)	(72,000)
Cash dividends paid	(58,739)	(59,707)
Other, net	(10,151)	(10,147)
Net cash provided by (used in) financing activities	(860,965)	4,679
Effect of exchange rate change on cash and cash equivalents	23,055	10,651
Net increase (decrease) in cash and cash equivalents	(204,362)	(298,209)
Cash and cash equivalents at beginning of period	2,536,478	2,332,116
Cash and cash equivalents at end of period	2,332,116	2,033,906