

# Consolidated Financial Review for the Second Quarter Ended July 31, 2013 [Japanese standards] (Consolidated)

Company name: **RYOYO ELECTRO CORPORATION**  
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Due date of submitting of quarterly financial statement: September 12, 2013

Due date of starting delivery of dividends: October 1, 2013

Supplementary materials for the quarterly financial results: Yes

Investor conference for the quarterly financial results: Yes

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

## 1. Financial highlights for the second quarter ended July 31, 2013 (2/1/2013-7/31/2013)

### (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	%
Six months ended 7/31/13	44,000	(1.5)	801	74.6	966	96.4
Six months ended 7/31/12	44,688	1.3	458	(42.6)	492	(45.9)

Note: Comprehensive income

Six months ended 7/31/13: 1,669 million yen (582.9%)

Six months ended 7/31/12: 244 million yen (-57.8%)

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Six months ended 7/31/13	652	172.7	25.26	25.18
Six months ended 7/31/12	239	(54.0)	9.26	9.25

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 7/31/13	75,096	62,586	83.3	2,421.34
As of 1/31/13	72,490	61,303	84.5	2,371.67

(Reference) Equity

Year ended 7/31/13: 62,535 million yen

Year ended 1/31/13: 61,252 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 1/31/13	—	15.00	—	15.00	30.00
Year ending 1/31/14	—	15.00	—	—	—
Year ending 1/31/14 (Estimate)	—	—	—	15.00	30.00

Note: Revision to dividend forecast for this period: None

## 3. Financial forecast for the year ending January 31, 2014 (2/1/2013–1/31/2014)

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
Year ending 1/31/14	92,000	5.5	1,600	121.5	1,850	103.3	1,150	171.4	44.53

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

Newly added: — Excluded: —

(2) Use of simplified accounting method and special accounting policy for the quarterly consolidated financial reporting: None

(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

③ Changes in accounting estimate: Yes

④ Restatement of revisions: None

(4) Number of shares outstanding (common stock)

① Number of shares of common stock issued as of:

(Including treasury stock)

July 31, 2013: 28,800,000 shares

January 31, 2013: 28,800,000 shares

② Number of shares of treasury stock as of:

July 31, 2013: 2,973,278 shares

January 31, 2013: 2,973,074 shares

③ Average number of shares outstanding as of:

July 31, 2013: 25,826,804 shares

July 31, 2012: 25,827,536 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, 2014

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 January 31, 2013	As of July 31, 2013
	Amount	Amount
<b>( Assets )</b>		
<b>Current Assets</b>		
Cash and deposits	13,226	15,932
Notes and accounts receivable-trade	23,295	24,067
Short-term investment securities	10,999	8,493
Merchandise and finished goods	11,348	11,827
Deferred tax assets	119	192
Other	583	593
Allowance for doubtful accounts	(20)	(13)
<b>Total current assets</b>	<b>59,551</b>	<b>61,093</b>
<b>Noncurrent assets</b>		
Property, plant and equipment	265	252
Intangible assets	602	570
Investments and other assets		
Investment securities	10,884	11,946
Other	1,188	1,234
Allowance for doubtful accounts	(2)	(2)
<b>Total investments and other assets</b>	<b>12,070</b>	<b>13,178</b>
<b>Total noncurrent assets</b>	<b>12,938</b>	<b>14,002</b>
<b>Total assets</b>	<b>72,490</b>	<b>75,096</b>

# Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2013	As of July 31, 2013
	Amount	Amount
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	8,937	10,150
Income taxes payable	180	406
Accrued consumption taxes	21	45
Provision for bonuses	110	134
Other	904	554
Total current liabilities	10,153	11,291
<b>Noncurrent liabilities</b>		
Provision for retirement benefits	889	898
Deferred tax liabilities	46	225
Other	95	94
Total noncurrent liabilities	1,032	1,218
Total liabilities	11,186	12,510
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	37,987	38,252
Treasury stock	(3,295)	(3,295)
Total shareholders' equity	61,700	61,965
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	514	814
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	(962)	(244)
Total accumulated other comprehensive income	(447)	569
<b>Subscription rights to shares</b>	50	50
Total net assets	61,303	62,586
Total liabilities and net assets	72,490	75,096

# Consolidated Statements of Income

(Millions of yen)

