

SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the First Three Quarters (April 1 to December 31, 2010) of the Fiscal Year Ending March 31, 2011

February 4, 2011

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: February 14, 2011

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 (April 1 to December 31, 2010) for the Fiscal Year Ending March 31, 2011

(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 three quarters ended								
December 31,2010	21,641	43.0	1,342	-	657	-	412	-
December 31,2009	15,129	△20.3	△786	-	△1,127	-	△1,226	-

	Net profit per share	Diluted net profit per share
First two quarters ended	Yen	Yen
December 31,2010	19.73	-
December 31,2009	△64.67	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31,2010	29,526	16,888	57.1	724.35
As of March 31, 2010	28,686	15,908	55.4	837.40

Note: Shareholders' equity as of December 31, 2010: ¥16,868 million; as of March 31, 2010: ¥15,888 million.

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2010	-	0.00	-	0.00	0.00
Year ending March 31, 2011	-	0.00	-	-	-
Forecast: Year ending March 31, 2011	-	-	-	0.00	0.00

Note: Modifications in the dividend projection in this 3rd quarter: None

3. Consolidated earnings forecasts for the year ending March 31, 2011

(Percentage figures represent changes from 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, 2011	27,400 29.4	1,400 -	700 -	350 -	16.30

Note: Modifications in forecasts of consolidated operating results in this 3rd quarter: Yes

4. Other

(1) Changes in significant subsidiaries during the period: No

Note: Indicates changes in specified subsidiaries resulting in the change in consolidation scope during the third quarter ended December 31, 2010

(2) Adoption of simplified accounting treatment and special accounting treatments: No

Note: Indicates adoption of simplified accounting treatment and special accounting treatments for quarterly consolidated financial statements

(3) Changes in accounting principles, procedures, and the presentation

1) Changes due to revisions of accounting standards etc.: No

2) Changes other than 1): No

Note: Indicates changes in accounting principles, procedures, and the presentation for quarterly consolidated financial statements (matters to be included in the section, Changes in Basic Important Matters for Preparation of Quarterly Consolidated Financial Statements).

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding (including treasury stock) at term ended:

December 31, 2010	23,289,775 shares
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March 31, 2010	20,537,875 shares
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2) Number of shares of treasury stock at term ended:

December 31, 2010	2,542 shares
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March 31, 2010	1,563,875 shares
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3) Average number of outstanding shares (during the first three quarters ended December 31):

December 31, 2010	20,886,955 shares
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December 31, 2009	18,974,080 shares
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* Presentation of implementation status for quarterly review procedures

The quarterly review procedure based on the Financial Instruments and Exchange Act does not apply to these Consolidated Financial Results, and the quarterly review procedure based on the Financial Instruments and Exchange Act was completed as of the release of these Consolidated Financial Results.

* Explanation regarding appropriate use of earnings forecasts and other special notes

The above-noted forecasts were prepared on the basis of information available to the Company and certain assumptions that the Company deemed to be reasonable as of the date of the announcement of this material. A number of factors, including but not limited to risks and uncertainties related to changes in economic conditions affecting the Company's operations, market trends, and fluctuations in exchange rates, could cause actual results to differ from these forecasts.

5. Quantitative Information on Consolidated Operating Results

(1) Qualitative Information on Consolidated Operation Performance

The electronics market involving the Company Group has recovered in the cumulative period to the end of the current third quarter thanks to export for emerging Asian countries including China. However, the saturated economic-stimulus measures and the progression of sharp appreciation of yen and its hovering at a high level since early fall have triggered concerns on the operating results, resulting in continuing unclear economic situation.

Under these business environments, the Company Group has been working to achieve a boot in orders and sales through proactively offering proposals for new products and implementing sales activities in the exploding solar cell market as well as the electronic parts market. In addition, while the Company Group has been enhancing plants in foreign countries including China and the Philippines, it has been working to reduce costs including fixed manufacturing costs and sales/general administrative expenses, achieving improvement of income.

As a result, in the cumulative period to the end of the current third quarter, the net sales amounted to 21,641 million yen (up 43.0% over the same period last year) and the operating income came to 1,342 million yen (operating loss of 786 million yen for the same period last year). However, recording of loss on foreign exchange due to the appreciation of the yen resulted in the ordinary income of 657 million yen (ordinary loss of 1,127 million yen for the same period last year) and the quarterly net income of 412 million yen (the quarterly net loss of 1,226 million yen for the same period last year).

Segment-wise business performance is as given below:

[Test solution business]

As for this segment, its flagship IC socket products used in semiconductor testing enjoyed steady and strong demand in the first half of the term thanks to the development of new semiconductor products that made increasingly active with the rise of electronic equipment having new functions. In the second half of the term, however, the sales of these products suffered a downturn due to tightening of semiconductor equipment investment. To improve the financial position of this segment, the Company Group has been working to reduce manufacturing costs through the transfer of the manufacturing function to the Philippine plant.

