SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the First Three Quarters (April 1 to December 31, 2013) of the Fiscal Year Ending March 31, 2014

February 7, 2014

Company Name: Yamaichi Electronics Co., Ltd.
Code：6941 Tokyo Stock Exchange 1st section URL: http://www.yamaichi.co.jp
President：Yoshitaka Ota
Managing Director：katsuichi kato Tel: (03)3734-0171
Scheduled date of securities report submission: February 14, 2014
Scheduled date of dividend payment commencement: —
Supplementary materials for the quarterly financial statements: No
Presentation to explain for the quarterly financial statements: No

1. Consolidated Financial Results for the First Three Quarters (April 1 to December 31, 2013) of the Fiscal Year Ending March 31, 2014

(1) Consolidated Operating Results (aggregated)

(Percentage figures represent changes from the same period of the previous year.)

	Net Sales		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three quarters ended December 31, 2013	16,203	6.9	476	–	1,104	–	889	–
December 31, 2012	15,156	△12.8	△917	–	△838	–	△2,468	–

Note: Comprehensive income First three quarters ended December 31, 2013 ¥1,314 million (–%)
First three quarters ended December 31, 2012 ¥△2,321 million (–%)

	Net profit per share	Diluted net profit per share
	Yen	Yen
First three quarters ended December 31, 2013	38.19	–
December 31, 2012	△105.99	–

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2013	24,006	13,563	56.4	581.77
As of March 31, 2013	22,828	12,252	53.6	525.32

Reference: Shareholders' equity as of December 31, 2013: ¥13,547 million; as of March 31, 2013: ¥12,233 million.

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2013	–	0.00	–	0.00	0.00
Year ending March 31, 2014	–	0.00	–		
Forecast: Year ending March 31, 2014				5.00	5.00

Note: Modifications in the dividend projection from the latest announcement: Yes

3. Forecast of Consolidated Operating Results for the year ending March 31, 2014

(Percentage figures represent changes from the same period of previous year.)

	Net Sales		Operating profit		Ordinary profit		Net profit		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2014	21,500	7.7	670	–	1,050	–	820	–	35.21

Note: Modifications in forecasts of consolidated operating results from the latest announcement: Yes

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4. Other

(1) Changes in significant subsidiaries during the period: No

(Changes in specified subsidiaries resulting in the change in consolidation scope)

(2) Adoption of special accounting treatments for quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and restatements

1) Changes in accounting policies due to revisions of accounting standards etc.: No

2) Changes in accounting policies other than 1): No

3) Changes in accounting estimates: No

4) Restatements: No

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding (including treasury stock) at term end:

December 31, 2013	23,289,775 shares
March 31, 2013	23,289,775 shares

2) Number of shares of treasury stock at term end:

December 31, 2013	2,790 shares
March 31, 2013	2,790 shares

3) Average number of outstanding shares (during the three quarters ended December 31):

December 31, 2013	23,286,985 shares
December 31, 2012	23,286,985 shares

＊ Status of Performance of Quarterly Review Procedures

This summary of financial statements is exempt from quarterly review procedures required by Financial Instruments and Exchange Act. A part of quarterly review for securities report based on Financial Instruments and Exchange Act have not finished at the time of disclosure of this summary of financial statements.

＊ Explanation of the appropriate use of performance forecasts and other related items

All forecasts in this presentation are based on information currently available to the management and on assumptions judged to be reasonable. The Company’s actual results may differ substantially from such statements due to various risks and uncertainties.

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5. Qualitative Information on Current Quarter Account Settlement

（1）Analysis of Operating Results

Although a gradual economic recovery can be found since financial problems in the US and credit uncertainty in Europe have been stabilized, business environments surrounding the Company Group in the current third quarter consolidated accounting period in the total global economy remained unclear due to continuing economic stagnation among emerging nations, etc. Meanwhile, domestic economy has made a mild recovery due to the increase in corporate productivity and consumer spending resulting from the developed correction of the yen appreciation in currency exchanges, etc.

In the electronics market to which our Company Group is related, markets for in-vehicle products and mobile terminals involving smart phones and tablet terminals sustained high growth. However, the market still remains severe because of the reasons including poor sales and decline in price in consumer products such as flat-screen TVs, digital cameras, and personal computers.

