

# Consolidated Financial Review for the Second Quarter Ended July 31, 2015 [Japanese standards] (Consolidated)

Company name: **RYOYO ELECTRO CORPORATION**  
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Due date of submitting of quarterly financial statement: September 10, 2015

Due date of starting delivery of dividends: October 1, 2015

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, 2015 (2/1/2015-7/31/2015)

### (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	%
Six months ended 7/31/15	58,651	8.6	1,118	30.1	1,437	32.7
Six months ended 7/31/14	53,987	22.7	859	7.3	1,083	12.1

Note: Comprehensive income

Six months ended 7/31/15: 1,023 million yen (19.5%)

Six months ended 7/31/14: 856 million yen (-48.7%)

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Six months ended 7/31/15	1,097	46.9	44.07	43.85
Six months ended 7/31/14	747	14.6	29.63	29.47

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 7/31/15	81,844	65,509	80.0	2,656.11
As of 1/31/15	82,937	65,583	79.0	2,595.83

(Reference) Equity

Year ended 7/31/15: 65,437 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	—	15.00	—	—	—
Year ending 1/31/16 (Estimate)	—	—	—	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
Year ending 1/31/16	122,000	10.8	2,500	21.7	2,900	16.1	1,900	12.8	76.28

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)

July 31, 2015: 28,200,000 shares

January 31, 2015: 28,200,000 shares

② Number of shares of treasury stock as of:

July 31, 2015: 3,563,515 shares

January 31, 2015: 2,962,905 shares

③ Average number of shares outstanding as of:

July 31, 2015: 24,909,729 shares

July 31, 2014: 25,225,904 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 July 31, 2015
	Amount	Amount
<b>( Assets )</b>		
<b>Current Assets</b>		
Cash and deposits	11,616	12,422
Notes and accounts receivable-trade	34,446	33,189
Securities	2,000	2,574
Merchandise and finished goods	14,482	15,504
Deferred tax assets	214	202
Other	2,438	2,207
Allowance for doubtful accounts	(20)	(6)
Total current assets	65,177	66,094
<b>Noncurrent assets</b>		
Property, plant and equipment	196	205
Intangible assets	645	858
Investments and other assets		
Investment securities	14,979	12,467
Net defined benefit asset	798	1,056
Other	1,141	1,163
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	16,917	14,685
Total noncurrent assets	17,759	15,749
Total assets	82,937	81,844

# Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2015	As of July 31, 2015
	Amount	Amount
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	12,753	11,903
Income taxes payable	573	500
Accrued consumption taxes	3	6
Provision for bonuses	119	144
Other	1,356	1,336
Total current liabilities	14,806	13,891
<b>Noncurrent liabilities</b>		
Net defined benefit liability	895	814
Deferred tax liabilities	948	923
Other	703	705
Total noncurrent liabilities	2,547	2,442
Total liabilities	17,353	16,334
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	38,813	39,721
Treasury stock	(3,270)	(4,178)
Total shareholders' equity	62,551	62,552
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,843	1,822
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	904	851
Remeasurements of defined benefit plans	211	211
Total accumulated other comprehensive income	2,959	2,884
<b>Subscription rights to shares</b>	72	72
Total net assets	65,583	65,509
Total liabilities and net assets	82,937	81,844

# Consolidated Statements of Income

(Millions of yen)

	Six months ended July 31, 2014	Six months ended July 31, 2015
	Amount	Amount
Net sales	53,987	58,651
Cost of sales	49,809	54,028
<b>Gross profit</b>	<b>4,178</b>	<b>4,623</b>
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(0)	(14)
Salaries and bonuses	1,343	1,378
Provision for bonuses	105	145
Retirement benefit expenses	68	53
Rent expenses	175	173
Depreciation	76	79
Other	1,548	1,688
Total selling, general and administrative expenses	3,319	3,504
<b>Operating income</b>	<b>859</b>	<b>1,118</b>
Non-operating income		
Interest income	81	57
Dividends income	76	68
Purchase discounts	5	6
Gain on valuation of investment securities	—	44
Gain on investments in partnership	76	166
Other	13	9
Total non-operating income	253	352
Non-operating expenses		
Sales discounts	1	2
Foreign exchange losses	24	20
Commission fee	1	7
Loss on abandonment of noncurrent assets	1	0
Other	0	2
Total non-operating expenses	29	33
<b>Ordinary income</b>	<b>1,083</b>	<b>1,437</b>
Extraordinary income		
Gain on sales of investment securities	32	370
Gain on bad debts recovered	1	—
Surrender value of insurance	78	—
Total extraordinary income	112	370
Extraordinary losses		
Loss on sales of investment securities	—	101
Total extraordinary losses	—	101
<b>Income before income taxes and minority interests</b>	<b>1,196</b>	<b>1,705</b>
Income taxes—current	404	566
Income taxes—deferred	43	41
Total income taxes	448	607
<b>Income before minority interests</b>	<b>747</b>	<b>1,097</b>
<b>Net income</b>	<b>747</b>	<b>1,097</b>

