

SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the First Quarter (April 1 to June 30, 2017) of the Fiscal Year Ending March 31, 2018

August 07, 2017

Company Name: Yamaichi Electronics Co., Ltd.

Code:6941 Tokyo Stock Exchange 1st section URL: <http://www.yamaichi.co.jp>

President : Yoshitaka Ota

Managing Director : Kazuhiro Matsuda Tel: (03)3734-0115

Scheduled date of securities report submission : August 10, 2017

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 Quarter Ended June 30, 2017

(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, 2017	8,112	22.9	1,448	86.5	1,469	113.5	1,241	172.6
1Q ended June 30, 2016	6,602	Δ9.5	776	Δ33.2	688	Δ45.4	455	Δ56.4

Note: Comprehensive income First quarter ended June 30, 2017 ¥ 1,361 million (— %)

First quarter ended June 30, 2016 Δ ¥214 million (— %)

	Net profit per share		Diluted net profit per share	
	Yen		Yen	
1Q ended June 30, 2017	57.40		55.78	
1Q ended June 30, 2016	20.21		—	

(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, 2017	28,974	19,411	66.5	891.02
As of March 31, 2017	27,892	18,482	65.7	848.06

Reference: Shareholders' equity as of June 30, 2017: ¥19,266 million as of March 31, 2017: ¥18,337 million.

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen		Yen		Yen
Year ended March 31, 2017	—		0.00		20.00
Year ending March 31, 2018	—		—		—
Forecast: Year ending March 31, 2018	—		5.00		15.00

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

3. Forecast of Consolidated Operating Results for the year ending March 31, 2018

(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, 2017	15,300	17.7	2,200	49.9	2,210	64.7	1,810	83.6	83.10
Year ending March 31, 2018	28,500	7.6	3,450	27.1	3,450	34.7	2,650	26.8	121.05

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.: 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 :
- | | |
|----------------|-------------------|
| June 30, 2017 | 23,289,775 shares |
| March 31, 2017 | 23,289,775 shares |
- 2) Number of shares of treasury stock at term end:
- | | |
|----------------|------------------|
| June 30, 2017 | 1,666,438 shares |
| March 31, 2017 | 1,666.438 shares |
- 3) Average number of outstanding shares (during the first quarter ended June 30):
- | | |
|---------------|-------------------|
| June 30, 2017 | 21,623,337 shares |
| June 30, 2016 | 22,525,025 shares |

* Status of Performance of Quarterly Review Procedures

* 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 the Results of the First Quarter

(1) Business Results

The global economy continued a moderate recovery trend for the first quarter of the current consolidated cumulative period as a result of a recovery in corporate earnings in the United States, steady consumer spending in Europe, and a recovery in China's economy. In the Japanese economy, a gradual recovery trend continued as a result of improvements in capital investment, employment, and the income environment.

In the electronic component industry, to which the Yamaichi Electronics Group is related, there was a favorable demand for semiconductors and various electronic parts as a result of a further spread of information and communications equipment and devices, including high-function smartphones and a capacity expansion of data centers as well as an expansion of automotive electrical equipment.

Under these circumstances, the Yamaichi Electronics Group will continue aiming to grow into a corporate group that can provide products and services satisfying customers under a new three-year medium-term management plan (from March 2018 through March 2020). In achieving our management goal, the Yamaichi Electronics Group has been working from the perspective of cooperating globally and creating products leading to the future and promoting its growth strategy and structural reform as core strategic plans by further strengthening the financial structure and management base towards the future growth of the company.

Consequently, our business for the first quarter of the consolidated cumulative period resulted in sales of 8,112 million yen (up 22.9%, year on year), an operating income of 1,448 million yen (up 86.5%, year on year), an ordinary income of 1,469 million yen (up 113.5%, year on year), and the net income attributable to parent company shareholders of 1,241 million yen (up 172.6%, year on year).

Our segment results were as follows:

[Test Solutions Business]

Backed by the functional sophistication of smartphones with a capacity increase and an expansion of data centers following an accelerated spread of Internet-of-things (IoT) devices, semiconductor investment continued expanding in the field of information and communications and automobile-related business for the progress of the use of electrical equipment and the purpose of safe driving. Accordingly, sales of burn-in sockets and test sockets for inspection use continued favorably.