Under such business environments, in order to focus corporate resources on our core business and increase sustainable growth as well as earning capacity, the Company Group has thus far discontinued its domestic and international EMS business and tackled with structural reforms such as boosting work efficiency at a global level, reducing fixed costs, etc.

In consequence, business results for the current consolidated cumulative third quarter were sales of 16,203 million yen (up 6.9% from the same period previous year), increased by revenue growth in TS and CS business in spite of revenue decrease due to withdrawal from EMS business. In term of corporate profit, despite increase in expenses caused by the depreciation of the yen, operating profit amounted to 476 million yen (vs. operating loss of 917 million yen in the same period the previous year) due to cost reduction through structural reforms, etc. Ordinary profit amounted to 1,104 million yen (vs. ordinary loss of 838 million yen in the same period the previous year) due to the posting of 678 million yen of foreign exchange profit, and quarterly net profit amounted to 889 million yen (vs. quarterly net loss of 2,468 million yen in the same period the previous year).

Business results by segment are as follows:

[Test solution business]

In this segment, burn-in socket products for memory IC and logic IC made steady sales owing to investments to expand production capacity for semiconductors dedicated to mobile devices and effect of introduction of new products for in-vehicle semiconductors. In addition, our business base has successfully been expanded by the fact that leading-edge test socket products for semiconductors on which we have been focusing demonstrated favorable sales with the realization of mass production system.

As a result, sales amounted to 6,742 million yen (up 20.9% from the same period the previous year), and operating profit amounted to 804 million yen (up 324.8% from the same period the previous year).

[Connector solution business]

Although connector products for communications infrastructure, consumer and industrial equipment made relatively strong sales, YLEX products for amusement purposes and car navigation system made

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low sales. With regard to profit and loss, amelioration in product mix through the introduction of new products for communications infrastructure, etc. and effect of fixed cost reduction made some improvements.

As a result, sales amounted to 8,415 million yen (up 22.5% from the same period the previous year), and operating loss amounted to 94 million yen (vs. operating loss of 423 million yen in the same period the previous year).

[Optics-related business]

Although thin-film filter products for video equipments such as digital cameras, etc. made weak sales, optics-related business ended in the black due to continued brisk sales of thin-film filter products for optical communications and effect of overall cost reduction.

As a result, sales amounted to 847 million yen (down 4.7% from the same period the previous year), and operating profit amounted to 21 million yen (up 1720.2% from the same period the previous year).

[EMS business]

Pricon Microelectronics INC., our consolidated subsidiary, transferred its EMS business on June 28, 2013. Likewise, Matty Co., Ltd. operating domestic EMS business terminated its business as of June 10, 2013 and then completed liquidation on November 19, 2013. The Company Group has officially withdrawn from EMS business as of the first quarter of the year.

As a result of the withdrawal from EMS business, sales amounted to 197 million yen (down 78.2 % from the same period the previous year), and operating loss amounted to 83 million yen (vs. operating loss of 84 million yen in the same period the previous year).

（2）Analysis of Financial Conditions

Total assets at the end of the current third quarter consolidated accounting period amounted to 24,006 million yen (up 1,178 million yen from the end of previous period).

Current assets increased 1,146 million yen due to the increase in cash and deposit caused by the posting of quarterly net profit resulting from sales increase, transfer of EMS business assets of Pricon Microelectronics Ltd., etc.

Despite the decrease in buildings, constructions, etc. resulting from the transfer of EMS business assets, tangible fixed assets decreased 5 million yen due to the increase generated by the acquisition of alternative assets, influence of exchange rate fluctuations, etc.

Investment and other assets increased 35 million yen due to the increase in valuation of investment securities, etc., in spite of the decrease in a security deposit caused by the relocation of Company Group’s headquarters.

Total liabilities were 10,443 million yen (down 132 million yen from the end of previous period).

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Despite the increase in notes and accounts payable resulting from sales increase and influence of exchange rate fluctuations, current liabilities decreased 82 million yen due to the drop in short-term loans payable, etc.

Despite the increase in deferred tax liabilities resulting from the increase in valuation of investment securities, fixed liabilities decreased 50 million yen due to the decrease in long-term loan payable, etc.

Total net assets amounted to 13,563 million yen (up 1,310 million yen from the end of previous period).

