SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the First Two Quarters (April 1 to September 30, 2014) of the Fiscal Year Ending March 31, 2015

November 7, 2014

Company Name: Yamaichi Electronics Co., Ltd.
Code：6941 Tokyo Stock Exchange 1st section URL: http://www.yamaichi.co.jp
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Managing Director：Katsuichi Kato Tel: (03)3734-0171
Scheduled date of securities report submission: November 14, 2014
Scheduled date of dividend payment commencement: —
Supplementary materials for the quarterly financial statements: Yes
Presentation to explain for the quarterly financial statements: Yes

1. Consolidated Financial Results for the First Two Quarters (April 1 to September 30, 2014) of the Fiscal Year Ending March 31, 2015

(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	
First two quarters ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2014	12,770	14.9	1,519	256.2	1,566	144.2	1,343	160.6
September 30, 2013	11,113	5.8	426	–	641	–	515	–

Note: Comprehensive income First two quarters ended September 30, 2014 ¥ 1,618 million(119.2%)
First two quarters ended September 30, 2013 ¥ 738 million(–%)

	Net profit per share	Diluted net profit per share
First two quarters ended	Yen	Yen
September 30, 2014	57.71	–
September 30, 2013	22.15	–

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2014	26,040	15,386	59.0	659.90
As of March 31, 2014	23,582	13,482	57.1	578.27

Reference: Shareholders' equity as of September 30, 2014: ¥15,367 million as of March 31, 2014: ¥13,466 million.

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2014	–	0.00	–	5.00	5.00
Year ending March 31, 2015	–	0.00			
Forecast: Year ending March 31, 2015			–	8.00	8.00

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

3. Forecast of Consolidated Operating Results for the year ending March 31, 2015

(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, 2015	24,700	13.4	2,100	160.2	2,050	58.6	1,650	70.1	70.86

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

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.: Yes

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 :

September 30, 2014	23,289,775 shares
March 31, 2014	23,289,775 shares

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

September 30, 2014	2,790 shares
March 31, 2014	2,790 shares

3) Average number of outstanding shares (during the second quarter ended September 30):

September 30, 2014	23,286,985 shares
September 30, 2014	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.

ENGLISH TRANSLATION OF JAPANESE－LANGUAGE DOCUMENT.
This is a translation of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall take precedence.

5. Qualitative Information on Current Quarter Account Settlement

（1）Statements of Operating Results

Although the U.S. economy rebounded backed by the improvements of employment environment and individual consumption etc., the business environment during the current second consolidated quarter saw a continuously nontransparent situation by the concern of deceleration of economies in China and emerging countries and a geopolitical risk in Europe. In Japan too, while the increase of equipment investment and the improvement of employment environment advanced, there was a movement of rebounding individual consumption etc. which had decreased accompanying the consumption tax increase, resulting in an overall transition of moderate rebounding.

In the industries of semiconductors and electronic parts to which our Group is related, the market of smartphones continued to favorably transit mainly due to the overseas demand, and the markets related to cars and equipment investment showed steady progress. However, the demands for consumer equipment such as flat TV, digital cameras and personal computers slowly transited overall.

Under the circumstances, the Group is tackling “the business structure renovation”, strengthening the cooperation among the Group companies, aiming at the efficiency of business and tackling the cut of fixed costs. Furthermore, we are mainly investing our business resources to three businesses of test solution business, connector solution business and optics-related business, making and implementing global growth strategies for each region, market, customer and product so that we may supply products and services that satisfy our customers, and are advancing our activities for sustainable growth and the improvement of earning capacity.

As a result of the above, the sales during the current second consolidated quarter amounted to 12,770 million yen (up 14.9 % from the same period the previous year) thanks to the increase of incomes in the test solution business and the connector solution business. In terms of profit too, as a result of effect from the increase of incomes, the improvement of profits caused by the advancement of the structure renovation and the withdrawal from non-profitable business, operating income amounted to 1,519 million yen (up 256.2 % from the same period the previous year), ordinary income amounted to 1,566 million yen (up 144.2 % from the same period the previous year) and net quarterly profit amounted to 1,343 million yen (up 160.6 % from the same period the previous year).

Business results by segment are as follows.

