

# SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

## Financial Results for the First Two Quarters (April 1 to September 30, 2015) of the Fiscal Year Ending March 31, 2016

November 6, 2015

### 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

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Scheduled date of securities report submission: November 13, 2015

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, 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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First two quarters ended September 30, 2015	14,377	12.6	1,921	26.5	1,954	24.8	1,606	19.6
September 30, 2014	12,770	14.9	1,519	256.2	1,566	144.2	1,343	160.6

Note: Comprehensive income First two quarters ended September 30, 2015 ¥ 1,332 million(Δ17.6%)  
First two quarters ended September 30, 2014 ¥ 1,618 million(119.2%)

	Net profit per share	Diluted net profit per share
	Yen	Yen
First two quarters ended September 30, 2015	69.00	68.44
September 30, 2014	57.71	—

### (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, 2015	27,699	17,775	64.1	762.24
As of March 31, 2015	27,107	16,785	61.9	719.96

Reference: Shareholders' equity as of September 30, 2015: ¥17,750 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 : Yes

## 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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ending March 31, 2016	26,500	4.1	2,550	7.6	2,550	0.7

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, 2015	23,289,775 shares
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March 31, 2015	23,289,775 shares
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2) Number of shares of treasury stock at term end:

September 30, 2015	2,900 shares
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March 31, 2015	2,790 shares
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3) Average number of outstanding shares (during the second quarter ended September 30):

September 30, 2015	23,286,949 shares
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September 30, 2014	23,286,985 shares
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#### \* 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.

## 5. Qualitative Information on Current Quarter Account Settlement

### (1) Statements of Operating Results

The business environment surrounding the Yamaichi Group during the current second quarter of the consolidated accounting period involved mild economic recovery that continued as a result of a rise in personal consumption and improvement in employment situations in the United States. Due to the economic downside risk of China, however, there have been growing economic slowdown concerns in the global economy.

In the electronic parts industry, to which the Yamaichi Group is related, slumping consumption due to the economic growth rate slowdown of China has been a concern. Nevertheless, there has been a relatively strong demand for products for high-performance smartphones. Furthermore, there has been a steady demand for products for information and communications equipment, such as servers for data centers, and automotive-related equipment.

Under the above situations, the Yamaichi Group continuously made efforts toward business restructuring based on structural reform, profitability improvements, and growth strategies as the pillars of the medium-term management plan. The Group elaborated and implemented priority measures for respective regions, markets, customers, and products on a global basis, and activities promoting sustainable growth and profitability improvements in order to strengthen the cooperation of each company of the Group, reduce fixed costs, improve the efficiency of business, and further accelerate the growth strategies, in particular.

As a result, the sales for the current second quarter of the consolidated accounting period recorded 14,377 million yen (an increase of 12.6% year-on-year), operating profit recorded 1,921 million yen (an increase of 26.5% year-on-year), ordinary profit recorded 1,954 million yen (an increase of 24.8% year-on-year), and net income attributable to the shareholders of the parent company recorded 1,606 million yen (an increase of 19.6% year-on-year).

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

#### [Test Solutions Business]

Although the restructuring of semiconductor manufacturers was making progress, there was a downturn in business related to personal computers and smartphones. Investment in semiconductors for new-type high-performance smartphones and servers, however, was relatively strong, and the sales of burn-in socket products for memory semiconductor testing and test socket products for logic semiconductors were good. Furthermore, the sales of burn-in socket products for semiconductor testing for automotive-related equipment were steady.

As a result, the sales recorded 6,651 million yen (an increase of 15.3% year-on-year) and the operating profit recorded 1,274 million yen (an increase of 16.3% year-on-year).

#### [Connector Solution Business]

With the arrival of IoT society, there has been an increase in investment in communications infrastructure. This is a result of an increase in digital data traffic, while the sales of connector products for equipment related to communications infrastructure were brisk in the North American and European markets. Furthermore, the sales of connector products for industrial equipment in the European market were steady.

As a result, the sales recorded 7,137 million yen (an increase of 11.3% year-on-year) and the operating profit recorded 570 million yen (an increase of 70.8% year-on-year).

## **[Optics-related business]**

The sales of thin-film filter products for video equipment, such as digital cameras, were sluggish, but the sales of thin-film filter products for medical equipment and optical communications applications were steady.

As a result, the sales recorded 589 million yen (an decrease of 0.1% year-on-year) and the operating profit recorded 26 million yen (an increase of 118.2% year-on-year).

