

# Consolidated Financial Review for the First Quarter Ended April 30, 2010

Company name: RYOYO ELECTRO CORPORATION  
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 Stock exchange listing: Tokyo Stock Exchange 1st Section  
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 Due date of submitting of quarterly financial statement: June 11, 2010

Note: Figures are rounded down to the nearest million yen.

## 1 . Financial highlights for the first quarter ended April 30, 2010 (2/1/2010-4/30/2010)

### ( 1 ) Consolidated operating results

Note: Percentages indicated changes from the same period of previous year.

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended 4/30/10	23,058	14.4	338	-	433	-
Three months ended 4/30/09	20,158	-	(201)	-	(184)	-

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Three months ended 4/30/10	984	-	35.58	-
Three months ended 4/30/09	(290)	-	(10.50)	-

### ( 2 ) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 4/30/10	76,433	63,695	83.3	2,301.69
As of 1/31/10	76,749	62,922	82.0	2,273.74

#### (Reference) Equity

Year ended 4/30/10: 63,695 million yen

Year ended 1/31/10: 62,922 million yen

## 2 . Dividends

	Three months ended	Six months ended	Nine months ended	Year ended	Total
	Yen	Yen	Yen	Yen	Yen
(Base date)					
Year ended 1/31/10	-	15.00	-	15.00	30.00
Year ending 1/31/11	-	-	-	-	-
Year ending 1/31/11 (Estimate)	-	15.00	-	15.00	30.00

Note: Revision to dividend forecast for this period: None

3 . Financial forecast for the year ending January 31,2011 ( 2/1/2010-1/31/2011 )

Note: Percentages indicated changes from the same period of previous year.

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending 7/31/10	45,000	13.0	400	-	600	-	580	-	20.96
Year ending 1/31/11	93,000	14.3	1,000	-	1,400	339.1	1,350	311.2	48.78

Note: Revisions to financial forecast for this period: None

4 . Others

(1) Important changes in subsidiaries

(Change on specific subsidiaries with changes in scope of consolidation): None

(2) Use of simplified accounting method and special accounting policy for the consolidated quarterly financial reporting: Yes

(3) Changes in principles, procedures and method of presentation for quarterly consolidated financial statements

Changes in accounting policies: None

Other changes: None

(4) Number of shares outstanding (common stock)

Number of shares of common stock issued as of:

(Including treasury stock)

April 30,2010: 32,072,398 shares

January 31,2010: 32,072,398 shares

Number of shares of treasury stock as of:

April 30,2010: 4,399,053 shares

January 31,2010: 4,398,918 shares

Average number of shares outstanding as of:

April 30,2010: 27,673,405 shares

April 30,2009: 27,674,265 shares

Caution on forecast for the year ending January 31,2011

Forecasts regarding future performance in these materials are based on information available to management at the time this report was prepared. Actual results may differ significantly from these statements for a number of reasons.

This financial review is only the translation of Japanese version.

# Consolidated Balance Sheets

(Millions of yen)

	As of April 30, 2010	As of January 31, 2010
	Amount	Amount
<b>( Assets )</b>		
<b>Current Assets</b>		
Cash and deposits	15,359	21,828
Notes and accounts receivable-trade	25,347	24,705
Short-term investment securities	6,000	6,000
Inventories	9,281	8,605
Deferred tax assets	148	211
Other	1,117	1,757
Allowance for doubtful accounts	(115)	(356)
<b>Total current assets</b>	<b>57,140</b>	<b>62,750</b>
<b>Long-term assets</b>		
Property and equipment	213	213
Intangibles	371	398
Investments and other assets		
Investment securities	17,449	12,010
Deferred tax assets	-	103
Other	1,260	1,275
Allowance for doubtful accounts	(1)	(1)
<b>Total investments and other assets</b>	<b>18,708</b>	<b>13,387</b>
<b>Total long-term assets</b>	<b>19,293</b>	<b>13,999</b>
<b>Total assets</b>	<b>76,433</b>	<b>76,749</b>

# Consolidated Balance Sheets

(Millions of yen)

	As of April 30, 2010	As of January 31, 2010
	Amount	Amount
<b>( Liabilities )</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	10,667	10,400
Income taxes payable	45	83
Accrued consumption taxes	36	110
Provision for bonuses	196	96
Other	704	2,097
Total current liabilities	11,649	12,788
<b>Long-term liabilities</b>		
Provision for retirement benefits	913	921
Deferred tax liabilities	56	-
Other	117	116
Total long-term liabilities	1,088	1,038
Total liabilities	12,737	13,827
<b>( Net assets )</b>		
<b>Shareholders' equity</b>		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	42,339	41,770
Treasury stock	(5,499)	(5,499)
Total shareholders' equity	63,848	63,279
<b>Valuation and translation adjustment</b>		
Valuation difference on available-for-sale securities	543	317
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	(696)	(675)
Total valuation and translation adjustments	(153)	(357)
Total net assets	63,695	62,922
Total liabilities and net assets	76,433	76,749

