

SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the First Quarter (April 1 to June 30, 2018) of the Fiscal Year Ending March 31, 2019

August 06, 2018

Company Name: Yamaichi Electronics Co., Ltd.

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

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Scheduled date of securities report submission : August 10, 2018

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, 2018

(1) Consolidated Operating Results (aggregated)

(Percentage figures represent changes from the same period of the previous year.)

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q ended June 30, 2018	7,733	△4.7	1,347	△7.0	1,403	△4.5	1,050	△15.4
1Q ended June 30, 2017	8,112	22.9	1,448	86.5	1,469	113.5	1,241	172.6

Note: Comprehensive income First quarter ended June 30, 2018 ¥ 1,058 million (△22.2 %)

First quarter ended June 30, 2017 ¥ 1,361 million (— %)

	Net profit per share		Diluted net profit per share	
	Yen		Yen	
1Q ended June 30, 2018	46.62		46.40	
1Q ended June 30, 2017	57.40		55.78	

(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, 2018	29,931	22,015	72.9	978.86
As of March 31, 2018	30,431	22,185	72.4	973.56

Reference: Shareholders' equity as of June 30, 2018: ¥21,832 million as of March 31, 2018: ¥22,021 million.

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	—	5.00	—	30.00	35.00
Year ending March 31, 2019	—				
Forecast: Year ending March 31, 2019		10.00	—	20.00	30.00

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		Profit attributable to owners of parent		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year ending Sep.30, 2018	15,700	△2.2	2,170	△16.1	2,120	△19.8	1,700	△22.2	75.84
Year ending March 31, 2019	31,000	2.2	4,000	△7.1	3,900	△9.2	3,100	△7.9	138.65

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

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, 2018	23,329,775 shares
March 31, 2018	23,329,775 shares
 - 2) Number of shares of treasury stock at term end:

June 30, 2018	1,026,324 shares
March 31, 2018	710,224 shares
 - 3) Average number of outstanding shares (during the first quarter ended June 30):

June 30, 2018	22,535,410 shares
June 30, 2017	21,623,337 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.

(1) Overview of Business Results

In the consolidated first quarter, the global economy remained firm against the backdrop of increased capital investment, improved employment conditions, and increased personal consumption in the United States and Europe although there was concern about an expansion of trade friction between countries and regions. The Japanese economy continued a moderate recovery trend as a result of steady capital investment and exports.

Under these circumstances, the Yamaichi Electronics Group worked to strengthen its management foundation and to expand earnings on the basis of its three-year medium-term management plan (from March 2018 to March 2020).

As a result, its business performance in the consolidated cumulative period marked a sales figure of 7,733 million yen (a decrease of 4.7% year on year), operating income of 1,347 million yen (a decrease of 7.0% year on year), ordinary income of 1,403 million yen (a decrease of 4.5% year on year), and profit attributable to owners of parent of 1,050 million yen (a decrease of 15.4% year on year).

Our business performance on a segment-by-segment basis is shown below.

[Test Solutions Business]

As a whole, the business was steady. In individual cases, however, there was a declined demand for NAND sockets for smartphones, and production adjustments by major domestic and overseas customers affected the business.

As a result, our business performance resulted in a sales figure of 3,633 million yen (a decrease of 12.5% year on year) and operating income was 809 million yen (a decrease of 35.0% year on year).

[Connector Solutions Business]

Our sales of connector products for industrial equipment and communications equipment were steady, and improvements in profitability were promoted as a result of our cost reduction activities.

As a result, our business performance resulted in a sales figure of 3,778 million yen (an increase of 5.9% year on year) and operating income was 526 million yen (an increase of 123.5% year on year).

[Optics-related Business]

There was a steady demand for products with high added value, including filter products for optical communications equipment and industrial equipment. Furthermore, we made improvements in terms of production. However, some of our products were affected by production adjustments.

As a result, our business performance resulted in a sales figure 322 million yen (a decrease of 18.1% year on year) and operating income was 14 million yen (a decrease of 62.0% year on year).

(2) Financial Conditions

Partial Amendments to the Accounting Standard for Tax Effect Accounting (No. 28 of the Corporate Accounting Standards, issued on February 16, 2018) have been applied since the beginning of the consolidated first quarter. The figures are compared on the basis of the performance at the end of the previous consolidated fiscal year with retroactive adjustments.

(Assets)

Our current assets at the end of the consolidated first quarter were 17,538 million yen, a decrease of 264 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease in cash and deposits by 1,167 million yen as a result of the acquisition of treasury shares and the distribution of surplus although there was an increase in sales that led to an increase in notes receivable and accounts receivable by 722 million yen. The fixed assets totaled 12,391 million yen, a decrease of 235 million yen from the corresponding figure at the end of the previous consolidated fiscal year. This was mainly due to a decrease of 165 million yen in investment securities as a result of the declining market value of equity.

Accordingly, the value of the total assets amounted to 29.931 billion yen, a decrease of 500 million yen from the end of the previous consolidated fiscal year

(Liabilities)

Our current liabilities at the end of the consolidated first quarter amounted to 6,625 million yen, a decrease of 238 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 229 million yen in allowance for bonus. Our fixed liabilities amounted to 1,290 million yen, a decrease of 92 million yen from the corresponding figure at the end of the previous fiscal year.

As a result, our total liabilities amounted to 7,915 million yen, a decrease of 330 million yen from the corresponding figure at the end of the previous fiscal year.

(Net Assets)

Our total net assets at the end of the consolidated first quarter were 22,015 million yen, a decrease of 170 million yen from the corresponding figure at the end of the previous fiscal year. This mainly resulted from a dividend of a surplus of 678 million yen and an increase of treasury shares by 566 million yen due to the acquisition of treasury shares by the resolution of the Board of Directors although there was a recorded profit attributable to owners of parent of 1,050 million yen.

