SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the First Three Quarters (April 1 to December 31, 2015) of the Fiscal Year Ending March 31, 2016

February 5, 2016

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 12, 2016
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, 2015) of the Fiscal Year Ending March 31, 2016

(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 three quarters ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2015	20,574	8.9	2,414	31.1	2,477	8.7	1,651	△14.0
December 31, 2014	18,893	16.6	1,841	286.1	2,279	106.4	1,921	116.1

Note: Comprehensive income First three quarters ended December 31, 2015 ¥1,494 million (△37.4 %)
First three quarters ended December 31, 2014 ¥2,385 million (81.5%)

	Net profit per share	Diluted net profit per share
First three quarters ended	Yen	Yen
December 31, 2015	70.92	70.02
December 31, 2014	82.51	—

(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, 2015	28,066	17,937	63.8	769.18
As of March 31, 2015	27,107	16,785	61.9	719.96

Reference: Shareholders' equity as of December 31, 2015: ¥ 17,911 million; as of March 31, 2015: ¥ 16,765 million

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2015	–	0.00	–	15.00	15.00
Year ending March 31, 2016	–	0.00	–		
Forecast: Year ending March 31, 2016				15.00	15.00

Note: Modifications in the dividend projection from the latest announcement : No

3. Forecast of Consolidated Operating Results for the year ending March 31, 2016

(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, 2016	27,200 6.8%	2,850 20.2%	2,870 13.4%	1,350 △47.3%	57.97

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.: 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 :

December 31, 2015	23,289,775 shares
March 31, 2015	23,289,775 shares

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

December 31, 2015	2,900 shares
March 31, 2015	2,790 shares

3) Average number of outstanding shares (during the third quarter ended December 31):

December 31, 2015	23,286,924 shares
December 31, 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.

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5. Qualitative Information on Current Quarter Account Settlement

(1) Statements of Operating Results

The business environment surrounding our Company group during this consolidated cumulative third quarter became uncertain due to the impact of the slowdown of the Chinese economy and decline of oil prices among other factors despite a continuous moderate economic recovery owing to the improvement in personal consumption and employment environment in the United States.

In the electronic parts industry to which our Company group belongs, investments in semiconductors for high-performance smartphones and automotive-related equipment have continued to be relatively strong and there has also been a steady demand for information and communications equipment for communication infrastructures and servers for data centers due to the development of cloud services, despite concerns over the decrease in consumption due to the slowdown in the economic growth rate of China and deceleration in the smartphone growth which has driven the demand so far.

Under the circumstances, our Company group has continued to focus on “restructuring our businesses” based on the mid-term action plan consisting of “structural reform,” “profitability improvement,” and “growth strategies” in order to coordinate our group efforts, reduce fixed costs, improve business efficiency, and achieve sustained growth as well as to improve profitability. In particular, we have dedicated our efforts to improve our global production system in addition to the dissolution and liquidation of an affiliate Yamaichi Electronics (Shenzhen) Co., Ltd. in “structure reform.”

As a result, the sales for the current third quarter of the consolidated accounting period recorded 20,574 million yen (an increase of 8.9% year-on-year), operating profit recorded 2,414 million yen (an increase of 31.1% year-on-year), ordinary profit recorded 2,477 million yen (an increase of 8.7% year-on-year), and net income attributable to the shareholders of the parent company recorded 1,651 million yen (a decrease of 14.0% year-on-year) as a result of posting an extraordinary loss of 336 million yen for special retirement benefits in accordance with the local labor contract law due to the dissolution of the affiliated Yamaichi Electronics (Shenzhen) Co., Ltd.

The performance on a segment-by-segment basis is shown below.

[Test Solution Business]

Due to heightened investment activities for the development of semiconductors for new type high-performance smartphones and automotive-related equipment, the development of new burn-in socket products and test socket products for testing memory semiconductor and logic semiconductors has been increased and their sales have been relatively strong.

As a result, the sales recorded 9,468 million yen (an increase of 11.3% year-on-year) and the operating profit recorded 1,553 million yen (an increase of 4.3% year-on-year)

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[Connector Solution Business]

The sales of the connector products for optical transceivers mainly for Europe, USA and China have remained strong due to the consistent investment in the communication infrastructure as a result of the increase in digital data traffic along with the development of cloud services. In addition, the sales of connector products for automotive-related equipment and industrial equipment in the European market relatively were steady.

