

Consolidated Financial Review for the Third Quarter Ended October 31, 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: December 11, 2015

Due date of starting delivery of dividends: -

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 third quarter ended October 31, 2015 (2/1/2015-10/31/2015)

(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	%
Nine months ended 10/31/15	84,672	4.6	393	(71.7)	693	(58.6)
Nine months ended 10/31/14	80,944	19.4	1,392	21.9	1,676	21.5

Note: Comprehensive income

Nine months ended 10/31/15: 46 million yen (-97.3%)

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

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Nine months ended 10/31/15	520	(53.8)	20.98	20.87
Nine months ended 10/31/14	1,127	22.7	44.70	44.45

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 10/31/15	80,094	64,163	80.0	2,601.48
As of 1/31/15	82,937	65,583	79.0	2,595.83

(Reference) Equity

Year ended 10/31/15: 64,090 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	113,000	2.6	550	(73.2)	900	(64.0)	650	(61.4)	26.19

Note: Revisions to financial forecast for this period: Yes

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)

October 31, 2015: 28,200,000 shares

January 31, 2015: 28,200,000 shares

② Number of shares of treasury stock as of:

October 31, 2015: 3,563,740 shares

January 31, 2015: 2,962,905 shares

③ Average number of shares outstanding as of:

October 31, 2015: 24,817,618 shares

October 31, 2014: 25,225,753 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 October 31, 2015
	Amount	Amount
(Assets)		
Current Assets		
Cash and deposits	11,616	12,748
Notes and accounts receivable-trade	34,446	32,151
Securities	2,000	1,542
Merchandise and finished goods	14,482	14,959
Deferred tax assets	214	435
Other	2,438	2,787
Allowance for doubtful accounts	(20)	(5)
Total current assets	65,177	64,619
Noncurrent assets		
Property, plant and equipment	196	185
Intangible assets	645	724
Investments and other assets		
Investment securities	14,979	12,381
Net defined benefit asset	798	1,080
Other	1,141	1,117
Allowance for doubtful accounts	(1)	(13)
Total investments and other assets	16,917	14,565
Total noncurrent assets	17,759	15,475
Total assets	82,937	80,094

Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2015	As of October 31, 2015
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	12,753	12,249
Income taxes payable	573	39
Accrued consumption taxes	3	0
Provision for bonuses	119	246
Other	1,356	1,171
Total current liabilities	14,806	13,707
Noncurrent liabilities		
Net defined benefit liability	895	805
Deferred tax liabilities	948	770
Other	703	648
Total noncurrent liabilities	2,547	2,223
Total liabilities	17,353	15,930
(Net assets)		
Shareholders' equity		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	38,813	38,775
Treasury stock	(3,270)	(4,178)
Total shareholders' equity	62,551	61,605
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,843	1,561
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	904	719
Remeasurements of defined benefit plans	211	205
Total accumulated other comprehensive income	2,959	2,485
Subscription rights to shares	72	72
Total net assets	65,583	64,163
Total liabilities and net assets	82,937	80,094

Consolidated Statements of Income

(Millions of yen)

	Nine months ended October 31, 2014	Nine months ended October 31, 2015
	Amount	Amount
Net sales	80,944	84,672
Cost of sales	74,582	79,040
Gross profit	6,362	5,631
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(0)	(3)
Salaries and bonuses	1,969	2,011
Provision for bonuses	209	246
Retirement benefit expenses	103	78
Rent expenses	262	259
Depreciation	115	138
Other	2,309	2,507
Total selling, general and administrative expenses	4,969	5,238
Operating income	1,392	393
Non-operating income		
Interest income	113	76
Dividend income	109	85
Purchase discounts	9	9
Gain on valuation of investment securities	—	14
Gain on investments in partnership	80	164
Other	16	22
Total non-operating income	329	373
Non-operating expenses		
Sales discounts	2	3
Foreign exchange losses	28	53
Loss on abandonment of noncurrent assets	1	2
Other	12	13
Total non-operating expenses	45	73
Ordinary income	1,676	693
Extraordinary income		
Gain on sales of investment securities	40	370
Gain on bad debts recovered	1	—
Surrender value of insurance	78	—
Total extraordinary income	121	370
Extraordinary losses		
Loss on sales of investment securities	6	101
Impairment loss	—	141
Settlement package	20	—
Total extraordinary losses	26	243
Income before income taxes and minority interests	1,770	820
Income taxes—current	641	516
Income taxes—deferred	1	(216)
Total income taxes	643	300
Income before minority interests	1,127	520
Net income	1,127	520

Consolidated Statements of Income and Consolidated Comprehensive Statements of Income

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Nine months ended October 31, 2014	Nine months ended October 31, 2015
	Amount	Amount
Income before minority interests	1,127	520
Other comprehensive income		
Valuation difference on available-for-sale securities	506	(282)
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	78	(184)
Remeasurements of defined benefit plans, net of tax	—	(6)
Total other comprehensive income	584	(473)
Comprehensive income	1,711	46
(Details)		
Comprehensive income attributable to owners of the parent	1,711	46
Comprehensive income attributable to minority interests	—	—

Consolidated Sales by Product

(Millions of yen)

	Nine months ended October 31, 2014		Nine months ended October 31, 2015		Increase (Decrease)
	Amount	Composition (%)	Amount	Composition (%)	
Semiconductors/Devices	49,360	61.0	54,913	64.9	5,553
ICT/Solutions	31,583	39.0	29,758	35.1	(1,825)
Total	80,944	100.0	84,672	100.0	3,727