SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the First Quarter (April 1 to June 30, 2016) of the Fiscal Year Ending March 31, 2017

August 05, 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: August 10, 2016
Scheduled date of dividend payment commencement: —
Supplementary materials for the quarterly financial statements: None
Presentation to explain for the quarterly financial statements: None

1. Consolidated Financial Results for the First Quarter Ended June 30, 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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q ended June 30, 2016	6,602	△9.5	776	△33.2	688	△45.4	455	△56.4
1Q ended June 30, 2015	7,298	16.7	1,162	70.1	1,260	136.8	1,043	153.7

Note: Comprehensive income First quarter ended June 30, 2016 △ ¥214 million (— %)
First quarter ended June 30, 2015 ¥1,174 million (131.8%)

	Net profit per share	Diluted net profit per share
	Yen	Yen
1Q ended June 30, 2016	20.21	—
1Q ended June 30, 2015	44.83	—

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2016	25,886	16,639	64.2	737.57
As of March 31, 2016	26,080	17,191	65.8	762.10

Reference: Shareholders' equity as of June 30, 2016: ¥ 16,613 million as of March 31, 2016: ¥17,166 million.

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2016	—	0.00	—	15.00	15.00
Year ending March 31, 2017	—				
Forecast: Year ending March 31, 2017		0.00	—	15.00	15.00

Note: Modifications in the dividend projection from the latest announcement : None

Our company establishes the fiscal year ending date as the date of right allotment. The dividend amount on the date of right allotment is to be determined yet at the moment.

3. Forecast of Consolidated Operating Results for the year ending March 31, 2017

(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
Half year ending Sep.30, 2016	13,540	△5.8	1,180	△38.6	1,170	△40.1	970	△39.6	43.06
Year ending March 31, 2017	26,000	△3.1	2,150	△26.2	2,130	△18.0	1,780	23.7	79.02

Note: Modifications in forecasts of consolidated operating results from the latest announcement : None

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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 :

June 30, 2016	23,289,775 shares
March 31, 2016	23,289,775 shares

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

June 30, 2016	764,750 shares
March 31, 2016	764,750 shares

3) Average number of outstanding shares (during the first quarter ended June 30):

June 30, 2016	22,525,025 shares
June 30, 2015	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 the Statement of Accounts of the Current Quarter

(1) Statements of Operating Results

Although the U.S. economy continued its recovery trend mainly in employment and personal spending, the world economy during the current first consolidated accumulative quarter remained uncertain due to issues of European economy, including the UK leaving the EU, in addition to the slowing down of economies in the emerging countries including that of China. The Japanese economy also remained weak due to the rapid changes in foreign exchange rates and uncertainty over the future economy even though employment increased.

In the industry of electronic parts to which our Group is related, although investment in semiconductors for information and communications technologies and automobiles maintained a steady growth, the growth of smartphones which had led the electronic parts market showed a sign of slowing down, resulting in stagnant growth as a whole.

Under the circumstances, our Group has continued to work on the business structural reforms based on the pillars of the structural reforms, profitability improvements and growth strategy, and strengthened collaborations across the all group companies to improve our operational efficiency.

As a result, due to the yen's appreciation etc., the sales during the current first consolidated accumulative quarter came to 6,602 million yen (down 9.5% from the same period of the previous year), the operating profit amounted to 776 million yen (down 33.2% from the same period of the previous year), the ordinary profit amounted to 688 million yen (down 45.4% from the same period of the previous year), and the profit attributable to owners of parent amounted to 455 million yen (down 56.4% from the same period of the previous year).

Business results by segment are as follows:

[**Test solution business**]

Investment in semiconductors for information and communications, including those for highly functional smartphones and servers, and for automobiles, including those for safe driving technology and automated driving support technology continued its favorable trend. Consequently, burn-in socket products for the inspection of semiconductors and the test socket products demonstrated a relatively steady growth.

However, the profits declined because of the sales price down on some products and the impact of the yen's appreciation.

As a result, the sales amounted to 3,306 million yen (down 4.7% from the same period of the previous year) and the operating profit amounted to 633 million yen (down 28.1% from the same period of the previous year).

[**Connector solution business**]

Although sales of connector products for communication infrastructure and automobiles maintained a steady growth, the sales of YFLEX® products for amusement market and digital home appliances remained weak. In addition, the profits substantially decreased compared to the same period of the

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previous year due to a decrease in sales resulting from moving up production of the connector products accompanied by the restructuring of the global production system, start-up costs incurred in launching a new production base, and the impact of yen's appreciation.