## **(2) Statements of Financial Conditions**

### **① Situations of assets, liabilities and net assets**

The total assets in terms of monetary value during the second quarter of the consolidated accounting period were 27,699 million yen (an increase of 592 million yen year-on-year).

The current assets increased by 563 million yen and reached 14,592 million yen as a result of an increase in the amount of cash and deposits due to the recovery of trade receivables.

The tangible fixed assets increased by 267 million yen and reached 9,894 million yen because the Test Solution Division acquired cutting equipment.

The investment and other assets decreased by 245 million yen and reached 3,083 million yen due to a reduction in the evaluation of investment securities.

The total liabilities recorded 9,924 million yen (a decrease of 397 million yen year-on-year).

The current liabilities decreased by 406 million yen and reached 8,190 million yen as a result of a reduction in short-term debts though an increase in sales involved an increase in notes and accounts payable in terms of monetary value.

The long-term liabilities increased by 8 million yen and reached 1,734 million yen as a result of an increase in long-term debts though a reduction in deferred tax liability involved a decrease in the valuation of investment securities.

The total net assets increased to 17,775 million yen (an increase of 990 million yen year-on-year).

The shareholders' equity increased by 1,257 million yen and reached 18,183 million yen because the quarter net income attributable to the shareholders of the parent company was added though there was a reduction due to the payment of year-end dividends.

### **② Situations of cash flow**

The amount of cash and cash equivalents (hereinafter referred to as "funds") during the current second quarter of the consolidated accounting period increased by 709 million yen because the quarter net income before tax was added, and the amount of funds as of the end of the current second quarter of the consolidated accounting period reached 5,327 million yen.

Each type of cash flow during the current second quarter of the consolidated accounting period is shown below along with the respective factors.

#### **(Cash flow from operating activities)**

The funds obtained as a result of operating activities increased to 2,675 million yen (an increase of 128.8% year-on-year). This was mainly due to the recording of the quarter net income before tax.

#### **(Cash flow from investing activities)**

The funds used for investigating activities increased to 1,105 million yen (an increase of 69.7% year-on-year). This was mainly due to the acquisition of tangible fixed assets.

(Cash flows from financing activities)

The funds used for financing activities reached 781 million yen (an increase of 76.3% year-on-year). This was mainly due to the payment of year-end dividends.

### ③ Description of Information on Future Forecasts, including Prediction of Consolidated Earnings

As for semiconductor capital investment, an expanding demand for semiconductors is expected due to an increase in electronic devices to be mounted onto automobiles and the arrival of IoT society. On the other hand, there is uncertainty about the future due to the deceleration of the Chinese economy resulting in a downturn in capital investment related to industrial equipment and smartphones.

As for our prediction of full-year earnings, we expect that sales of 26,500 million yen (an increase of 4.1% year-on-year), an operating profit of 2,550 million yen (an increase of 7.6% year-on-year), and an ordinary profit of 2,550 million yen (an increase of 0.7% year-on-year) will be achieved. These figures are based on the actual results of the second quarter of the consolidated accounting period and the expected sales and seasonal factors in and after the third quarter, along with the current orders on hand. The quarter net income attributable to the shareholders of the parent company has not been decided, and we will disclose the same in detail as soon as it is clarified. The reason is that, as we announced on September 25, 2015, we are currently considering the relocation of Yamaichi Electronics (Shenzhen) Co., Ltd. from Shenzhen, Guangdong Province, China, as a part of Yamaichi's structural reforms, the influence of which on the performance of the Yamaichi Group is unclear.

## 6. Matters related to Summary Information (Notes)

Change in Accounting Policy, Change in Accounting Estimates, and Restatement

Change in Accounting Policy

(Application of Accounting Standard for Business Combinations)

We have been applying corporate standards, including the following standards, since the start of the first quarter of the consolidated accounting period: Accounting Standard for Business Combinations (Corporate Accounting Standard No. 21, September 13, 2013, hereinafter referred to as "Business Combinations Accounting Standard"), Accounting Standard for Consolidated Financial Statements (Corporate Accounting Standard No. 22, September 13, 2013, hereinafter referred to as "Consolidated Accounting Standard"), and Accounting Standard for Business Divestitures (Accounting Standard No. 7, September 13, 2013, hereinafter referred to as "Business Divestitures Accounting Standard") and made changes in the conventional accounting methods. Accordingly, we have been taking a new method of adding differences due to Yamaichi's equity changes in subsidiaries as capital surplus if Yamaichi's domination of the subsidiaries remained unchanged and recording any acquisition-related costs as incurred costs for the consolidated fiscal year. As for any business combination implemented in and after the first quarter of the consolidated accounting period, we have been taking a new method of reviewing the allocations of the acquisition costs determined by provisional accounting and reflecting the contents of the review in the consolidated financial statements of the quarter that includes the day of the business combination. Furthermore, we have made denotation changes, including a denotation change in quarter net income and the denotation of non-controlling shareholders' equities instead of minority shareholders' equities. In order to reflect the change of the denotations, we have rearranged the quarterly consolidated financial statements and consolidated financial statements for the previous second quarter and previous fiscal year.

