

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended June 30, 2014
(Based on Japanese GAAP)**

August 1, 2014

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 to file Quarterly Securities Report: August 8, 2014
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2014 (from January 1, 2014 to June 30, 2014)

(1) Consolidated financial results (cumulative)

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 | % |
| Six months ended June 30, 2014 | 4,606 | 18.1 | 74 | – | 83 | – | 28 | – |
| Six months ended June 30, 2013 | 3,902 | (14.8) | (74) | – | (82) | – | (67) | – |

| | Net income per share | | Diluted net income per share | |
|--------------------------------|----------------------|--|------------------------------|--|
| | Yen | | Yen | |
| Six months ended June 30, 2014 | 2.42 | | 2.42 | |
| Six months ended June 30, 2013 | (5.72) | | – | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of June 30, 2014 | 7,253 | 5,333 | 73.5 | 448.70 |
| As of December 31, 2013 | 8,111 | 5,379 | 66.3 | 452.55 |

2. Cash dividends

| | Annual dividends per share | | | | |
|--|----------------------------|-----------------|-----------------|-----------------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended December 31, 2013 | – | 0.00 | – | 5.00 | 5.00 |
| Year ending December 31, 2014 | – | 0.00 | – | – | – |
| Year ending December 31, 2014 (Forecast) | – | – | – | 5.00 | 5.00 |

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 |
| Full year | 8,800 | 24.0 | 80 | – | 100 | – | 100 | – | 8.42 |

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2014
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

| | | | |
|---------------------|-------------------|-------------------------|-------------------|
| As of June 30, 2014 | 11,888,740 shares | As of December 31, 2013 | 11,888,740 shares |
|---------------------|-------------------|-------------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|---------------------|---------------|-------------------------|---------------|
| As of June 30, 2014 | 11,165 shares | As of December 31, 2013 | 11,009 shares |
|---------------------|---------------|-------------------------|---------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|--------------------------------|-------------------|--------------------------------|-------------------|
| Six months ended June 30, 2014 | 11,877,653 shares | Six months ended June 30, 2013 | 11,877,969 shares |
|--------------------------------|-------------------|--------------------------------|-------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

| | As of December 31, 2013 | As of June 30, 2014 |
|---------------------------------------|-------------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 2,332,116 | 1,879,740 |
| Notes and accounts receivable - trade | 740,040 | 852,919 |
| Merchandise | 1,035,897 | 772,173 |
| Other | 417,375 | 260,896 |
| Allowance for doubtful accounts | (671) | (843) |
| Total current assets | 4,524,759 | 3,764,886 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 447,031 | 435,382 |
| Land | 1,657,243 | 1,657,243 |
| Other, net | 59,703 | 51,406 |
| Total property, plant and equipment | 2,163,978 | 2,144,031 |
| Intangible assets | | |
| Other | 17,490 | 15,195 |
| Total intangible assets | 17,490 | 15,195 |
| Investments and other assets | | |
| Investment securities | 162,146 | 166,206 |
| Real estate for investment, net | 705,334 | 699,291 |
| Guarantee deposits | 316,154 | 317,742 |
| Other | 221,538 | 146,228 |
| Total investments and other assets | 1,405,173 | 1,329,468 |
| Total non-current assets | 3,586,642 | 3,488,695 |
| Total assets | 8,111,402 | 7,253,582 |

(Thousands of yen)

| | As of December 31, 2013 | As of June 30, 2014 |
|---|-------------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 568,331 | 623,854 |
| Current portion of long-term loans payable | 515,146 | 372,749 |
| Current portion of bonds | 72,000 | 40,000 |
| Income taxes payable | 25,247 | 12,586 |
| Provision for directors' bonuses | - | 4,000 |
| Other | 837,830 | 309,116 |
| Total current liabilities | 2,018,555 | 1,362,305 |
| Non-current liabilities | | |
| Long-term loans payable | 494,068 | 337,494 |
| Provision for retirement benefits | 197,348 | 202,821 |
| Other | 22,050 | 17,390 |
| Total non-current liabilities | 713,466 | 557,706 |
| Total liabilities | 2,732,022 | 1,920,011 |
| 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 | 1,906,900 |
| Treasury shares | (3,224) | (3,248) |
| Total shareholders' equity | 5,317,980 | 5,287,358 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 21,904 | 24,517 |
| Deferred gains or losses on hedges | 4,756 | (4,711) |
| Foreign currency translation adjustment | 30,628 | 22,296 |
| Total accumulated other comprehensive income | 57,290 | 42,103 |
| Subscription rights to shares | 4,108 | 4,108 |
| Total net assets | 5,379,379 | 5,333,570 |
| Total liabilities and net assets | 8,111,402 | 7,253,582 |