As a result, the sales amounted to 3,047 million yen (down 13.9% from the same period of the previous year) and the operating profit amounted to 81 million yen (down 67.7% from the same period of the previous year).

[**Optics-related business**]

Sales of thin-film filter products for medical equipment and optic fiber communication, on which we've been focusing, remained weak, and we have worked on the reduction in prime costs and fixed costs.

As a result, the sales amounted to 248 million yen (down 14.7% from the same period of the previous year) and the operating profit amounted to 3 million yen (down 44.9% from the same period of the previous year).

(2) Statements of Financial Conditions

The total assets as of the end of the current first consolidated accumulative quarter amounted to 25,866 million yen (down 213 million yen from the end of the previous quarter).

As the total cash and deposits increased from financing activities through long-term loans and sales-and-lease-back transactions, current assets increased by 177 million yen, reaching 13,775 million yen.

Tangible fixed assets decreased by 296 million yen due to depreciation expense etc., amounting to 9,713 million yen.

Investment and other assets decreased by 85 million yen due to a decrease in investment securities appraisal variance etc., amounting to 2,255 million yen.

Total liabilities amounted to 9,227 million yen (up 338 million yen from the end of the previous quarter).

Current liabilities decreased by 239 million yen resulting from a decrease in provision for bonuses, amounting to 7,326 million yen.

Fixed liabilities increased by 578 million due to increases in long-term loans as well as lease obligations through sales-and-lease-back transactions, amounting to 1,900 million yen.

Total net assets amounted to 16,639 million yen (down 552 million yen from the end of the previous quarter).

Although the shareholders' equity decreased with payment of quarter-end dividends, it increased by 117 million yen due to accounting for the profit attributable to owners of parent, amounting to 17,633 million yen.

Total valuation and translation adjustments decreased by 669 million yen resulting from a decrease in foreign currency translation adjustments due to further appreciation of the yen, amounting to △1,019 million yen.

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(3) Explanation about Future Forecasting Information of the Forecast of Consolidated Operating Results

There is no change in the forecasts of consolidated operating results during the second consolidated accumulative quarter and that for throughout the year that were reported in SUMMARY OF FINANCIAL STATEMENTS: Financial Results for the Fiscal Year Ended March 31, 2016, which we publicly announced on May 13, 2016.

６. Matters Related to Summary Information (Notes)

(1) Change of Accounting Policy, Change and Revised Description of Accounting Quotation

(Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

In accordance with the corporate tax reform, we adopted the Practical Solution on a Change in Depreciation Method due to Tax Reform 2016 (Accounting Standards Board of Japan (ASBJ) PITF No.32, issued on June 17, 2016) to the consolidated financial results for the current first quarter, and changed the depreciation method for equipment and structures affixed to buildings acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

There is no impact on the profit and loss by the changes above.

(2) Additional Information

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

We have adopted the Implementation Guidance on Recoverability of Deferred Tax Assets (Implementation Guidance of Corporate Accounting Standards, No. 26, issued on March 28, 2016) to the consolidated financial results since the current first quarter.

(Classification change in cost of sales and selling, general, and administrative expenses)

Some consolidated subsidiaries have added expenses for Design and Development Department that had been reported as selling, general and administrative expenses before to the cost of sales since the current first consolidated accumulative quarter.

We have worked on reviewing and modifying the global production and sales systems and strengthening the management system as part of business structural reforms listed in the mid-term management plan. Under such process, as a result of reconsidering the functions and roles of Design and Development Department at the consolidated subsidiaries, it has become obvious that production activities have become more important than research and development activities as production and sales have globalized, and also that such trend would be expected to be further strengthened in the future. Therefore, we decided to change the classification of relevant expenses for them to “cost of sales.”

Because of such change, cost of sales during the current first consolidated accumulative quarter increased by 107,296 thousand yen and the gross profit decreased by the same amount, compared to the conventional method. Also, operating income, ordinary income, and income before minority interests including taxes, increased by 39,077 thousand yen each.

Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2016	As of June 30, 2016
	Amount	Amount
ASSETS)		
Current assets		
Cash and deposits	4,305,900	4,991,478
Notes and accounts receivable-trade	4,783,175	4,773,491
Merchandise and finished goods	1,423,908	1,354,662
Work in process	372,833	282,794
Raw materials and supplies	1,500,105	1,541,582
Deferred tax assets	298,435	150,559
Other	925,348	693,232
Allowance for doubtful accounts	△10,923	△11,839
Total current assets	13,598,784	13,775,961
Fixed assets		
Tangible fixed assets		
Buildings and structures	3,088,240	2,944,122
Machinery, equipment and vehicles	1,716,023	1,604,626
Tools, furniture and fixtures	1,554,106	1,534,444
Land	3,438,265	3,434,691
Lease assets	54,284	48,995
Construction in progress	158,973	146,880
Total tangible fixed assets	10,009,893	9,713,759
Intangible fixed assets	127,370	118,303
Investments and other assets		
Investment securities	1,166,193	1,099,062
Deferred tax assets	125,862	112,589
Net defined benefit asset	771,316	767,212
Other	313,328	312,725
Allowance for doubtful accounts	△35,643	△35,694
Total investments and other assets	2,341,056	2,255,894
Total fixed assets	12,478,320	12,087,957
Deferred assets	2,938	2,723
Total assets	26,080,043	25,866,643

(Thousand yen)

	As of March 31, 2016	As of June 30, 2016
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable-trade	1,670,044	1,766,884
Current portion of bonds	35,000	35,000
Short-term loans payable	3,634,040	3,631,650
Income taxes payable	210,527	71,212
Provision for bonuses	440,094	202,139
Provision for directors' bonuses	72	64
Other	1,575,771	1,619,546
Total current liabilities	7,565,550	7,326,496
Long-term liabilities		
Bonds payable	92,500	92,500
Long-term borrowings	671,140	923,820
Allowance for director's retirement benefits	84,147	73,547
Net defined benefit liability	25,725	23,975
Asset retirement obligations	19,163	19,273
Deferred tax liabilities	291,803	278,789
Other	138,419	489,013
Total long-term liabilities	1,322,898	1,900,920
Total liabilities	8,888,448	9,227,417
(NET ASSETS)		
Shareholders' equity		
Capital stock	10,047,063	10,047,063
Capital surplus	1,586,633	1,586,633
Retained earnings	6,386,048	6,503,440
Treasury stock - at cost	△503,867	△503,867
Total shareholders' equity	17,515,878	17,633,270
Valuation and translation adjustments		
Unrealized gains on available-for-sale securities	288,204	249,852
Foreign currency translation adjustments	△ 524,205	△1,154,621
Provision for retirement translation adjustment	△ 113,628	△ 114,702
Total valuation and translation adjustments	△ 349,629	△1,019,471
Subscription rights to shares	10,210	10,210
Minority interests	15,135	15,217
Total net assets	17,191,594	16,639,226
Total liabilities and total net assets	26,080,043	25,866,643

Consolidated Statements of Income

(Thousand yen)

	1Q period of previous year (From April 1, 2015 to June 30, 2015)	1Q period of current year (From April 1, 2016 to June 30, 2016)
	Amount	Amount
Net sales	7,298,249	6,602,029
Cost of sales	4,558,129	4,508,514
Gross profit	2,740,120	2,093,514
Selling, general and administrative expenses	1,577,387	1,317,210
Operating income	1,162,732	776,303
Non-operating income		
Interests income	1,707	1,334
Dividends income	12,302	10,577
Foreign exchange gains	81,649	—
Equity in earnings of affiliates	—	279
Other	27,720	22,961
Total non-operating income	123,380	35,154
Non-operating expenses		
Interests expense	18,880	9,353
Foreign exchange loss	—	105,054
Other	6,396	8,732
Total non-operating expenses	25,278	123,140
Ordinary income	1,260,834	688,317
Extraordinary income		
Gain on sales of fixed assets	—	774
Gain on sales of securities	50,294	—
Total extraordinary income	50,294	774
Extraordinary loss		
Loss on sales of noncurrent assets	—	57
Total extraordinary loss	—	57
Income before income taxes	1,311,129	689,034
Income taxes	267,613	233,685
Minority interests	△ 418	81
Net income	1,043,934	455,267

(Thousand yen)

	1Q period of previous year (From April 1, 2015 to June 30, 2015)	1Q period of current year (From April 1, 2016 to June 30, 2016)
	Amount	Amount
Income before minority interests	1,043,516	455,349
Other comprehensive income		
Unrealized gains on available-for-sale securities	63,306	△ 38,351
Foreign currency translation adjustments	60,708	△ 621,937
Remeasurements of defined benefit plans, net of tax	4,490	△ 1,073
Other	1,986	△ 8,478
Total other comprehensive income	130,492	△ 669,842
Comprehensive income	1,174,008	△ 214,493
attribute to		
Comprehensive income attribute to owners of the parent	1,174,426	△ 214,575
Comprehensive income attribute to minority interests	△ 418	81