[Test solution business]

Thanks to the significant increase of the demand for semiconductors for mobile equipment, the sales of burn-in socket products and test socket products for the inspection of semiconductors favorably transited. In addition, thanks to the advancement of electronic cars, the sales of burn-in socket products for the inspection of semiconductors for cars solidly transited.

As a result, sale of 5,768 million yen (up 19.8 % from the same period the previous year) and operating income of 1,095 million yen (up 49.6 % from the same period the previous year) were counted.

[Connector solution business]

In the domestic markets, the sales of YFLEX products for amusement industry and equipment mounted on cars, and the sales of connector products for printers, combined machines and equipment mounted on cars etc. relatively solidly transited. In addition, in the North American markets, mainly the sales of connectors for communication infrastructure solidly transited and in the European markets, we could sell mainly the connectors for industrial equipment.

As a result, sale of 6,412 million yen (up 16.1 % from the same period the previous year) and operating income of 333 million yen (vs. operating loss of 128 million yen in the same period the previous year) were counted.

[Optics-related business]

Although the sales of thin-film filter products for the visual equipment such as digital cameras and digital video cameras slowly transited, the sales of thin-film filter products for medical equipment and optical fiber communication relatively solidly transited.

As a result, sale of 589 million yen (up 4.0 % from the same period the previous year) and operating income of 12 million yen (down 34.4 % from the same period the previous year) were counted.

（2）Statements of Financial Conditions

① Situations of assets, liabilities and net assets

The total asset as of the end of the current second consolidated quarter amounted to 26,040 million yen (up 2,457 million yen from the end of the previous year).

Because bills receivable and accounts receivable increased due to the increase of sale, current assets increased by 1,443 million yen, resulting in 13,705 million yen.

Caused by the acquisition of molds, tangible fixed asset increased by 35 million yen, resulting in 9,138 million yen.

Due to the increase of asset related to retirement allowance by the review of the calculation methods of retirement allowance liabilities and service costs, investment and other assets increased by 956 million yen, resulting in 3,092 million yen.

Total liabilities amounted to 10,654 million yen (up 553 million yen from the end of the previous year).

Because bills payable and accounts payable increased by the increase of sale, current liabilities increased by 245 million yen, resulting in 8,857 million yen.

Due to the increase of deferred tax liabilities by the review of the calculation methods of retirement allowance liabilities and service costs, fixed liabilities increased by 308 million yen, resulting in 1,796 million yen.

Total net assets amounted to 15,386 million yen (up 1,904 million yen from the end of the previous year).

Although shareholders' equity decreased by the payment of year-end dividends, because the quarterly net profit was accounted for and retained earnings increased by the review of the calculation methods of retirement allowance liabilities and service costs, it increased by 1,626 million yen, resulting in 15,710 million yen.

② Situations of cash flow

Because the net quarterly profit before tax adjustment was accounted for, cash and cash equivalents (hereinafter called "funds") during the current second consolidated quarter increased by 165 million yen and the funds as of the end of the current second consolidated quarter amounted to 5,037 million yen.

The situation of each cash flow and its factors during the current second consolidated quarter are as follows.

(Cash flow caused by sales activities)

The funds acquired as a result of sales activities amounted to 1,169 million yen (down 18.5% from the same period the previous year). This mainly came from the facts that net quarter profit before tax adjustment was accounted for though the payment amount of corporation tax etc. increased.

(Cash flow caused by investment activities)

The funds used as a result of investment activities amounted to 651 million yen (0.3 million yen was used in the same period of the previous year). This mainly came from the acquisition of tangible fixed assets such as molds.

(Cash flow caused by financial activities)

The funds used as a result of financial activities amounted to 443 million yen (down 39.8% from the same period the previous year). This mainly came from the repayment of loans payable etc. and the payment of dividends.