As a result, the Yamaichi Electronics Group achieved a sales figure of 4,150 million yen (up 25.5%, year on year) and operating income of 1,245 million yen (up 96.6%, year on year).

[Connector Solutions Business]

Against the backdrop of an expansion in high-speed communications networks, sales of connectors for optical transceivers for telecommunications infrastructure-related equipment continued to be robust. Connectors for automobile-related business and industrial equipment use remained comparatively firm, mainly overseas.

As a result, the Yamaichi Electronics Group achieved a sales figure of 3,567 million yen (up 17.1%, year on year) and operating income of 235 million yen (up 188.9%, year on year).

[Optics-related Business]

Sales of filters for smartphones and communications equipment remained steady. Furthermore, the Yamaichi Electronics Group made further improvements in profitability by increasing sales and cost reduction activities.

As a result, the Yamaichi Electronics Group achieved a sales figure of 393 million yen (up 58.6%, year on year) and operating income of 37 million yen (up 891.9%, year on year).

(2) Financial Conditions

(Assets)

The value of our total assets as of the end of the first quarter of the current consolidated accounting period amounted to 16,360 million yen, which was an increase of 956 million yen, year on year. This was mainly caused by an increase of 1,243 million in notes and accounts receivable as a result of an increase in sales. The value of our fixed assets increased by 125 million yen from the corresponding figure at the end of the previous consolidated fiscal year and totaled 12,612 million yen. This was mainly caused by an increase of 68 million yen in investment securities as a result of a rise in the market value of the shares held.

Accordingly, the value of our total assets amounted to 28,974 million yen, an increase of 1,081 million yen from the corresponding figure at the end of the previous consolidated fiscal year.

(Liabilities)

The value of our current liabilities at the end of first quarter of the current consolidated accounting period amounted to 7,710 million yen, an increase of 177 million yen from the corresponding figure at the end of the previous consolidated fiscal year. This was mainly due to an increase of 183 million yen in income taxes payable. Non-current liabilities amounted to 1,852 million yen, a decrease of 24 million yen from the corresponding figure at the end of the previous consolidated fiscal year.

As a result, our total liabilities amounted to 9,562 million yen, an increase of 152 million yen from the corresponding figure at the end of the previous consolidated fiscal year.

(Net Assets)

The value of our total net assets at the end of first quarter of the current consolidated accounting period amounted to 19,411 million yen, an increase of 929 million yen from the corresponding figure at the end of the previous consolidated fiscal year. This was mainly caused by a recorded profit of 1,241 million yen attributable to the shareholders of the parent company in spite of a surplus dividend of 432 million yen.

As a result, the equity ratio was 66.5% (65.7% at the end of the previous consolidated fiscal year).

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.

(3) Explanation about Information on Prospects, including Consolidated Performance Forecast

We revise the forecast of the consolidated earnings for the second quarter of the fiscal year ending on March 31, 2018, and that for the full fiscal period announced on May 15, 2017, as shown below.

**Revision to Forecast for Second Quarter of Consolidated Period Ending on March 31, 2018
 (April 1 - September 30, 2017)**

	Net Sales Millions of yen	Operating profit Millions of yen	Ordinary profit Millions of yen	Net profit Millions of yen	Net profit per share yen
Previous forecast	13,520	1,530	1,510	1,190	55.03
Present forecast	15,300	2,200	2,210	1,810	83.10

**Revision to Full Consolidated Business Period ending on March 31, 2018
 (April 1 - September 30, 2017)**

	Net Sales Millions of yen	Operating profit Millions of yen	Ordinary profit Millions of yen	Net profit Millions of yen	Net profit per share yen
Previous forecast	27,500	3,000	2,950	2,330	107.75
Present forecast	28,500	3,450	3,450	2,650	121.05

Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2017	As of June 30, 2017
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	5,729,669	5,650,375
Notes and accounts receivable-trade	4,802,338	6,045,456
Merchandise and finished goods	1,491,799	1,590,990
Work in process	225,842	195,418
Raw materials and supplies	1,721,531	1,761,885
Deferred tax assets	500,143	443,972
Other	946,989	686,922
Allowance for doubtful accounts	△13,971	△14,613
Total current assets	15,404,342	16,360,408
Fixed assets		
Tangible fixed assets		
Buildings and structures	2,985,420	2,955,974
Machinery, equipment and vehicles	1,656,901	1,707,202
Tools, furniture and fixtures	1,443,848	1,532,468
Land	3,594,816	3,593,090
Lease assets	46,448	42,100
Construction in progress	243,485	198,176
Total tangible fixed assets	9,970,921	10,029,012
Intangible fixed assets	99,862	96,816
Investments and other assets		
Investment securities	1,320,651	1,388,707
Deferred tax assets	55,864	59,665
Net defined benefit asset	793,853	791,371
Other	336,330	335,661
Allowance for doubtful accounts	△90,933	△89,170
Total investments and other assets	2,415,766	2,486,236
Total fixed assets	12,486,550	12,612,065
Deferred assets	2,078	1,863
Total assets	27,892,971	28,974,337

(Thousand yen)

	As of March 31, 2017	As of June 30, 2017
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable-trade	1,868,979	1,886,358
Current portion of bonds	35,000	35,000
Short-term loans payable	3,567,784	3,540,954
Income taxes payable	138,292	321,431
Provision for bonuses	412,440	300,367
Provision for directors' bonuses	3,126	25,808
Other	1,507,592	1,600,531
Total current liabilities	7,533,216	7,710,451
Long-term liabilities		
Bonds payable	57,500	57,500
Long-term borrowings	737,018	843,947
Allowance for director's retirement benefits	66,614	71,129
Net defined benefit liability	31,924	33,396
Asset retirement obligations	19,604	19,716
Deferred tax liabilities	593,195	510,082
Other	371,198	316,351
Total long-term liabilities	1,877,054	1,852,123
Total liabilities	9,410,271	9,562,575
(NET ASSETS)		
Shareholders' equity		
Capital stock	10,047,063	10,047,063
Capital surplus	1,586,633	1,586,633
Retained earnings	8,138,171	8,946,984
Treasury stock - at cost	△1,103,811	△1,103,811
Total shareholders' equity	18,668,057	19,476,870
Valuation and translation adjustments		
Unrealized gains on available-for-sale securities	440,116	488,897
Foreign currency translation adjustments	△633,019	△562,659
Provision for retirement translation adjustment	△137,297	△136,330
Total valuation and translation adjustments	△330,201	△210,091
Subscription rights to shares	10,210	10,210
Minority interests	134,633	134,772
Total net assets	18,482,699	19,411,761
Total liabilities and total net assets	27,892,971	28,974,337

Consolidated Statements of Income

(Thousand yen)

	1Q period of previous year (From April 1, 2016 to June 30, 2016)	1Q period of current year (From April 1, 2017 to June 30, 2017)
	Amount	Amount
Net sales	6,602,029	8,112,021
Cost of sales	4,508,514	5,123,912
Gross profit	2,093,514	2,988,109
Selling, general and administrative expenses	1,317,210	1,539,973
Operating income	776,303	1,448,135
Non-operating income		
Interests income	1,334	1,544
Dividends income	10,577	10,716
Foreign exchange gains	—	16,361
Equity in earnings of affiliates	279	—
Other	22,961	15,020
Total non-operating income	35,154	43,644
Non-operating expenses		
Interests expense	9,353	8,339
Share of loss of entities accounted for using equity method	—	7,002
Other	113,786	6,632
Total non-operating expenses	123,140	21,974
Ordinary income	688,317	1,469,806
Extraordinary income		
Gain on sales of fixed assets	774	134
Total extraordinary income	774	134
Extraordinary loss		
Loss on sales of noncurrent assets	57	1,023
Total extraordinary loss	57	1,023
Income before income taxes	689,034	1,468,916
Income taxes	233,685	226,956
Minority interests	81	680
Net income	455,267	1,241,279

(Thousand yen)

	1Q period of previous year (From April 1, 2016 to June 30, 2016)	1Q period of current year (From April 1, 2017 to June 30, 2017)
	Amount	Amount
Income before minority interests	455,349	1,241,960
Other comprehensive income		
Unrealized gains on available-for-sale securities	△38,351	48,781
Foreign currency translation adjustments	△621,937	66,907
Remeasurements of defined benefit plans, net of tax	△1,073	967
Other	△8,478	2,912
Total other comprehensive income	△669,842	119,568
Comprehensive income	△214,493	1,361,528
Attribute to		
Comprehensive income attribute to owners of the parent	△214,575	1,361,389
Comprehensive income attribute to minority interests	81	139