

# Consolidated Financial Review for the First Quarter Ended April 30, 2016 [Japanese standards] (Consolidated)

Company name: **RYOYO ELECTRO CORPORATION**  
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Due date of submitting of quarterly financial statement: June 10, 2016

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, 2016 (2/1/2016-4/30/2016)

### (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 4/30/16	25,418	(15.1)	448	(32.1)	519	(27.5)
Three months ended 4/30/15	29,947	8.1	661	53.0	716	43.8

Note: Comprehensive income

Three months ended 4/30/16: 195 million yen (-79.5%)

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

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Three months ended 4/30/16	343	(42.8)	13.99	13.92
Three months ended 4/30/15	601	68.3	23.93	23.81

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 4/30/16	76,491	63,547	83.0	2,590.51
As of 1/31/16	76,865	63,921	83.1	2,591.70

(Reference) Equity

Year ended 4/30/16: 63,487 million yen

Year ended 1/31/16: 63,849 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 1/31/16	—	15.00	—	15.00	30.00
Year ending 1/31/17	—	—	—	—	—
Year ending 1/31/17 (Estimate)	—	20.00	—	20.00	40.00

Note: Revision to dividend forecast for this period: None

## 3. Financial forecast for the year ending January 31, 2017 (2/1/2016-1/31/2017)

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 7/31/16	53,000	(9.6)	800	(28.5)	800	(44.4)	530	(51.7)	21.56
Year ending 1/31/17	110,000	(2.1)	2,100	139.5	2,100	91.6	1,390	87.0	56.54

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, 2016: 27,600,000 shares

January 31, 2016: 28,200,000 shares

② Number of shares of treasury stock as of:

April 30, 2016: 3,092,147 shares

January 31, 2016: 3,563,991 shares

③ Average number of shares outstanding as of:

April 30, 2016: 24,582,642 shares

April 30, 2015: 25,125,200 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, 2017

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, 2016	As of April 30, 2016
	Amount	Amount
<b>( Assets )</b>		
<b>Current Assets</b>		
Cash and deposits	13,535	13,590
Notes and accounts receivable-trade	33,523	31,953
Securities	1,538	1,957
Merchandise and finished goods	11,184	11,202
Deferred tax assets	354	425
Other	2,110	2,457
Allowance for doubtful accounts	(5)	(5)
<b>Total current assets</b>	<b>62,241</b>	<b>61,579</b>
<b>Noncurrent assets</b>		
Property, plant and equipment	180	173
Intangible assets	669	748
Investments and other assets		
Investment securities	11,670	12,368
Net defined benefit asset	1,075	1,099
Other	1,064	556
Allowance for doubtful accounts	(36)	(35)
<b>Total investments and other assets</b>	<b>13,774</b>	<b>13,989</b>
<b>Total noncurrent assets</b>	<b>14,624</b>	<b>14,911</b>
<b>Total assets</b>	<b>76,865</b>	<b>76,491</b>

# Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2016	As of April 30, 2016
	Amount	Amount
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	9,565	9,550
Income taxes payable	142	250
Accrued consumption taxes	6	5
Provision for bonuses	130	266
Other	1,150	1,380
Total current liabilities	10,994	11,454
<b>Noncurrent liabilities</b>		
Net defined benefit liability	802	797
Deferred tax liabilities	542	603
Other	603	88
Total noncurrent liabilities	1,948	1,489
Total liabilities	12,943	12,943
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	38,997	38,255
Treasury stock	(4,178)	(3,649)
Total shareholders' equity	61,827	61,614
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,085	1,267
Deferred gains or losses on hedges	9	(12)
Foreign currency translation adjustment	743	431
Remeasurements of defined benefit plans	183	187
Total accumulated other comprehensive income	2,021	1,873
<b>Subscription rights to shares</b>	72	59
Total net assets	63,921	63,547
Total liabilities and net assets	76,865	76,491

# Consolidated Statements of Income

(Millions of yen)

	Three months ended April 30, 2015	Three months ended April 30, 2016
	Amount	Amount
Net sales	29,947	25,418
Cost of sales	27,559	23,306
<b>Gross profit</b>	<b>2,387</b>	<b>2,112</b>
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(14)	(0)
Salaries and bonuses	614	604
Provision for bonuses	143	137
Retirement benefit expenses	26	34
Rent expenses	86	82
Depreciation	35	58
Other	834	746
Total selling, general and administrative expenses	1,726	1,663
<b>Operating income</b>	<b>661</b>	<b>448</b>
Non-operating income		
Interest income	26	11
Dividends income	18	33
Purchase discounts	4	3
Gain on valuation of investment securities	43	—
Foreign exchange gains	—	38
Other	5	12
Total non-operating income	98	99
Non-operating expenses		
Sales discounts	0	1
Loss on valuation of investment securities	—	23
Foreign exchange losses	31	—
Loss on abandonment of noncurrent assets	0	0
Commission fee	3	3
Other	6	1
Total non-operating expenses	43	28
<b>Ordinary income</b>	<b>716</b>	<b>519</b>
Extraordinary income		
Gain on sales of investment securities	330	—
Total extraordinary income	330	—
Extraordinary losses		
Loss on sales of investment securities	101	—
Total extraordinary losses	101	—
<b>Income before income taxes and minority interests</b>	<b>944</b>	<b>519</b>
Income taxes—current	344	211
Income taxes—deferred	(0)	(35)
Total income taxes	343	175
<b>Net profit</b>	<b>601</b>	<b>343</b>
<b>Profit attributable to owners of parent</b>	<b>601</b>	<b>343</b>

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

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Three months ended April 30, 2015	Three months ended April 30, 2016
	Amount	Amount
<b>Profit attributable to owners of parent</b>	601	343
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	422	181
Deferred gains or losses on hedges	0	(22)
Foreign currency translation adjustment	(77)	(311)
Remeasurements of defined benefit plans, net of tax	5	3
Total other comprehensive income	349	(148)
<b>Comprehensive income</b>	951	195
(Details)		
Comprehensive income attributable to owners of the parent	951	195
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated Sales by Product

(Millions of yen)

	Three months ended April 30, 2015		Three months ended April 30, 2016		Increase (Decrease)
	Amount	Composition (%)	Amount	Composition (%)	
Semiconductors/Devices	19,463	65.0	14,701	57.8	(4,761)
ICT/Solutions	10,483	35.0	10,717	42.2	233
Total	29,947	100.0	25,418	100.0	(4,528)