	Six months ended July 31, 2012	Six months ended July 31, 2013
	Amount	Amount
Net sales	44,688	44,000
Cost of sales	40,874	39,977
<b>Gross profit</b>	<b>3,814</b>	<b>4,022</b>
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	2	(7)
Salaries and bonuses	1,336	1,319
Provision for bonuses	88	134
Retirement benefit expenses	92	68
Rent expenses	218	179
Depreciation	70	93
Other	1,547	1,433
Total selling, general and administrative expenses	3,355	3,221
<b>Operating income</b>	<b>458</b>	<b>801</b>
Non-operating income		
Interest income	67	87
Dividends income	23	34
Foreign exchange gains	—	3
Purchase discounts	4	5
Other	14	42
Total non-operating income	110	174
Non-operating expenses		
Sales discounts	0	1
Foreign exchange losses	71	—
Loss on valuation of securities	—	6
Loss on abandonment of noncurrent assets	3	0
Other	1	0
Total non-operating expenses	77	9
<b>Ordinary income</b>	<b>492</b>	<b>966</b>
Extraordinary income		
Gain on sales of investment securities	—	15
Total extraordinary income	—	15
<b>Income before income taxes and minority interests</b>	<b>492</b>	<b>982</b>
Income taxes—current	232	390
Income taxes—deferred	20	(60)
Total income taxes	252	329
<b>Income before minority interests</b>	<b>239</b>	<b>652</b>
<b>Net income</b>	<b>239</b>	<b>652</b>

## Consolidated Statements of Income and Consolidated Comprehensive Statements of Income

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Six months ended July 31, 2012	Six months ended July 31, 2013
	Amount	Amount
<b>Income before minority interests</b>	239	652
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(69)	299
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	74	718
Total other comprehensive income	5	1,017
<b>Comprehensive income</b>	244	1,669
(Details)		
Comprehensive income attributable to owners of the parent	244	1,669
Comprehensive income attributable to minority interests	—	—

# Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended July 31, 2012	Six months ended July 31, 2013
	Amount	Amount
<b>I. Cash flows from operating activities</b>		
Income before income taxes and minority interests	492	982
Depreciation and amortization	86	99
Loss (gain) on sales and retirement of property, plant and equipment	3	0
Foreign exchange losses (gains)	28	(14)
Increase (decrease) in provision	5	25
Interest and dividends income	(90)	(122)
Loss (gain) on sales of investment securities	—	(15)
Decrease (Increase) in notes and accounts receivable-trade	(683)	(255)
Decrease (increase) in inventories	(899)	(259)
Increase (decrease) in notes and accounts payable-trade	(49)	811
Increase (decrease) in accrued consumption taxes	(101)	23
Other, net	(58)	(454)
Subtotal	(1,266)	821
Interest and dividends income received	84	119
Income taxes (paid) refund	(441)	(168)
Net cash provided by (used in) operating activities	(1,623)	773
<b>II. Cash flows from investing activities</b>		
Payments into time deposits	(5,000)	(2,500)
Proceeds from withdrawal of time deposits	2,000	2,000
Purchase of short-term investment securities	(2,000)	(3,000)
Proceeds from redemption of securities	4,000	9,000
Purchase of property, plant and equipment and intangible assets	(339)	(53)
Proceeds from sales of property, plant and equipment and intangible assets	0	0
Purchase of investment securities	(602)	(5,292)
Proceeds from sales of investment securities	—	149
Other, net	29	104
Net cash provided by (used in) investing activities	(1,912)	408
<b>III. Cash flows from financing activities</b>		
Cash dividends paid	(387)	(386)
Other, net	(1)	(1)
Net cash provided by (used in) financing activities	(389)	(387)
<b>IV. Effect of exchange rate change on cash and cash equivalents</b>	<b>32</b>	<b>413</b>
<b>V. Net increase (decrease) in cash and cash equivalents</b>	<b>(3,893)</b>	<b>1,206</b>
<b>VI. Cash and cash equivalents at beginning of period</b>	<b>13,336</b>	<b>13,226</b>
<b>VII. Cash and cash equivalents at end of the period</b>	<b>9,443</b>	<b>14,432</b>

## Consolidated Sales by Product

(Millions of yen)

	Six months ended July 31, 2012		Six months ended July 31, 2013		Increase (Decrease)
	Amount	Composition (%)	Amount	Composition (%)	
(Semiconductors)					
Integrated Circuits	15,801	35.4	14,385	32.7	(1,416)
Discrete Electronic Components	7,202	16.1	7,949	18.1	747
Sub total	23,004	51.5	22,334	50.8	(669)
Computer Systems and Peripherals	17,051	38.1	16,903	38.4	(147)
Electronic Devices	4,633	10.4	4,761	10.8	128
Total	44,688	100.0	44,000	100.0	(688)