

Consolidated Financial Review

for the First Quarter Ended April 30, 2014

[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
 Company representative: Takayoshi Oouchi, President
 Inquiries: Yutaka Horikiri, Senior Managing Director, Administration Headquarters
 Tel: +81-3-3543-7710 E-mail: irmanager@ryoyo.co.jp

Due date of submitting of quarterly financial statement: June 12, 2014

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, 2014 (2/1/2014-4/30/2014)

(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 4/30/14	27,708	35.4	432	4.7	498	4.1
Three months ended 4/30/13	20,461	(8.4)	412	(9.7)	478	8.5

Note: Comprehensive income

Three months ended 4/30/14: 99 million yen (-90.2%)

Three months ended 4/30/13: 1,010 million yen (122.9%)

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Three months ended 4/30/14	357	12.5	14.16	14.09
Three months ended 4/30/13	317	42.1	12.30	12.26

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 4/30/14	78,662	62,833	79.8	2,487.65
As of 1/31/14	79,893	63,112	78.9	2,498.70

(Reference) Equity

Year ended 4/30/14: 62,753 million yen

Year ended 1/31/14: 63,032 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 1/31/14	—	15.00	—	15.00	30.00
Year ending 1/31/15	—	—	—	—	—
Year ending 1/31/15 (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, 2015 (2/1/2014–1/31/2015)

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 7/31/14	51,500	17.0	1,000	24.8	1,150	19.0	700	7.3	27.75
Year ending 1/31/15	105,000	7.3	2,200	33.2	2,500	20.3	1,500	11.7	59.46

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: None

② Other changes: None

③ Changes in accounting estimate: None

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)

April 30, 2014: 28,200,000 shares

January 31, 2014: 28,800,000 shares

② Number of shares of treasury stock as of:

April 30, 2014: 2,974,042 shares

January 31, 2014: 3,573,940 shares

③ Average number of shares outstanding as of:

April 30, 2014: 25,226,013 shares

April 30, 2013: 25,826,825 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, 2015

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, 2014	As of April 30, 2014
	Amount	Amount
(Assets)		
Current Assets		
Cash and deposits	11,215	16,739
Notes and accounts receivable-trade	30,185	28,665
Short-term investment securities	8,500	2,490
Merchandise and finished goods	13,313	14,200
Deferred tax assets	218	233
Other	934	1,214
Allowance for doubtful accounts	(17)	(17)
Total current assets	64,350	63,526
Noncurrent assets		
Property, plant and equipment	240	236
Intangible assets	536	545
Investments and other assets		
Investment securities	12,558	12,674
Other	2,209	1,681
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	14,766	14,354
Total noncurrent assets	15,543	15,135
Total assets	79,893	78,662

Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2014	As of April 30, 2014
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	13,022	12,357
Income taxes payable	620	244
Accrued consumption taxes	36	2
Provision for bonuses	128	251
Other	727	791
Total current liabilities	14,534	13,646
Noncurrent liabilities		
Provision for retirement benefits	917	930
Deferred tax liabilities	477	449
Other	851	803
Total noncurrent liabilities	2,246	2,182
Total liabilities	16,781	15,829
(Net assets)		
Shareholders' equity		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	38,555	37,871
Treasury stock	(3,945)	(3,282)
Total shareholders' equity	61,618	61,597
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,248	1,187
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	166	(31)
Total accumulated other comprehensive income	1,413	1,156
Subscription rights to shares	79	79
Total net assets	63,112	62,833
Total liabilities and net assets	79,893	78,662

Consolidated Statements of Income

(Millions of yen)

	Three months ended April 30, 2013	Three months ended April 30, 2014
	Amount	Amount
Net sales	20,461	27,708
Cost of sales	18,473	25,617
Gross profit	1,988	2,090
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(7)	(0)
Salaries and bonuses	608	610
Provision for bonuses	117	125
Retirement benefit expenses	34	34
Rent expenses	89	88
Depreciation	46	38
Other	688	762
Total selling, general and administrative expenses	1,575	1,658
Operating income	412	432
Non-operating income		
Interest income	39	42
Dividends income	10	44
Purchase discounts	2	3
Foreign exchange gains	8	—
Other	6	9
Total non-operating income	67	100
Non-operating expenses		
Loss on valuation of securities	—	9
Sales discounts	0	1
Foreign exchange losses	—	22
Loss on abandonment of noncurrent assets	0	0
Other	0	0
Total non-operating expenses	1	33
Ordinary income	478	498
Extraordinary income		
Gain on sales of investment securities	—	6
Gain on bad debts recovered	—	1
Surrender value of insurance	—	78
Total extraordinary income	—	86
Income before income taxes and minority interests	478	584
Income taxes—current	218	237
Income taxes—deferred	(57)	(10)
Total income taxes	160	227
Income before minority interests	317	357
Net income	317	357

Consolidated Statements of Income and Consolidated Comprehensive Statements of Income

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Three months ended April 30, 2013	Three months ended April 30, 2014
	Amount	Amount
Income before minority interests	317	357
Other comprehensive income		
Valuation difference on available-for-sale securities	332	(60)
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	361	(197)
Total other comprehensive income	693	(257)
Comprehensive income	1,010	99
(Details)		
Comprehensive income attributable to owners of the parent	1,010	99
Comprehensive income attributable to minority interests	—	—

Consolidated Sales by Product

(Millions of yen)

	Three months ended April 30, 2013		Three months ended April 30, 2014		Increase (Decrease)
	Amount	Composition (%)	Amount	Composition (%)	
Semiconductors/Devices	12,475	61.0	15,948	57.6	3,472
ICT/Solutions	7,985	39.0	11,759	42.4	3,774
Total	20,461	100.0	27,708	100.0	7,246