# Consolidated Statements of Income

(Millions of yen)

	Three months ended April 30, 2009	Three months ended April 30, 2010
	Amount	Amount
Net sales	20,158	23,058
Cost of sales	18,543	21,007
<b>Gross profit</b>	<b>1,614</b>	<b>2,051</b>
Selling, general and administrative expenses		
Salaries and bonuses	678	620
Provision for bonuses	134	99
Retirement benefit expenses	70	56
Rent expenses	130	112
Depreciation	61	61
Other	741	762
Total selling, general and administrative	1,815	1,712
<b>Operating income (loss)</b>	<b>(201)</b>	<b>338</b>
Non-operating income		
Interest income	35	42
Dividends income	2	2
Equity in earnings of affiliates	-	56
Purchase discounts	4	3
Other	14	15
Total non-operating income	56	119
Non-operating expenses		
Equity in losses of affiliates	2	-
Sales discounts	0	0
Foreign exchange losses	35	24
Loss on abandonment of long-term assets	1	0
Other	0	0
Total non-operating expenses	39	25
<b>Ordinary income (loss)</b>	<b>(184)</b>	<b>433</b>
Extraordinary income		
Reversal of allowance for doubtful accounts	41	-
Gain on reversal of debts	-	675
Total extraordinary income	41	675
Extraordinary loss		
Special extra retirement payments	225	-
Legal expenses	-	35
Total extraordinary loss	225	35
<b>Income (loss) before income taxes</b>	<b>(368)</b>	<b>1,073</b>
Income taxes-current	5	21
Income taxes-deferred	(83)	67
Total income taxes	(77)	88
<b>Net income (loss)</b>	<b>(290)</b>	<b>984</b>

# Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended April 30, 2009	Three months ended April 30, 2010
	Amount	Amount
<b>I. Cash flows from operating activities</b>		
Income (loss) before income taxes	(368)	1,073
Depreciation and amortization	61	61
Loss (gain) on sales and retirement of property and equipment	0	0
Foreign exchange losses (gains)	(7)	(11)
Increase (decrease) in provision	84	(150)
Interest and dividends income	(37)	(44)
Equity in (earnings) losses of affiliates	2	(56)
Decrease (Increase) in notes and accounts receivable-trade	4,450	(589)
Decrease (increase) in inventories	617	(658)
Increase (decrease) in notes and accounts payable-trade	(677)	186
Increase (decrease) in accrued consumption taxes	(35)	(74)
Other, net	229	(881)
Subtotal	4,320	(1,146)
Interest and dividends income received	46	50
Income taxes paid	(4)	(21)
Net cash provided by (used in) operating activities	4,362	(1,117)
<b>. Cash flows from investing activities</b>		
Proceeds from redemption of securities	3,000	1,000
Purchase of property, equipment and intangible assets	(12)	(37)
Proceeds from sales of property, equipment and intangible assets	-	0
Purchase of investment securities	(1)	(6,001)
Other, net	4	1
Net cash provided by (used in) investing activities	2,990	(5,037)
<b>. Cash flows from financing activities</b>		
Cash dividends paid	(440)	(334)
Other, net	(0)	(0)
Net cash used in financing activities	(440)	(334)
<b>. Effect of exchange rate changes on cash and cash equivalents</b>	199	21
<b>. Net increase (decrease) in cash and cash equivalents</b>	7,111	(6,468)
<b>. Cash and cash equivalents at the beginning of the period</b>	18,769	21,828
<b>. Increase in cash and cash equivalents from a newly consolidated subsidiary</b>	262	-
<b>. Cash and cash equivalents at the end of the period</b>	26,143	15,359

## Consolidated Sales by Product

(Millions of yen)

	Three months ended April 30, 2009		Three months ended April 30, 2010		Increase (Decrease)
	Amount	Composition(%)	Amount	Composition(%)	
(Semiconductors)					
Integrated Circuits	8,272	41.0	9,875	42.8	1,602
Discrete Electronic Components	3,467	17.2	4,138	18.0	670
Sub total	11,740	58.2	14,013	60.8	2,273
Computer Systems and Peripherals	6,916	34.3	7,187	31.2	270
Electronic Devices	1,501	7.5	1,857	8.0	356
Total	20,158	100.0	23,058	100.0	2,900