As a result, the equity ratio was 72.9% (72.4% at the end of the previous fiscal year).

(3) Future Prospects, including Consolidated Business Forecasts

The consolidated performance forecasts for the consolidated second quarter and full year announced on May 14, 2018 in the summary of financial results at the end of March 2019 remain unchanged.

Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2018	As of June 30, 2018
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	7,188,866	6,021,215
Notes and accounts receivable-trade	5,075,232	5,797,783
Electronically recorded monetary claims	724,178	660,705
Merchandise and finished goods	1,579,760	1,528,330
Work in process	208,301	226,828
Raw materials and supplies	1,678,423	1,794,038
Other	1,365,786	1,529,821
Allowance for doubtful accounts	△18,069	△20,366
Total current assets	17,802,479	17,538,356
Fixed assets		
Tangible fixed assets		
Buildings and structures	2,764,346	2,789,279
Machinery, equipment and vehicles	1,765,945	1,942,140
Tools, furniture and fixtures	1,370,172	1,323,067
Land	3,373,252	3,376,066
Lease assets	29,631	26,762
Construction in progress	448,136	243,738
Total tangible fixed assets	9,751,484	9,701,055
Intangible fixed assets	121,016	118,317
Investments and other assets		
Investment securities	1,540,759	1,375,563
Deferred tax assets	147,752	142,933
Net defined benefit asset	777,695	774,183
Other	373,569	366,768
Allowance for doubtful accounts	△84,674	△86,958
Total investments and other assets	2,755,101	2,572,490
Total fixed assets	12,627,602	12,391,862
Deferred assets	1,218	1,003
Total assets	30,431,300	29,931,222

(Thousand yen)

	As of March 31, 2018	As of June 30, 2018
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable-trade	1,675,748	1,801,842
Current portion of bonds	35,000	35,000
Short-term loans payable	2,435,734	2,414,014
Income taxes payable	634,955	460,064
Provision for bonuses	519,631	290,390
Provision for directors' bonuses	—	20,000
Other	1,562,023	1,603,779
Total current liabilities	6,863,093	6,625,090
Long-term liabilities		
Bonds payable	22,500	22,500
Long-term borrowings	918,294	826,203
Allowance for director's retirement benefits	45,356	44,459
Net defined benefit liability	20,933	23,366
Asset retirement obligations	20,055	20,170
Deferred tax liabilities	100,772	118,540
Other	255,011	235,611
Total long-term liabilities	1,382,924	1,290,851
Total liabilities	8,246,017	7,915,941
(NET ASSETS)		
Shareholders' equity		
Capital stock	10,084,103	10,084,103
Capital surplus	1,814,155	1,813,904
Retained earnings	10,961,019	11,332,974
Treasury stock - at cost	△605,140	△1,171,236
Total shareholders' equity	22,254,138	22,059,746
Valuation and translation adjustments		
Unrealized gains on available-for-sale securities	676,789	568,299
Foreign currency translation adjustments	△777,554	△665,409
Provision for retirement translation adjustment	△131,935	△130,573
Total valuation and translation adjustments	△232,700	△227,683
Subscription rights to shares	51,362	67,703
Minority interests	112,482	115,514
Total net assets	22,185,283	22,015,280
Total liabilities and total net assets	30,431,300	29,931,222

Consolidated Statements of Income

(Thousand yen)

	1Q period of previous year (From April 1, 2017 to June 30, 2017)	1Q period of current year (From April 1, 2018 to June 30, 2018)
	Amount	Amount
Net sales	8,112,021	7,733,800
Cost of sales	5,123,912	4,860,154
Gross profit	2,988,109	2,873,645
Selling, general and administrative expenses	1,539,973	1,526,291
Operating income	1,448,135	1,347,354
Non-operating income		
Interests income	1,544	2,500
Dividends income	10,716	11,358
Foreign exchange gains	16,361	45,118
Gain on sales of scraps	6,970	9,091
Subsidy income	666	659
Other	7,384	5,506
Total non-operating income	43,644	74,235
Non-operating expenses		
Interests expense	8,339	10,259
Share of loss of entities accounted for using	7,002	2,413
Other	6,632	5,231
Total non-operating expenses	21,974	17,903
Ordinary income	1,469,806	1,403,686
Extraordinary income		
Gain on sales of fixed assets	134	78
Total extraordinary income	134	78
Extraordinary loss		
Loss on sales of noncurrent assets	1,023	—
Total extraordinary loss	1,023	—
Income before income taxes	1,468,916	1,403,764
Income taxes	226,956	352,382
Profit attributable to non-controlling interest	680	840
Profit attributable to owners of parent	1,241,279	1,050,541
Total Profit	1,241,960	1,051,381

(Thousand yen)

	1Q period of previous year (From April 1, 2017 to June 30, 2017)	1Q period of current year (From April 1, 2018 to June 30, 2018)
	Amount	Amount
Net Income	1,241,960	1,051,381
Other comprehensive income		
Unrealized gains on available-for-sale securities	48,781	△108,489
Foreign currency translation adjustments	66,907	121,054
Remeasurements of defined benefit plans, before tax	967	1,361
Share of other comprehensive income of entities accounted for using equity method	2,912	△ 6,718
Total other comprehensive income	119,568	7,207
Comprehensive income	1,361,528	1,058,589
Attribute to		
Comprehensive income attributable to owners of parent	1,361,389	1,055,557
Comprehensive income attributable to non-controlling interests.	139	3,031