As a result, the sales recorded 10,252 million yen (an increase of 7.9% year-on-year) and the operating profit recorded 777 million yen (an increase of 160.9% year-on-year).

[Optics-related business]

Although the sales of thin-film filter products for medical equipment and optical communications applications were steady, they were not sufficient enough to cover the drop in sales of thin-film filter products for video equipment.

As a result, the sales recorded 853 million yen (a decrease of 3.7% year-on-year) and the operating profit recorded 20 million yen (a decrease of 3.7% year-on-year).

(2) Statements of financial conditions

The total asset as of the end of the current third consolidated accumulative quarter resulted in 28,066 million yen (an increase of 959 million yen from the end of the previous quarter).

Due to the increase in cash and deposits as a result of the collection of accounts receivables, current assets increased by 673 million yen, resulting in 14,702 million yen.

Due to the acquisition of machining machinery in the test solution business, the tangible fixed assets increased by 323 million yen, resulting in 9,950 million yen.

Due to the selling of and a drop in the evaluation of investment securities, investments and other assets decreased by 41 million yen, resulting in 3,287 million yen.

Total liabilities were counted 10,128 million yen (a decrease of 193 million yen from the end of the previous quarter).

Although the bills payable and accounts payable increased as a result of the increase in the sales, the current liabilities decreased by 150 million yen due to the decrease in short-term borrowings, resulting in 8,446 million yen.

Fixed liabilities decreased by 42 million yen due to the repayment of lease obligations despite the increase in long-term loans, resulting in 1,682 million yen..

Total net asset amounted to 17,937 million yen (an increase of 1,152 million yen from the end of the previous quarter).

Shareholders' equity increased by 1,302 million yen resulting in 18,228 million yen due to the posting of profit attributable to owners of parent company despite a decrease due to the payment of quarter-end dividends etc.

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(3) Explanation regarding future forecast information such as consolidated results forecasts

The forecast of consolidated operating results ending in March 2016 published on November 6, 2015 is now revised as shown in the table below.

Revision of the forecast of the consolidated operating results for the full fiscal year ending March 2016 (from April 1, 2015 to March 31, 2016)

	Sales	Operating profit	Ordinary profit	Net profit	Net profit per share
	Million yen	Million yen	Million yen	Million yen	Yen
Forecast announced last time (A)	26,500	2,550	2,550	—	—
Forecast revised this time (B)	27,200	2,850	2,870	1,350	57.97
Amount of increase/decrease(B-A)	700	300	320	—	—
Ratio of increase/decrease (%)	2.6	11.8	12.5	—	—
(Reference) Operating results of the previous year (year ended March 2015)	25,465	2,370	2,531	2,559	109.91

Regarding the full-year earnings forecast, the sales, operating profit and ordinary profit are expected to exceed the previous forecast in light of the financial results during this consolidated cumulative third quarter period and the order-receiving situation in the 4th quarter as well as business trends. In addition, the net profit attributable to parent company shareholders which was left pending is now forecast to be 1,350 million yen in view of the posting of 900 million as the extraordinary loss in the fourth quarter due to the dissolution of the affiliated company and the profit of 300 million for the sale of invested securities.

Regarding the dividend forecast for the year, there is no change from the previous forecast at (15 yen per share).

Consolidated Balance Sheets

(Thousand of yen)

	As of March 31, 2015	As of December 31, 2015
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	4,727,294	5,529,084
Notes and accounts receivable-trade	5,294,056	4,800,768
Merchandise and finished goods	1,247,510	1,548,923
Work in process	287,863	287.009
Raw materials and supplies	1,447,412	1,491,023
Deferred tax assets	223,219	114,387
Other	850,745	978,683
Allowance for doubtful accounts	△48,775	△46,975
Total current assets	14,029,326	14,702,903
Fixed assets		
Tangible fixed assets		
Buildings and structures	2,798,733	2,750,682
Machinery, equipment and vehicles	1,420,171	1,551,101
Tools, furniture and fixtures	1,587,694	1,666,250
Land	3,442,277	3,440,132
Lease assets	54,357	39,206
Construction in progress	324,248	503,297
Total tangible fixed assets	9,627,480	9,950,670
Intangible fixed assets	117,458	122,000
Total intangible fixed assets	117,458	122,000
Investments and other assets		
Investment securities	2,008,596	1,892,589
Deferred tax assets	239,727	243,861
Net defined benefit asset	814,225	815,078
Other	302,906	371.929
Allowance for doubtful accounts	△36,496	△36,037
Total investments and other assets	3,328,959	3,287,420
Total fixed assets	13,073,899	13, 360,091
Deferred assets	3,798	3,153
Total assets	27,107,024	28,066,148

