

Consolidated Financial Review

for the First Quarter Ended April 30, 2011

[Japanese standards] (Consolidated)

Company name: **RYOYO ELECTRO CORPORATION**
 Headquarters address: 12-22 Tsukiji 1-chome, Chuo-ku, Tokyo 104-8408 Japan
 URL: <http://www.ryoyo.co.jp>
 Stock exchange listing: Tokyo Stock Exchange 1st Section
 Code number: 8068
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Due date of submitting of quarterly financial statement: June 10, 2011

Due date of starting delivery of dividends: -

Supplementary materials for the quarterly financial results: None

Investor conference for the quarterly financial results: None

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

1. Financial highlights for the first quarter ended April 30, 2011 (2/1/2011-4/30/2011)

(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 4/30/11 | 21,919 | (4.9) | 445 | 31.4 | 495 | 14.4 |
| Three months ended 4/30/10 | 23,058 | 14.4 | 338 | — | 433 | — |

| | Net income | | Net income per share | Fully diluted net income per share |
|----------------------------|-----------------|--------|----------------------|------------------------------------|
| | Millions of yen | % | Yen | Yen |
| Three months ended 4/30/11 | 354 | (64.0) | 13.27 | — |
| Three months ended 4/30/10 | 984 | — | 35.58 | — |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of 4/30/11 | 73,291 | 62,254 | 84.9 | 2,330.03 |
| As of 1/31/11 | 72,857 | 62,227 | 85.4 | 2,329.00 |

(Reference) Equity

Year ended 4/30/11: 62,254 million yen

Year ended 1/31/11: 62,227 million yen

2. Dividends

| | Three months ended | Six months ended | Nine months ended | Year ended | Total |
|--------------------------------|--------------------|------------------|-------------------|------------|-------|
| (Base date) | Yen | Yen | Yen | Yen | Yen |
| Year ended 1/31/11 | — | 15.00 | — | 15.00 | 30.00 |
| Year ending 1/31/12 | — | — | — | — | — |
| Year ending 1/31/12 (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, 2012 (2/1/2011–1/31/2012)

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 7/31/11 | 46,000 | (1.9) | 550 | (13.5) | 650 | (16.1) | 380 | (24.6) | 14.22 |
| Year ending 1/31/12 | 95,000 | 0.7 | 1,400 | 2.3 | 1,600 | 1.1 | 930 | (16.4) | 34.81 |

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 quarterly consolidated financial reporting: Yes

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

① Changes in accounting policies: Yes

② Other changes: None

(4) Number of shares outstanding (common stock)

① Number of shares of common stock issued as of:

(Including treasury stock)

April 30, 2011: 29,800,000 shares

January 31, 2011: 32,072,398 shares

② Number of shares of treasury stock as of:

April 30, 2011: 3,081,724 shares

January 31, 2011: 5,353,962 shares

③ Average number of shares outstanding as of:

April 30, 2011: 26,718,307 shares

April 30, 2010: 27,673,405 shares

Indication regarding the implementation status of the quarterly review procedure

The review procedure of the quarterly financial statement based on the Financial Instruments and Exchange Act is not completed at the time of disclosure of this financial result.

Caution on forecast for the year ending January 31, 2012

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, 2011 | As of January 31, 2011 |
|---|-------------------------|---------------------------|
| | Amount | Amount |
| (Assets) | | |
| Current Assets | | |
| Cash and deposits | 12,271 | 11,646 |
| Notes and accounts receivable-trade | 26,340 | 26,806 |
| Short-term investment securities | 12,000 | 9,000 |
| Merchandise and finished goods | 12,352 | 11,071 |
| Deferred tax assets | 160 | 163 |
| Other | 1,094 | 1,130 |
| Allowance for doubtful accounts | (25) | (124) |
| Total current assets | 64,194 | 59,693 |
| Noncurrent assets | | |
| Property, plant and equipment | 183 | 179 |
| Intangible assets | 277 | 269 |
| Investments and other assets | | |
| Investment securities | 5,402 | 9,445 |
| Other | 3,235 | 3,271 |
| Allowance for doubtful accounts | (2) | (2) |
| Total investments and other assets | 8,636 | 12,714 |
| Total noncurrent assets | 9,096 | 13,163 |
| Total assets | 73,291 | 72,857 |

Consolidated Balance Sheets

(Millions of yen)

| | As of April 30, 2011 | As of January 31, 2011 |
|---|-------------------------|---------------------------|
| | Amount | Amount |
| (Liabilities) | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 8,772 | 8,520 |
| Income taxes payable | 255 | 262 |
| Accrued consumption taxes | — | 0 |
| Provision for bonuses | 217 | 156 |
| Other | 671 | 569 |
| Total current liabilities | 9,917 | 9,508 |
| Noncurrent liabilities | | |
| Provision for retirement benefits | 901 | 903 |
| Deferred tax liabilities | 105 | 100 |
| Other | 111 | 116 |
| Total noncurrent liabilities | 1,119 | 1,121 |
| Total liabilities | 11,036 | 10,629 |
| (Net assets) | | |
| Shareholders' equity | | |
| Capital stock | 13,672 | 13,672 |
| Capital surplus | 13,336 | 13,336 |
| Retained earnings | 39,323 | 42,052 |
| Treasury stock | (3,639) | (6,322) |
| Total shareholders' equity | 62,692 | 62,738 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 582 | 609 |
| Deferred gains or losses on hedges | (0) | (0) |
| Foreign currency translation adjustment | (1,020) | (1,120) |
| Total valuation and translation adjustments | (438) | (511) |
| Total net assets | 62,254 | 62,227 |
| Total liabilities and net assets | 73,291 | 72,857 |