The Business Combinations Accounting Standard etc. has been applied since the start of the first quarter of the consolidated accounting period in accordance with transitional provisions specified in Business Combinations Accounting Standard 58-2 (4), Consolidated Accounting Standard 44-5 (4), and Business Divestitures Accounting Standard 57-4 (4).

The above has no impact on profit and loss.

## Consolidated Balance Sheets

(Thousand of yen)

	As of March 31, 2015	As of September 30, 2015
	Amount	Amount
<b>(ASSETS)</b>		
<b>Current assets</b>		
Cash and deposits	4,727,294	5,433,365
Notes and accounts receivable-trade	5,294,056	5,368,621
Merchandise and finished goods	1,247,510	1,297,981
Work in process	287,863	257,523
Raw materials and supplies	1,447,412	1,355,248
Deferred tax assets	223,219	174,678
Other	850,745	753,844
Allowance for doubtful accounts	△48,775	△48,352
<b>Total current assets</b>	14,029,326	14,592,911
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures	2,798,733	2,727,267
Machinery, equipment and vehicles	1,420,171	1,616,797
Tools, furniture and fixtures	1,587,694	1,684,449
Land	3,442,277	3,439,059
Lease assets	54,357	43,535
Construction in progress	324,248	383,601
<b>Total tangible fixed assets</b>	9,627,480	9,894,711
<b>Intangible fixed assets</b>	117,458	125,138
<b>Total intangible fixed assets</b>	117,458	125,138
<b>Investments and other assets</b>		
Investment securities	2,008,596	1,745,599
Deferred tax assets	239,727	248,853
Net defined benefit asset	814,225	813,130
Other	302,906	312,537
Allowance for doubtful accounts	△36,496	△36,275
<b>Total investments and other assets</b>	3,328,959	3,083,845
<b>Total fixed assets</b>	13,073,899	13,103,696
<b>Deferred assets</b>	3,798	3,368
<b>Total assets</b>	27,107,024	27,699,976

(Thousand of yen)

	As of March 31, 2015	As of September 30, 2015
	Amount	Amount
<b>(LIABILITIES)</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	1,584,411	1,729,385
Current portion of bonds	35,000	35,000
Short-term loans payable	4,414,510	4,015,000
Income taxes payable	194,658	269,095
Provision for bonuses	380,658	401,102
Provision for directors' bonuses	–	60,000
Deferred tax liabilities	–	1,581
Other	1,987,172	1,679,161
<b>Total current liabilities</b>	<b>8,596,410</b>	<b>8,190,324</b>
<b>Long-term liabilities</b>		
Bonds payable	127,500	110,000
Long-term borrowings	633,080	813,780
Allowance for director's retirement benefits	128,686	125,014
Net defined benefit liability	49,407	50,907
Asset retirement obligations	18,732	18,947
Deferred tax liabilities	512,788	438,350
Other	255,225	177,105
<b>Total long-term liabilities</b>	<b>1,725,420</b>	<b>1,734,106</b>
<b>Total liabilities</b>	<b>10,321,831</b>	<b>9,924,431</b>
<b>(NET ASSETS)</b>		
<b>Shareholders' equity</b>		
Capital stock	10,047,063	10,047,063
Capital surplus	1,586,633	1,586,633
Retained earnings	5,296,310	6,553,867
Treasury stock - at cost	△3,754	△3,870
<b>Total shareholders' equity</b>	<b>16,926,252</b>	<b>18,183,694</b>
<b>Valuation and translation adjustments</b>		
Unrealized gains on available-for-sale securities	695,566	531,670
Foreign currency translation adjustments	△760,351	△875,611
Provision for retirement translation adjustments	△95,756	△89,658
<b>Total valuation and translation adjustments</b>	<b>△160,540</b>	<b>△433,599</b>
Subscription rights to shares	3,216	10,210
Minority interests	16,265	15,239
<b>Total net assets</b>	<b>16,785,193</b>	<b>17,775,545</b>
<b>Total liabilities and total net assets</b>	<b>27,107,024</b>	<b>27,699,976</b>