6. Matters related to Summary Information (Notes)

Changes in accounting principles, accounting estimate and restatement

Changes in accounting principle

(Application of Accounting Standard for Retirement Benefits)

The “Accounting Standard for Retirement Benefits” (Accounting Standard for Retirement Benefits No. 26 issued on May 17, 2012. Hereinafter, “Accounting Standard for Retirement Benefits”) and the “Implementation Guidance for Accounting Standard for Retirement Benefits No. 25 issued on May 17, 2012. Hereinafter, “Implementation Guidance for Retirement Benefits”) have been implemented from the current quarterly consolidated accounting period pursuant to the provisions listed in the main text of the section 35 of the Accounting Standard for Retirement Benefits and the main text of the section 67 of the Implementation Guidance for Retirement Benefits to revise the calculation method of retirement benefit obligations and service cost. As a result, the attribution period for estimating retirement benefits has been changed from the straight-line attribution (a type of pro-rata method to allocate the projected benefit obligations and service cost in direct proportion to the years of service) to benefits calculation system, and the determination of the discount rate has been changed to the weighted average discount rate.

In the implementation of the Accounting Standard for Retirement Benefits etc., in light of the transitional consideration provided in the section 37 of the Accounting Standard for Retirement Benefits, the amount affected by the change in the calculation method of retirement benefit obligations and service cost has been adjusted by retained earnings and deferred tax liability in the current consolidated quarter accounting period.

Consequently, assets related to retirement benefits in the current consolidated quarter accounting period, retained earnings and deferred tax liabilities increased 619,975 thousand yen, 399,264 thousand yen and 220,711 thousand yen, respectively. Incidentally, the effect this change has on our profits and losses in the current consolidated quarter accounting period is negligible.

Consolidated Balance Sheets

(Thousand of yen)

	As of March 31, 2014	As of September 30, 2014
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	4,890,952	5,144,919
Notes and accounts receivable-trade	3,943,119	4,769,555
Merchandise and finished goods	1,241,731	1,229,617
Work in process	226,183	299,609
Raw materials and supplies	1,332,222	1,431,462
Deferred tax assets	53,288	83,178
Other	583,656	758,518
Allowance for doubtful accounts	△10,018	△11,823
Total current assets	12,261,134	13,705,037
Fixed assets		
Tangible fixed assets		
Buildings and structures	2,775,372	2,777,505
Machinery, equipment and vehicles	1,209,221	1,211,073
Tools, furniture and fixtures	1,434,748	1,517,010
Land	3,437,510	3,440,330
Lease assets	60,350	58,590
Construction in progress	186,427	134,349
Total tangible fixed assets	9,103,631	9,138,860
Intangible fixed assets	77,087	99,655
Total intangible fixed assets	77,087	99,655
Investments and other assets		
Investment securities	1,627,780	1,902,072
Deferred tax assets	118,637	164,899
Net defined benefit asset	170,507	788,162
Other	254,666	274,506
Allowance for doubtful accounts	△35,183	△36,828
Total investments and other assets	2,136,407	3,092,812
Total fixed assets	11,317,127	12,331,328
Deferred assets	4,659	4,228
Total assets	23,582,921	26,040,595

(Thousand of yen)

	As of March 31, 2014	As of September 30, 2014
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable-trade	1,521,447	1,695,788
Current portion of bonds	35,000	35,000
Short-term loans payable	4,898,480	4,860,760
Income taxes payable	119,862	194,413
Provision for bonuses	163,895	225,034
Provision for directors' bonuses	–	40,000
Deferred tax liabilities	67,258	80,417
Other	1,806,092	1,726,162
Total current liabilities	8,612,036	8,857,577
Long-term liabilities		
Bonds payable	162,500	145,000
Long-term borrowings	428,740	586,960
Provision for retirement benefits	62,689	61,776
Provision for directors retirement benefits	32,225	49,466
Asset retirement obligations	18,311	18,521
Deferred tax liabilities	239,492	557,889
Other	544,871	377,218
Total long-term liabilities	1,488,830	1,796,833
Total liabilities	10,100,867	10,654,410
(NET ASSETS)		
Shareholders' equity		
Capital stock	10,047,063	10,047,063
Capital surplus	1,586,633	1,586,633
Retained earnings	2,454,079	4,080,900
Treasury stock - at cost	△3,754	△3,754
Total shareholders' equity	14,084,022	15,710,842
Valuation and translation adjustments		
Unrealized gains on available-for-sale securities	413,945	589,487
Foreign currency translation adjustments	△926,748	△831,744
Provision for retirement translation adjustments	△105,111	△101,556
Total valuation and translation adjustments	△617,915	△343,814
Subscription rights to shares	–	3,216
Minority interests	15,946	15,940
Total net assets	13,482,053	15,386,185
Total liabilities and total net assets	23,582,921	26,040,595