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

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Six months ended July 31, 2014	Six months ended July 31, 2015
	Amount	Amount
<b>Income before minority interests</b>	747	1,097
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	472	(21)
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(363)	(52)
Remeasurements of defined benefit plans, net of tax	—	(0)
Total other comprehensive income	108	(74)
<b>Comprehensive income</b>	856	1,023
(Details)		
Comprehensive income attributable to owners of the parent	856	1,023
Comprehensive income attributable to minority interests	—	—

# Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended July 31, 2014	Six months ended July 31, 2015
	Amount	Amount
<b>I. Cash flows from operating activities</b>		
Income before income taxes and minority interests	1,196	1,705
Depreciation and amortization	98	108
Loss (gain) on sales and retirement of property, plant and equipment	(0)	0
Loss (gain) on investments in partnership	(76)	(166)
Foreign exchange losses (gains)	2	56
Increase (decrease) in provision	(2)	10
Increase (decrease) in net defined benefit liability	—	(80)
Interest and dividends income	(158)	(125)
Loss (gain) on valuation of investment securities	—	(44)
Loss (gain) on sales of investment securities	(32)	(268)
Surrender value of insurance	(78)	—
Decrease (Increase) in notes and accounts receivable-trade	564	1,366
Decrease (increase) in inventories	(227)	(978)
Increase (decrease) in notes and accounts payable-trade	(1,240)	(1,123)
Increase (decrease) in accrued consumption taxes	(32)	3
Other, net	(80)	178
Subtotal	(66)	643
Interest and dividends income received	180	136
Income taxes (paid) refund	(610)	(617)
Net cash provided by (used in) operating activities	(496)	163
<b>II. Cash flows from investing activities</b>		
Payments into time deposits	—	(240)
Proceeds from withdrawal of time deposits	—	384
Purchase of securities	(1,000)	—
Proceeds from redemption of securities	7,500	1,000
Purchase of property, plant and equipment and intangible assets	(58)	(330)
Purchase of investment securities	(1,441)	(2,569)
Proceeds from sales of investment securities	75	2,771
Proceeds from redemption of investment securities	—	900
Purchase of shares of subsidiaries and associates	—	(154)
Proceeds from distribution of investment in partnerships	209	302
Proceeds from cancellation of insurance funds	578	—
Other, net	44	9
Net cash provided by (used in) investing activities	5,908	2,073
<b>III. Cash flows from financing activities</b>		
Cash dividends paid	(377)	(377)
Purchase of treasury shares	(0)	(907)
Net cash provided by (used in) financing activities	(377)	(1,285)
<b>IV. Effect of exchange rate change on cash and cash equivalents</b>	(139)	(10)
<b>V. Net increase (decrease) in cash and cash equivalents</b>	4,895	941
<b>VI. Cash and cash equivalents at beginning of period</b>	11,023	10,868
<b>VII. Cash and cash equivalents at end of the period</b>	15,918	11,810



## Consolidated Sales by Product

(Millions of yen)

	Six months ended July 31, 2014		Six months ended July 31, 2015		Increase (Decrease)
	Amount	Composition(%)	Amount	Composition(%)	
Semiconductors/Devices	32,053	59.4	37,922	64.7	5,868
ICT/Solutions	21,934	40.6	20,729	35.3	(1,205)
Total	53,987	100.0	58,651	100.0	4,663