

Consolidated Financial Review

for the First Quarter Ended April 30, 2015

[Japanese standards] (Consolidated)

Company name: **RYOYO ELECTRO CORPORATION**
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 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 11, 2015

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, 2015 (2/1/2015-4/30/2015)

(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 4/30/15	29,947	8.1	661	53.0	716	43.8
Three months ended 4/30/14	27,708	35.4	432	4.7	498	4.1

Note: Comprehensive income

Three months ended 4/30/15: 951 million yen (855.8%)

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

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Three months ended 4/30/15	601	68.3	23.93	23.81
Three months ended 4/30/14	357	12.5	14.16	14.09

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 4/30/15	85,069	65,675	77.1	2,646.06
As of 1/31/15	82,937	65,583	79.0	2,595.83

(Reference) Equity

Year ended 4/30/15: 65,602 million yen

Year ended 1/31/15: 65,511 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 1/31/15	—	15.00	—	15.00	30.00
Year ending 1/31/16	—	—	—	—	—
Year ending 1/31/16 (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, 2016 (2/1/2015-1/31/2016)

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 7/31/15	58,500	8.4	1,100	28.0	1,300	20.0	850	13.7	33.83
Year ending 1/31/16	122,000	10.8	2,500	21.7	2,900	16.1	1,900	12.8	75.62

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: 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, 2015: 28,200,000 shares

January 31, 2015: 28,200,000 shares

② Number of shares of treasury stock as of:

April 30, 2015: 3,407,470 shares

January 31, 2015: 2,962,905 shares

③ Average number of shares outstanding as of:

April 30, 2015: 25,125,200 shares

April 30, 2014: 25,226,013 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, 2016

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, 2015	As of April 30, 2015
	Amount	Amount
(Assets)		
Current Assets		
Cash and deposits	11,616	11,823
Notes and accounts receivable-trade	34,446	32,600
Short-term investment securities	2,000	2,577
Merchandise and finished goods	14,482	17,053
Deferred tax assets	214	241
Other	2,438	3,680
Allowance for doubtful accounts	(20)	(5)
Total current assets	65,177	67,971
Noncurrent assets		
Property, plant and equipment	196	186
Intangible assets	645	782
Investments and other assets		
Investment securities	14,979	13,901
Net defined benefit asset	798	1,031
Other	1,141	1,195
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	16,917	16,127
Total noncurrent assets	17,759	17,097
Total assets	82,937	85,069

Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2015	As of April 30, 2015
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	12,753	14,896
Income taxes payable	573	287
Accrued consumption taxes	3	2
Provision for bonuses	119	263
Other	1,356	1,248
Total current liabilities	14,806	16,699
Noncurrent liabilities		
Net defined benefit liability	895	797
Deferred tax liabilities	948	1,134
Other	703	762
Total noncurrent liabilities	2,547	2,694
Total liabilities	17,353	19,393
(Net assets)		
Shareholders' equity		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	38,813	39,225
Treasury stock	(3,270)	(3,940)
Total shareholders' equity	62,551	62,292
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,843	2,265
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	904	826
Remeasurements of defined benefit plans	211	216
Total accumulated other comprehensive income	2,959	3,309
Subscription rights to shares	72	72
Total net assets	65,583	65,675
Total liabilities and net assets	82,937	85,069

Consolidated Statements of Income

(Millions of yen)

	Three months ended April 30, 2014	Three months ended April 30, 2015
	Amount	Amount
Net sales	27,708	29,947
Cost of sales	25,617	27,559
Gross profit	2,090	2,387
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(0)	(14)
Salaries and bonuses	610	614
Provision for bonuses	125	143
Retirement benefit expenses	34	26
Rent expenses	88	86
Depreciation	38	35
Other	762	834
Total selling, general and administrative expenses	1,658	1,726
Operating income	432	661
Non-operating income		
Interest income	42	26
Dividends income	44	18
Purchase discounts	3	4
Gain on valuation of investment securities	—	43
Other	9	5
Total non-operating income	100	98
Non-operating expenses		
Loss on valuation of securities	9	—
Sales discounts	1	0
Foreign exchange losses	22	31
Loss on abandonment of noncurrent assets	0	0
Other	0	10
Total non-operating expenses	33	43
Ordinary income	498	716
Extraordinary income		
Gain on sales of investment securities	6	330
Gain on bad debts recovered	1	—
Surrender value of insurance	78	—
Total extraordinary income	86	330
Extraordinary losses		
Loss on sales of investment securities	—	101
Total extraordinary losses	—	101
Income before income taxes and minority interests	584	944
Income taxes-current	237	344
Income taxes-deferred	(10)	(0)
Total income taxes	227	343
Income before minority interests	357	601
Net income	357	601

Consolidated Statements of Income and Consolidated Comprehensive Statements of Income

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Three months ended April 30, 2014	Three months ended April 30, 2015
	Amount	Amount
Income before minority interests	357	601
Other comprehensive income		
Valuation difference on available-for-sale securities	(60)	422
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(197)	(77)
Remeasurements of defined benefit plans, net of tax	—	5
Total other comprehensive income	(257)	349
Comprehensive income	99	951
(Details)		
Comprehensive income attributable to owners of the parent	99	951
Comprehensive income attributable to minority interests	—	—

Consolidated Sales by Product

(Millions of yen)

	Three months ended April 30, 2014		Three months ended April 30, 2015		Increase (Decrease)
	Amount	Composition (%)	Amount	Composition (%)	
Semiconductors/Devices	15,948	57.6	19,463	65.0	3,514
ICT/Solutions	11,759	42.4	10,483	35.0	(1,276)
Total	27,708	100.0	29,947	100.0	2,238