Consolidated Statements of Income

(Millions of yen)

| | Three months ended April 30, 2010 | Three months ended April 30, 2011 |
|--|--------------------------------------|--------------------------------------|
| | Amount | Amount |
| Net sales | 23,058 | 21,919 |
| Cost of sales | 21,007 | 19,909 |
| Gross profit | 2,051 | 2,009 |
| Selling, general and administrative expenses | | |
| Salaries and bonuses | 620 | 610 |
| Provision for bonuses | 99 | 61 |
| Retirement benefit expenses | 56 | 51 |
| Rent expenses | 112 | 110 |
| Depreciation | 61 | 58 |
| Other | 762 | 671 |
| Total selling, general and administrative expenses | 1,712 | 1,564 |
| Operating income | 338 | 445 |
| Non-operating income | | |
| Interest income | 42 | 34 |
| Dividends income | 2 | 2 |
| Equity in earnings of affiliates | 56 | — |
| Purchase discounts | 3 | 4 |
| Other | 15 | 15 |
| Total non-operating income | 119 | 56 |
| Non-operating expenses | | |
| Sales discounts | 0 | 0 |
| Foreign exchange losses | 24 | 5 |
| Loss on abandonment of noncurrent assets | 0 | 0 |
| Other | 0 | 0 |
| Total non-operating expenses | 25 | 6 |
| Ordinary income | 433 | 495 |
| Extraordinary income | | |
| Gain on reversal of debts | 675 | — |
| Reversal of allowance for doubtful accounts | — | 100 |
| Total extraordinary income | 675 | 100 |
| Extraordinary loss | | |
| Legal expenses | 35 | — |
| Total extraordinary losses | 35 | — |
| Income before income taxes and minority interests | 1,073 | 595 |
| Income taxes—current | 21 | 215 |
| Income taxes—deferred | 67 | 25 |
| Total income taxes | 88 | 240 |
| Income before minority interests | — | 354 |
| Net income | 984 | 354 |

Consolidated Statements of Cash Flows

(Millions of yen)

| | Three months ended April 30, 2010 | Three months ended April 30, 2011 |
|--|--------------------------------------|--------------------------------------|
| | Amount | Amount |
| I. Cash flows from operating activities | | |
| Income before income taxes and minority interests | 1,073 | 595 |
| Depreciation and amortization | 61 | 58 |
| Loss (gain) on sales and retirement of property, plant and equipment | 0 | 0 |
| Foreign exchange losses (gains) | (11) | 0 |
| Increase (decrease) in provision | (150) | (40) |
| Interest and dividends income | (44) | (37) |
| Equity in (earnings) losses of affiliates | (56) | — |
| Decrease (Increase) in notes and accounts receivable-trade | (589) | 513 |
| Decrease (increase) in inventories | (658) | (1,246) |
| Increase (decrease) in notes and accounts payable-trade | 186 | 222 |
| Increase (decrease) in accrued consumption taxes | (74) | (0) |
| Other, net | (881) | 81 |
| Subtotal | (1,146) | 148 |
| Interest and dividends income received | 50 | 30 |
| Income taxes paid | (21) | (198) |
| Net cash provided by (used in) operating activities | (1,117) | (19) |
| II. Cash flows from investing activities | | |
| Proceeds from redemption of securities | 1,000 | 1,000 |
| Purchase of property, plant and equipment and intangible assets | (37) | (71) |
| Proceeds from sales of property, plant and equipment and intangible assets | 0 | — |
| Purchase of investment securities | (6,001) | (1) |
| Other, net | 1 | 1 |
| Net cash provided by (used in) investing activities | (5,037) | 928 |
| III. Cash flows from financing activities | | |
| Cash dividends paid | (334) | (333) |
| Other, net | (0) | (0) |
| Net cash provided by (used in) financing activities | (334) | (333) |
| IV. Effect of exchange rate change on cash and cash equivalents | 21 | 49 |
| V. Net increase (decrease) in cash and cash equivalents | (6,468) | 624 |
| VI. Cash and cash equivalents at beginning of period | 21,828 | 11,646 |
| VII. Cash and cash equivalents at end of the period | 15,359 | 12,271 |

Consolidated Sales by Product

(Millions of yen)

| | Three months ended April 30, 2010 | | Three months ended April 30, 2011 | | Increase (Decrease) |
|-------------------------------------|--------------------------------------|-----------------|--------------------------------------|-----------------|------------------------|
| | Amount | Composition (%) | Amount | Composition (%) | |
| (Semiconductors) | | | | | |
| Integrated Circuits | 9,875 | 42.8 | 8,411 | 38.4 | (1,463) |
| Discrete Electronic Components | 4,138 | 18.0 | 4,058 | 18.5 | (80) |
| Sub total | 14,013 | 60.8 | 12,470 | 56.9 | (1,543) |
| Computer Systems and Peripherals | 7,187 | 31.2 | 7,488 | 34.2 | 301 |
| Electronic Devices | 1,857 | 8.0 | 1,960 | 8.9 | 103 |
| Total | 23,058 | 100.0 | 21,919 | 100.0 | (1,138) |