

Consolidated Financial Review for the Third Quarter Ended October 31, 2014 [Japanese standards] (Consolidated)

Company name: **RYOYO ELECTRO CORPORATION**
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 Stock exchange listing: Tokyo Stock Exchange 1st Section
 Code number: 8068
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Due date of submitting of quarterly financial statement: December 11, 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 third quarter ended October 31, 2014 (2/1/2014-10/31/2014)

(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	%
Nine months ended 10/31/14	80,944	19.4	1,392	21.9	1,676	21.5
Nine months ended 10/31/13	67,781	4.6	1,142	86.0	1,380	108.1

Note: Comprehensive income

Nine months ended 10/31/14: 1,711 million yen (-19.3%)

Nine months ended 10/31/13: 2,120 million yen (- %)

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Nine months ended 10/31/14	1,127	22.7	44.70	44.45
Nine months ended 10/31/13	918	169.9	35.57	35.44

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 10/31/14	81,837	64,066	78.2	2,536.60
As of 1/31/14	79,893	63,112	78.9	2,498.70

(Reference) Equity

Year ended 10/31/14: 63,986 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	—	15.00	—	—	—
Year ending 1/31/15 (Estimate)	—	—	—	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
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)

October 31, 2014: 28,200,000 shares

January 31, 2014: 28,800,000 shares

② Number of shares of treasury stock as of:

October 31, 2014: 2,974,672 shares

January 31, 2014: 3,573,940 shares

③ Average number of shares outstanding as of:

October 31, 2014: 25,225,753 shares

October 31, 2013: 25,826,743 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 October 31, 2014
	Amount	Amount
(Assets)		
Current Assets		
Cash and deposits	11,215	12,300
Notes and accounts receivable-trade	30,185	30,549
Short-term investment securities	8,500	4,000
Merchandise and finished goods	13,313	15,516
Deferred tax assets	218	230
Other	934	1,902
Allowance for doubtful accounts	(17)	(17)
Total current assets	64,350	64,482
Noncurrent assets		
Property, plant and equipment	240	215
Intangible assets	536	562
Investments and other assets		
Investment securities	12,558	14,900
Other	2,209	1,677
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	14,766	16,576
Total noncurrent assets	15,543	17,355
Total assets	79,893	81,837

Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2014	As of October 31, 2014
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	13,022	13,731
Income taxes payable	620	251
Accrued consumption taxes	36	0
Provision for bonuses	128	210
Other	727	1,100
Total current liabilities	14,534	15,294
Noncurrent liabilities		
Provision for retirement benefits	917	950
Deferred tax liabilities	477	773
Other	851	753
Total noncurrent liabilities	2,246	2,476
Total liabilities	16,781	17,771
(Net assets)		
Shareholders' equity		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	38,555	38,263
Treasury stock	(3,945)	(3,283)
Total shareholders' equity	61,618	61,988
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,248	1,754
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	166	244
Total accumulated other comprehensive income	1,413	1,998
Subscription rights to shares	79	79
Total net assets	63,112	64,066
Total liabilities and net assets	79,893	81,837

Consolidated Statements of Income

(Millions of yen)

	Nine months ended October 31, 2013	Nine months ended October 31, 2014
	Amount	Amount
Net sales	67,781	80,944
Cost of sales	61,755	74,582
Gross profit	6,026	6,362
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(7)	(0)
Salaries and bonuses	1,919	1,969
Provision for bonuses	264	209
Retirement benefit expenses	103	103
Rent expenses	268	262
Depreciation	137	115
Other	2,197	2,309
Total selling, general and administrative expenses	4,883	4,969
Operating income	1,142	1,392
Non-operating income		
Interest income	147	113
Dividends income	41	109
Purchase discounts	8	9
Foreign exchange gains	0	—
Gain on investments in partnership	32	80
Other	13	16
Total non-operating income	244	329
Non-operating expenses		
Sales discounts	2	2
Foreign exchange losses	—	28
Loss on valuation of securities	2	—
Loss on abandonment of noncurrent assets	0	1
Other	0	12
Total non-operating expenses	7	45
Ordinary income	1,380	1,676
Extraordinary income		
Gain on sales of investment securities	15	40
Gain on bad debts recovered	—	1
Surrender value of insurance	—	78
Total extraordinary income	15	121
Extraordinary income		
Loss on sales of investment securities	—	6
Settlement package	—	20
Total extraordinary losses	—	26
Income before income taxes and minority interests	1,396	1,770
Income taxes—current	584	641
Income taxes—deferred	(107)	1
Total income taxes	477	643
Income before minority interests	918	1,127
Net income	918	1,127

Consolidated Statements of Income and Consolidated Comprehensive Statements of Income

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Nine months ended October 31, 2013	Nine months ended October 31, 2014
	Amount	Amount
Income before minority interests	918	1,127
Other comprehensive income		
Valuation difference on available-for-sale securities	562	506
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	639	78
Total other comprehensive income	1,201	584
Comprehensive income	2,120	1,711
(Details)		
Comprehensive income attributable to owners of the parent	2,120	1,711
Comprehensive income attributable to minority interests	—	—

Consolidated Sales by Product

(Millions of yen)

	Nine months ended October 31, 2013		Nine months ended October 31, 2014		Increase (Decrease)
	Amount	Composition (%)	Amount	Composition (%)	
Semiconductors/Devices	41,724	61.6	49,360	61.0	7,636
ICT/Solutions	26,057	38.4	31,583	39.0	5,526
Total	67,781	100.0	80,944	100.0	13,162