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

| | Six months ended June 30, 2013 | Six months ended June 30, 2014 |
|--|-----------------------------------|-----------------------------------|
| Net sales | 3,902,152 | 4,606,741 |
| Cost of sales | 3,144,934 | 3,688,248 |
| Gross profit | 757,217 | 918,493 |
| Selling, general and administrative expenses | 832,190 | 844,102 |
| Operating income (loss) | (74,973) | 74,391 |
| Non-operating income | | |
| Interest income | 3,703 | 3,652 |
| Dividend income | 2,190 | 2,504 |
| Purchase discounts | 4,188 | 6,851 |
| Real estate rent | 16,902 | 16,902 |
| Other | 1,019 | 1,148 |
| Total non-operating income | 28,004 | 31,059 |
| Non-operating expenses | | |
| Interest expenses | 11,441 | 7,133 |
| Rent expenses on real estates | 9,496 | 8,985 |
| Other | 14,199 | 5,708 |
| Total non-operating expenses | 35,138 | 21,828 |
| Ordinary income (loss) | (82,107) | 83,622 |
| Extraordinary income | | |
| Gain on sales of non-current assets | - | 596 |
| Total extraordinary income | - | 596 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | - | 254 |
| Total extraordinary losses | - | 254 |
| Income (loss) before income taxes and minority interests | (82,107) | 83,964 |
| Income taxes - current | 3,559 | 10,381 |
| Income taxes - deferred | (17,760) | 44,793 |
| Total income taxes | (14,201) | 55,174 |
| Income (loss) before minority interests | (67,906) | 28,789 |
| Net income (loss) | (67,906) | 28,789 |

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

| | Six months ended June 30, 2013 | Six months ended June 30, 2014 |
|---|-----------------------------------|-----------------------------------|
| Income (loss) before minority interests | (67,906) | 28,789 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 6,730 | 2,612 |
| Deferred gains or losses on hedges | (6,622) | (9,468) |
| Foreign currency translation adjustment | 18,067 | (8,332) |
| Total other comprehensive income | 18,174 | (15,187) |
| Comprehensive income | (49,731) | 13,602 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (49,731) | 13,602 |

Consolidated statements of cash flows

(Thousands of yen)

| | Six months ended June 30, 2013 | Six months ended June 30, 2014 |
|--|-----------------------------------|-----------------------------------|
| Cash flows from operating activities | | |
| Income (loss) before income taxes and minority interests | (82,107) | 83,964 |
| Depreciation | 30,232 | 27,137 |
| Interest and dividend income | (5,894) | (6,157) |
| Interest expenses | 11,441 | 7,133 |
| Decrease (increase) in notes and accounts receivable - trade | 380,526 | (119,640) |
| Decrease (increase) in inventories | 607,184 | 262,178 |
| Increase (decrease) in notes and accounts payable - trade | 77,010 | 59,675 |
| Other, net | (61,959) | (329,628) |
| Subtotal | 956,433 | (15,337) |
| Interest and dividend income received | 5,969 | 6,232 |
| Interest expenses paid | (10,469) | (7,047) |
| Income taxes paid | (1,831) | (24,164) |
| Net cash provided by (used in) operating activities | 950,102 | (40,317) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (13,066) | (5,815) |
| Proceeds from sales of property, plant and equipment | - | 1,100 |
| Purchase of investment securities | (43,757) | - |
| Other, net | 2,226 | (8,226) |
| Net cash provided by (used in) investing activities | (54,597) | (12,942) |
| Cash flows from financing activities | | |
| Increase in short-term loans payable | 15,000 | - |
| Decrease in short-term loans payable | (415,000) | - |
| Proceeds from long-term loans payable | 240,000 | - |
| Repayments of long-term loans payable | (275,488) | (298,971) |
| Redemption of bonds | (82,100) | (32,000) |
| Cash dividends paid | (58,361) | (59,225) |
| Other, net | (5,075) | (5,075) |
| Net cash provided by (used in) financing activities | (581,024) | (395,271) |
| Effect of exchange rate change on cash and cash equivalents | 22,052 | (3,844) |
| Net increase (decrease) in cash and cash equivalents | 336,533 | (452,375) |
| Cash and cash equivalents at beginning of period | 2,536,478 | 2,332,116 |
| Cash and cash equivalents at end of period | 2,873,011 | 1,879,740 |