As a result, net sales amounted to 7,206 million yen, and operating income to 701 million yen.

[Connector solution business]

As for this segment, its flagship connector products used in compact memory cards showed strong sales centering on digital camera and printer markets. Sales of new products for telecommunication networks (e.g. cloud market) and automotive applications (e.g. car navigation systems) on which the Company Group has been focusing on are gradually expanding. Furthermore, in order to avoid risks in China such as soaring labor cost and labor shortage, the Company Group has been working to expand the connector production in the Philippine plant.

As a result, net sales amounted to 9,356 million yen, and operating income to 867 million yen.

[PV solution business]

As for this segment, junction box cable and connector products used for solar cell modules showed an increase in sales as estimated, but a decline in operating income due to a temporary increase in costs for launching mass production of new product in the current third quarter.

As a result, net sales amounted to 2,438 million yen, and operating loss to 67 million yen.

[Optical-related business]

As for this segment, a variety of thin-film filter products and optical measuring equipment used in medical analysis systems, monitoring cameras, and optical communication devices on which the Company Group has been focusing on as well as a variety of thin-film filter products used in consumer electronic appliances such as digital cameras and video cameras all continued steady sales.

As a result, net sales came to 913 million yen, and operating income to 11 million yen.

[EMS business]

As for this segment, Matty Co., Ltd. ended the assembly business of photo-coupler products in May and substrate mounting business in the Philippines showed an increase in the rate of parts supplied for free by users, leading to a decline in sales.

As a result, net sales amounted to 1,727 million yen, and operating income to 45 million yen.

(2) Qualitative Information on Consolidated Financial Condition

At the end of the current third quarter, total assets amounted to 29,526 million yen (increased by 840 million yen over the end of the last quarter). Current assets increased 813 million yen due to an increase in cash and cash on hand and at bank resulting from capital increase through a public offering and new borrowing. Tangible fixed assets increased 371 million yen mainly due to the acquisition of manufacturing facilities. Investments and other assets decreased 294 million yen due to a decrease in marketable securities valuation difference and that in loans to equity-method subsidiaries caused by including subsidiaries to which the equity method had previously applied in the scope of consolidation.

Liabilities amounted to 12,638 million yen (decreased by 139 million yen over the end of the last quarter) mainly because loans payable increased due to new borrowing and lease liabilities increased due to leasing of equipment, but accounts payable decreased due to the increased rate of parts supplied for free by users in the EMS business segment.

Net assets amounted to 16,888 million yen (increased by 979 million yen over the end of the last quarter). Shareholders' equity increased 1,332 million yen due to capital increase through a public offering and recording of quarterly net income.

(3) Qualitative Information on Consolidated Business Performance Forecasts

The forecast of operating income has decreased to lower than originally expected due to an unexpected decrease in sales in the test solution and connector solution business segments and also

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an unexpected increase in costs for launching mass production in the PV solution business segment.

Furthermore, the said business environments and recording of loss on foreign exchange due to strong yen may reduce ordinary income and consequently lead to the reversal of deferred tax assets to increase income taxes-deferred. Under these circumstances, net income for the current term is expected to decrease. As a result, the Company Group revised consolidated and nonconsolidated business performance forecasts for the full financial year.

Consolidated Balance Sheets

(Thousand of yen)

	As of December 31,2010	As of March 31, 2010
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	6,317,794	4,072,370
Notes and accounts receivable-trade	5,779,900	7,372,965
Merchandise and finished goods	1,438,431	1,260,885
Work in process	357,882	446,143
Raw materials and supplies	1,724,782	1,703,654
Deferred tax assets	135,959	141,702
Other	761,659	679,725
Allowance for doubtful accounts	△43,409	△18,097
Total current assets	16,473,002	15,659,351
Fixed assets		
Tangible fixed assets		
Buildings and structures	2,853,513	2,927,114
Machinery, equipment and vehicles	2,201,721	2,031,656
Tools, furniture and fixtures	1,556,987	1,518,227
Land	3,526,594	3,531,657
Lease assets	39,196	8,924
Construction in progress	408,897	197,779
Total tangible fixed assets	10,586,911	10,215,360
Intangible fixed assets		
Goodwill	35,297	56,475
Other	136,574	165,750
Total intangible fixed assets	171,871	222,225
Investments and other assets		
Investment securities	1,309,507	1,442,669
Deferred tax assets	96,268	131,671
Other	985,665	1,112,001
Allowance for doubtful accounts	△ 96,521	△ 96,713
Total investments and other assets	2,294,920	2,589,628
Total fixed assets	13,053,703	13,027,214
Total assets	29,526,706	28,686,565

(Thousand of yen)