## Consolidated Statements of Income

(Thousand of yen)

	2Q period of previous year (From April 1, 2014 to September 30, 2014)	2Q period of current year (From April 1, 2015 to September 30, 2015)
	Amount	Amount
<b>Net sales</b>	12,770,832	14,377,786
<b>Cost of sales</b>	8,397,064	9,268,846
<b>Gross profit</b>	4,373,767	5,108,940
<b>Selling, general and administrative expenses</b>	2,854,579	3,186,994
<b>Operating income</b>	1,519,187	1,921,946
<b>Non-operating income</b>		
Interests income	2,490	4,375
Dividends income	21,499	14,246
Foreign exchange gains	72,244	3,085
Gain on sales of scraps	17,031	27,822
Subsidy income	10,234	9,323
Other	36,818	19,671
<b>Total non-operating income</b>	160,321	78,525
<b>Non-operating expenses</b>		
Interests expense	65,690	31,712
Other	47,361	14,056
<b>Total non-operating expenses</b>	113,052	45,768
<b>Ordinary income</b>	1,566,456	1,954,703
<b>Extraordinary income</b>		
Gain on sales of fixed assets	6,632	5,348
Gain on sales of investment securities	–	50,294
<b>Total extraordinary income</b>	6,632	55,643
<b>Extraordinary loss</b>		
Loss on sale of fixed assets	175	179
<b>Total extraordinary loss</b>	175	179
<b>Income before income taxes</b>	1,572,913	2,010,167
<b>Income taxes</b>	228,928	404,330
<b>Minority interests</b>	△6	△1,025
<b>Net income</b>	1,343,991	1,606,862

(Thousand of yen)

	2Q period of previous year (From April 1, 2014 to September 30, 2014)	2Q period of current year (From April 1, 2015 to September 30, 2015)
	Amount	Amount
<b>Income before minority interests</b>	1,343,984	1,605,836
<b>Other comprehensive income</b>		
Unrealized gains on available-for-sale securities	175,541	△163,896
Foreign currency translation adjustments	101,023	△121,470
Remeasurements of defined benefit plans	3,555	6,097
Share of other comprehensive income of entities accounted for using equity method	△6,019	6,210
<b>Total other comprehensive income</b>	274,101	△273,059
<b>Comprehensive income</b>	1,618,085	1,332,777
attribute to		
Comprehensive income attribute to owners of the parent	1,618,092	1,333,803
Comprehensive income attribute to minority interests	△6	△1,025

## Consolidated Statements of Cash Flows

(Thousand of yen)

	Previous year (From April 1, 2014 to to September 30, 2014)	Current year (From April 1, 2015 to September 30, 2015)
	Amount	Amount
<b>Cash flows from operating activities</b>		
Income before income taxes and other adjustments to net income	1,572,913	2,010,167
Depreciation and amortization	632,042	755,529
Interest and dividends income	△23,990	△18,622
Interest expenses	65,690	31,712
Exchange (gain) loss	△92,043	25,429
(Increase) decrease in trade receivables	△720,849	△84,464
(Increase) decrease in inventories	△81,028	74,360
Increase (decrease) in trade payables	164,843	126,547
Other, net	△27,892	50,436
<b>Sub total</b>	<b>1,489,686</b>	<b>2,971,096</b>
Interest and dividends received	24,012	18,633
Interest paid	△63,615	△31,348
Extra retirement payment	△67,554	—
Income taxes paid	△213,201	△282,731
<b>Net cash provided by operating activities</b>	<b>1,169,327</b>	<b>2,675,649</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△531,435	△1,200,383
Proceeds from sales of property, plant and equipment	14,256	14,263
Other, net	△134,487	80,293
<b>Net cash used in investing activities</b>	<b>△651,666</b>	<b>△1,105,825</b>
<b>Cash flows from Financing activities</b>		
Increase (decrease) in short-term borrowings	△151,450	△532,980
Increase from long-term borrowings	400,000	400,000
Repayment of long-term loans payable	△289,280	△105,980
Cash dividends paid	△115,053	△348,045
Other, net	△287,317	△194,370
<b>Net cash used in financing activities</b>	<b>△443,100</b>	<b>△781,375</b>
<b>Effect of exchange rates changes on cash and cash equivalents</b>	<b>91,205</b>	<b>△79,096</b>
<b>Net increase (decrease) of cash and cash equivalents</b>	<b>165,766</b>	<b>709,351</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>4,871,652</b>	<b>4,617,994</b>
<b>Cash and cash equivalents at end of period</b>	<b>5,037,419</b>	<b>5,327,345</b>