Shareholders' equity increased 889 million yen because of the posting of quarterly net profit.

（3）Report on forecast information including consolidated business forecasts, etc.

The full-year consolidated business forecasts and dividend forecasts for the period ending March 2014 that we published on November 8, 2013 will be revised in accordance with the "Announcement of the revisions of business forecasts and dividend forecasts for the period ending March 2014"that we published today. Such revisions will be made based on business results of the cumulative third quarter and other relevant factors such as expected profit-and-loss improvements in each business activity through structural reforms.

Also, the full-year business forecasts are calculated using an assumed exchange rate of 101 yen to 1 US dollar and 137 yen to 1 euro.

Revisions of full-year consolidated business forecasts and dividend forecasts for the period ending March 2014 (from April 1, 2013 to March 31, 2014)

	Sales	Operating profit	Ordinary profit	Current net profit	Current net profit per share
Previously-published forecast figures	**21,400** (mil. yen)	**570** (mil. yen)	**710** (mil. yen)	**530** (mil. yen)	**22.76** (yen)
Revised figures	**21,500** (mil. yen)	**670** (mil. yen)	**1,050** (mil. yen)	**820** (mil. yen)	**35.21** (yen)

6. Key issues regarding going concern assumption, etc.

Following the year before the previous consolidated accounting year, the Company Group still posted a large amount of operating loss and current period net loss in the previous consolidated accounting year. For this reason, critical questions regarding going concern assumption have arisen.

In order to overcome such situation, the Company Group has discontinued PV solution business in the previous consolidated accounting year for sustainable growth as well as for earning power increase by focusing operating resources on our core business of test solution and connector solution. In the mean time, for cutting fixed costs, we have implemented such measures as voluntary retirement schemes, reduction in employee's salaries and bonuses, and accounting for the impairment of fixed assets, etc.

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Furthermore, while conducting reduction in employee's salaries and bonuses continuously in the current consolidated accounting year, we have also transferred the EMS business of our consolidated subsidiary of Pricon Microelectronics Ltd., and dissolved and liquidated another consolidated subsidiary of Matty Co., Ltd. operating the EMS business of assembling liquid crystal display panels and inspecting products, etc.

As a result, we achieved a surplus with the posting of operating profit as well as quarterly net profit in the current consolidated cumulative third quarter. In order to maintain a surplus in the current consolidated accounting period, the Company Group will continue further reduction in fixed costs through such measures as shifting of sales and RD (research and development) bases overseas, etc. In addition to these measures, we will also try to improve profitability by putting more effort into obtaining overseas customers through the establishment of technologies that exceed those of other competitors in test solution business. In connector solution business, we will focus on the markets for industrial equipments and in-vehicle products markets that are expected to create high-added values and strengthen the development and production systems with a view to shifting of YFLEX production overseas.

In financing, in addition to business funds secured from factoring accounts receivable and sales-and-lease-back transactions of tangible fixed assets, the Company Group has acquired new funds from the transfer of the EMS business of our consolidated subsidiary. Furthermore, we manage the Group's internal funds by collecting surplus funds of our subsidiaries in the form of dividends. By achieving business plans in the future, we are certain to receive continuous support from major financial institutions.

By the above, the Company Group finds no significant uncertainties about going concern assumption at the end of the current third quarter consolidated accounting period, and therefore, "matters regarding going concern assumption" are not mentioned in the consolidated quarterly financial statements.

Consolidated Balance Sheets

(Thousand of yen)

	As of March 31, 2013	As of December 31, 2013
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	3,805,780	4,969,594
Notes and accounts receivable-trade	3,936,584	3,838,903
Merchandise and finished goods	1,220,424	1,230,810
Work in process	300,112	262,326
Raw materials and supplies	1,353,897	1,455,898
Deferred tax assets	37,392	56,038
Other	634,694	626,262
Allowance for doubtful accounts	△18,433	△22,582
Total current assets	11,270,452	12,417,251
Fixed assets		
Tangible fixed assets		
Buildings and structures	2,774,714	2,637,106
Machinery, equipment and vehicles	1,448,266	1,312,928
Tools, furniture and fixtures	1,352,952	1,442,434
Land	3,440,176	3,438,662
Lease assets	41,250	65,504
Construction in progress	187,620	342,694
Total tangible fixed assets	9,244,981	9,239,331
Intangible fixed assets		
Total intangible fixed assets	92,493	94,905
Investments and other assets		
Investment securities	1,263,087	1,678,038
Deferred tax assets	58,678	67,591
Other	1,007,449	582,130
Allowance for doubtful accounts	△114,447	△77,794
Total investments and other assets	2,214,767	2,249,965
Total fixed assets	11,552,242	11,584,202
Deferred assets		
Total deferred assets	5,519	4,874
Total assets	22,828,213	24,006,328