	As of December 31,2010	As of March 31, 2010
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable-trade	3,194,983	4,191,644
Short-term loans payable	6,370,868	5,380,088
Income taxes payable	81,870	98,254
Provision for bonuses	207,284	7,000
Deferred tax liabilities	114,700	38,651
Other	1,548,577	1,735,827
Total current liabilities	11,518,285	11,451,465
Long-term liabilities		
Long-term borrowings	525,000	1,040,910
Accrued severance indemnities	20,289	97,546
Allowance for director's retirement benefits	38,305	41,821
Deferred tax liabilities	209,474	96,490
Other	327,177	50,119
Total long-term liabilities	1,120,248	1,326,888
Total liabilities	12,638,533	12,778,353
(NET ASSETS)		
Shareholders' equity		
Common stock	10,047,063	10,013,634
Capital surplus	9,580,902	10,971,518
Retained earnings	△1,578,424	△1,990,595
Treasury stock - at cost	△3,702	△2,281,321
Total shareholders' equity	18,045,839	16,713,236
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	194,756	256,376
Foreign currency translation adjustments	△1,372,441	△1,080,720
Total valuation and translation adjustments	△1,177,685	△824,343
Minority interests	20,018	19,319
Total net assets	16,888,172	15,908,211
Total liabilities and total net assets	29,526,706	28,686,565

Consolidated Statements of Income

(Thousand of yen)

	3 Q period of previous year (From April 1, 2009 to December 31, 2009)	3 Q period of current year (From April 1, 2010 to December 31, 2010)
	Amount	Amount
Net sales	15,129,868	21,641,893
Cost of sales	11,776,936	15,708,625
Gross profit	3,352,932	5,933,268
Selling, general and administrative expenses	4,139,531	4,591,260
Operating income	△786,598	1,342,008
Non-operating income		
Interests income	11,273	8,745
Dividends income	27,994	18,927
Other	158,886	82,111
Total non-operating income	198,154	109,786
Non-operating expenses		
Interests expense	129,366	152,339
Foreign exchange loss	224,474	569,122
Other	185,636	73,029
Total non-operating expenses	539,478	794,491
Ordinary income	△1,127,922	657,303
Extraordinary income		
Gain on sales of fixed assets	16,873	14,010
Gain on sale of investment securities	279,470	12,187
Gain on retirement benefit reserve reversal		243,247
Gain on transfer of the retirement benefit plan	253,839	
Other	2,303	61,800
Total extraordinary income	552,486	331,245
Extraordinary loss		
Loss on disposal of fixed assets	53,600	60,291
Loss on sale of fixed assets	37,694	9,737
Loss on valuation of investment securities	1,233	2,990
Extraordinary added retirement benefits	560,157	20,225
Other		7,682
Total extraordinary loss	652,686	100,932
Income before income taxes	△1,228,121	887,615
Income taxes	△540	475,464
Minority interests	△598	△19
Net income	△1,226,982	412,171

Consolidated Statements of Cash Flows

(Thousand of yen)

	3Q period of previous year (From April 1, 2009 to December 31, 2009)	3Q period of current year (From April 1, 2010 to December 31, 2010)
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and other adjustments to net income	△1,228,121	887,615
Depreciation and amortization	1,307,842	1,287,013
Interest and dividends income	△39,268	△27,673
Interest expenses	129,366	152,339
Exchange (gain) loss	181,573	447,888
(Increase) decrease in trade receivables	△1,329,477	1,406,708
(Increase) decrease in inventories	△698,522	△301,227
Increase (decrease) in trade payables	318,498	△912,088
Other, net	429,715	44,964
Sub total	△928,393	2,985,541
Interest and dividends received	37,929	26,343
Interest paid	△144,972	△160,804
Extraordinary added retirement benefits paid	△810,114	△99,698
Income taxes paid	△106,147	△223,052
Net cash provided by (used in) operating activities	△1,951,698	2,528,330
Cash flows from investing activities		
Purchase of property, plant and equipment	△1,266,529	△1,630,304
Proceeds from sales of property, plant and equipment	45,297	81,662
Proceeds from sale of investment securities	409,365	19,791
Proceeds from refundable insurance payments	431,339	345
Other, net	△185,815	△56,210
Net cash provided by (used in) investing activities	△566,342	△1,584,716
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	3,225	318,396
Proceeds from long-term debt	950,000	400,000
Repayment of long-term loans payable	△748,624	△234,874
Proceeds from stock offering	—	587,255
Proceeds from disposition of treasury stocks	—	333,202
Cash dividends paid	△1,011	△94
Other, net	△39,941	38,008
Net cash provided by (used in) financing activities	163,648	1,441,893
Effect of exchange rate change on cash and cash equivalents	△22,947	△146,740
Net increase (decrease) in cash and cash equivalents	△2,377,340	2,239,767
Cash and cash equivalents at beginning of period	5,993,787	4,066,656
Cash and cash equivalents at end of period	3,616,447	6,312,602