(Thousand of yen)

	As of March 31, 2015	As of December 31, 2015
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable-trade	1,584,411	1,898,135
Current portion of bonds	35,000	35,000
Short-term loans payable	4,414,510	4,003,430
Income taxes payable	194,658	195,100
Provision for bonuses	380,658	247,001
Provision for directors' bonuses	—	60,000
Deferred tax liabilities	—	6,838
Other	1,987,172	2,000,541
Total current liabilities	8,596,410	8,446,047
Long-term liabilities		
Bonds payable	127,500	110,000
Long-term borrowings	633,080	745,290
Allowance for director's retirement benefits	128,686	122,529
Net defined benefit liability	49,407	36,678
Asset retirement obligations	18,732	19,055
Deferred tax liabilities	512,788	497,826
Other	255,225	151,227
Total long-term liabilities	1,725,420	1,682,606
Total liabilities	10,321,831	10,128,654
(NET ASSETS)		
Shareholders' equity		
Capital stock	10,047,063	10,047,063
Capital surplus	1,586,633	1,586,633
Retained earnings	5,296,310	6,598,551
Treasury stock - at cost	△3,754	△3,870
Total shareholders' equity	16,926,252	18,288,378
Valuation and translation adjustments		
Unrealized gains on available-for-sale securities	695,566	647,538
Foreign currency translation adjustments	△760,351	△875,603
Provision for retirement translation adjustments	△95,756	△88,439
Total valuation and translation adjustments	△160,540	△316,505
Subscription rights to shares	3,216	10,210
Minority interests	16,265	15,411
Total net assets	16,785,193	17,937,494
Total liabilities and total net assets	27,107,024	28,066,148

Consolidated Statements of Income

(Thousand of yen)

	3Q period of previous year (From April 1, 2014 to December 31, 2014)	3Q period of current year (From April 1, 2015 to December 31, 2015)
	Amount	Amount
Net sales	18,893,962	20,574,136
Cost of sales	12,702,310	13,435,648
Gross profit	6,191,652	7,138,488
Selling, general and administrative expenses	4,350,581	4,724,298
Operating income	1,841,070	2,414,190
Non-operating income		
Interests income	3,943	6,668
Dividends income	30,832	23,783
Foreign exchange gains	459,370	13,925
Gain on sales of scraps	26,468	40,200
Subsidy income	16760	13,768
Other	46,755	26,859
Total non-operating income	584,130	125,205
Non-operating expenses		
Interests expense	86,619	42,172
Other	59,373	20,127
Total non-operating expenses	145,993	62,300
Ordinary income	2,279,207	2,477,096
Extraordinary income		
Gain on sales of fixed assets	10,621	704
Gain on sales of investment securities	—	65,267
Total extraordinary income	10,621	65,972
Extraordinary loss		
Loss on sale of fixed assets	28,644	243
Loss on liquidation of subsidiaries and associates	—	336,416
Total extraordinary loss	28,644	336,660
Income before income taxes	2,261,184	2,206,408
Income taxes	339,614	555,716
Minority interests	262	△853
Net income	1,921,307	1,651,545

(Thousand of yen)

	3Q period of previous year (From April 1, 2014 to December 31, 2014)	3Q period of current year (From April 1, 2015 to December 31, 2015)
	Amount	Amount
Income before minority interests	1,921,569	1,650,691
Other comprehensive income		
Unrealized gains on available-for-sale securities	233,255	△48,028
Foreign currency translation adjustments	221,894	△105,346
Remeasurements of defined benefit plans	5,332	7,316
Share of other comprehensive income of entities accounted for using equity method	3,819	△9,905
Total other comprehensive income	464,303	△155,964
Comprehensive income	2,385,873	1,494,727
attribute to		
Comprehensive income attribute to owners of the parent	2,385,610	1,495,581
Comprehensive income attribute to minority interests	262	△853