(Thousand of yen)

	As of March 31, 2013	As of December 31, 2013
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable-trade	1,279,874	1,523,805
Current portion of bonds	35,000	35,000
Short-term loans payable	5,508,700	4,986,160
Income taxes payable	54,370	149,320
Provision for bonuses	110,198	160,979
Deferred tax liabilities	65,347	79,337
Other	1,780,344	1,816,782
Total current liabilities	8,833,836	8,751,385
Long-term liabilities		
Bonds payable	197,500	180,000
Long-term borrowings	691,300	492,460
Provision for retirement benefits	24,642	34,651
Provision for directors retirement benefits	23,500	16,200
Asset retirement obligations	17,899	18,208
Deferred tax liabilities	154,354	309,155
Other	632,958	641,114
Total long-term liabilities	1,742,154	1,691,790
Total liabilities	10,575,990	10,443,175
(NET ASSETS)		
Shareholders' equity		
Common stock	10,047,063	10,047,063
Capital surplus	4,520,001	1,586,633
Retained earnings	△1,449,293	2,373,326
Treasury stock - at cost	△3,754	△3,754
Total shareholders' equity	13,114,017	14,003,268
Valuation and translation adjustments		
Unrealized gains on available-for-sale securities	191,392	447,458
Foreign currency translation adjustments	△1,072,318	△903,131
Total valuation and translation adjustments	△880,925	△455,673
Minority interests	19,131	15,557
Total net assets	12,252,222	13,563,152
Total liabilities and total net assets	22,828,213	24,006,328

Consolidated Statements of Income

(Thousand of yen)

	3Q period of previous year (From April 1, 2012 to December 31, 2012)	3Q period of current year (From April 1, 2013 to December 31, 2013)
	Amount	Amount
Net sales	15,156,544	16,203,384
Cost of sales	12,007,433	11,672,144
Gross profit	3,149,110	4,531,240
Selling, general and administrative expenses	4,066,676	4,054,423
Operating income	△917,565	476,817
Non-operating income		
Interests income	7,616	5,668
Dividends income	15,848	34,039
Foreign exchange gains	178,786	678,436
Gain on sales of scraps	30,191	43,676
Subsidy income	49,950	25,407
Other	37,956	48,452
Total non-operating income	320,349	835,681
Non-operating expenses		
Interests expense	136,271	126,519
Equity in losses of affiliates	26,245	13,804
Other	78,862	67,658
Total non-operating expenses	241,379	207,983
Ordinary income	△838,595	1,104,515
Extraordinary income		
Gain on sales of fixed assets	9,408	38,704
Total extraordinary income	9408	38,704
Extraordinary loss		
Loss on sale of fixed assets	33	83
Impairment loss	837,178	—
Loss on change in equity	5,739	—
Special retirement expenses	635,920	—
Loss on liquidation of subsidiaries and affiliates	72,881	—
Other	8,476	—
Total extraordinary loss	1,560,231	83
Income before income taxes	△2,389,419	1,143,135
Income taxes	79,665	254,208
Minority interests	△894	△324
Net income	△2,468,189	889,251

(Thousand of yen)

	3Q period of previous year (From April 1, 2012 to December 31, 2012)	3Q period of current year (From April 1, 2013 to December 31, 2013)
	Amount	Amount
Income before minority interests	△2,469,084	888,927
Other comprehensive income		
Unrealized gains on available-for-sale securities	△37,082	256,065
Foreign currency translation adjustments	171,382	148,928
Other	13,002	20,638
Total other comprehensive income	147,302	425,632
Comprehensive income	△2,321,781	1,314,559
Attribute to		
Comprehensive income attribute to owners of the parent	△2,321,043	1,314,503
Comprehensive income attribute to minority interests	△738	56