Consolidated Statements of Income

(Thousand of yen)

	2Q period of previous year (From April 1, 2013 to September 30, 2013)	2Q period of current year (From April 1, 2014 to September 30, 2014)
	Amount	Amount
Net sales	11,113,984	12,770,832
Cost of sales	7,919,825	8,397,064
Gross profit	3,194,159	4,373,767
Selling, general and administrative expenses	2,767,677	2,854,579
Operating income	426,481	1,519,187
Non-operating income		
Interests income	4,199	2,490
Dividends income	26,026	21,499
Foreign exchange gains	243,644	72,244
Gain on sales of scraps	32,321	17,031
Subsidy income	19,800	10,234
Other	37,557	36,818
Total non-operating income	363,550	160,321
Non-operating expenses		
Interests expense	86,803	65,690
Equity in losses of affiliates	5,107	–
Other	56,758	47,361
Total non-operating expenses	148,669	113,052
Ordinary income	641,362	1,566,456
Extraordinary income		
Gain on sales of fixed assets	32,389	6,632
Total extraordinary income	32,389	6,632
Extraordinary loss		
Loss on sale of fixed assets	–	175
Total extraordinary loss	–	175
Income before income taxes	673,752	1,572,913
Income taxes	158,669	228,928
Minority interests	△727	△6
Net income	515,811	1,343,991

(Thousand of yen)

	2Q period of previous year (From April 1, 2013 to September 30, 2013)	2Q period of current year (From April 1, 2014 to September 30, 2014)
	Amount	Amount
Income before minority interests	515,083	1,343,984
Other comprehensive income		
Unrealized gains on available-for-sale securities	151,230	175,541
Foreign currency translation adjustments	52,262	101,023
Remeasurements of defined benefit plans	–	3,555
Share of other comprehensive income of entities accounted for using equity method	19,483	△6,019
Total other comprehensive income	222,976	274,101
Comprehensive income	738,059	1,618,085
attribute to		
Comprehensive income attribute to owners of the parent	738,660	1,618,092
Comprehensive income attribute to minority interests	△600	△6

Consolidated Statements of Cash Flows

(Thousand of yen)

	Previous year (From April 1, 2013 to to September 30, 2013)	Current year (From April 1, 2014 to September 30, 2014)
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and other adjustments to net income	673,752	1,572,913
Depreciation and amortization	638,180	632,042
Interest and dividends income	△30,226	△23,990
Interest expenses	86,803	65,690
Exchange (gain) loss	△228,181	△92,043
(Increase) decrease in trade receivables	160,110	△720,849
(Increase) decrease in inventories	317,581	△81,028
Increase (decrease) in trade payables	△1,348	164,843
Other, net	127,481	△27,892
Sub total	1,744,153	1,489,686
Interest and dividends received	34,705	24,012
Interest paid	△89,230	△63,615
Extra retirement payment	△163,577	△67,554
Income taxes paid	△91,808	△213,201
Net cash provided by operating activities	1,434,243	1,169,327
Cash flows from investing activities		
Purchase of property, plant and equipment	△1,504,023	△531,435
Proceeds from sales of property, plant and equipment	1,146,667	14,256
Other, net	357,007	△134,487
Net cash used in investing activities	△348	△651,666
Cash flows from Financing activities		
Increase (decrease) in short-term borrowings	△376,780	△151,450
Increase from long-term borrowings	150,000	400,000
Repayment of long-term loans payable	△322,800	△289,280
Proceeds from sale and leaseback	159,985	—
Cash dividends paid	—	△115,053
Other, net	△346,723	△287,317
Net cash used in financing activities	△736,318	△443,100
Effect of exchange rates changes on cash and cash equivalents	44,058	91,205
Net increase (decrease) of cash and cash equivalents	741,635	165,766
Cash and cash equivalents at beginning of period	3,795,780	4,871,652
Cash and cash equivalents at end of period	4,537,415	5,037,419