

Consolidated Financial Review for the First Quarter Ended April 30, 2018 [Japanese standards] (Consolidated)

Company name:	RYOYO ELECTRO CORPORATION
Headquarters address:	12-22 Tsukiji 1-chome, Chuo-ku, Tokyo 104-8408 Japan
URL:	http://www.ryoyo.co.jp
Stock exchange listing:	Tokyo Stock Exchange 1st Section
Code number:	8068
Company representative:	Moritaka Nakamura, President
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Due date of submitting of quarterly financial statement	: June 8, 2018
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, 2018 (2/1/2018-4/30/2018)

(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 4/30/18	22,675	(2.7)	441	35.4	461	39.3
Three months ended 4/30/17	23,305	(8.3)	325	(27.4)	331	(36.2)

Note: Comprehensive income

Three months ended 4/30/18: (723) million yen (-%)

Three months ended 4/30/17: (272) million yen (-%)

	Profit attributable to owners of parent		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Three months ended 4/30/18	314	43.7	12.83	12.78
Three months ended 4/30/17	218	(36.4)	8.93	8.89

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 4/30/18	77,516	62,946	81.1	2,566.13
As of 1/31/18	78,111	64,404	82.4	2,625.66

(Reference) Equity

Year ended 4/30/18: 62,886 million yen

Year ended 1/31/18: 64,344 million yen

2. Dividends

	Three months ended	Six months ended	Nine months ended	Year ended	Total
	Yen	Yen	Yen	Yen	Yen
(Base date)	—	—	—	—	—
Year ended 1/31/18	—	30.00	—	30.00	60.00
Year ending 1/31/19	—	—	—	—	—
Year ending 1/31/19 (Estimate)	—	30.00	—	30.00	60.00

Note: Revision to dividend forecast for this period: None

3. Financial forecast for the year ending January 31, 2019 (2/1/2018-1/31/2019)

Note: Percentages indicated changes from the same period of previous year.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending 7/31/18	47,000	2.1	500	(27.5)	600	(27.3)	400	(30.4)	16.32
Year ending 1/31/19	93,000	0.8	1,000	297.7	1,200	177.5	800	276.0	32.64

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)
April 30, 2018: 26,800,000 shares
January 31, 2018: 26,800,000 shares
 - ② Number of shares of treasury stock as of:
April 30, 2018: 2,293,804 shares
January 31, 2018: 2,293,760 shares
 - ③ Average number of shares outstanding as of:
April 30, 2018: 24,506,237 shares
April 30, 2017: 24,507,230 shares

Indication regarding the implementation status of the quarterly review procedure

This Financial Review is not subject to audit procedure under the Financial Instruments and Exchange Act.

Caution on forecast for the year ending January 31, 2019

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, 2018	As of April 30, 2018
	Amount	Amount
(Assets)		
Current Assets		
Cash and deposits	14,040	12,500
Notes and accounts receivable-trade	25,912	25,686
Securities	649	650
Merchandise and finished goods	10,857	12,457
Deferred tax assets	497	521
Other	1,378	1,584
Allowance for doubtful accounts	(2)	(2)
Total current assets	53,332	53,397
Noncurrent assets		
Property, plant and equipment	163	199
Intangible assets	454	422
Investments and other assets		
Investment securities	21,930	21,063
Net defined benefit asset	1,458	1,489
Other	1,152	1,311
Allowance for doubtful accounts	(381)	(368)
Total investments and other assets	24,160	23,496
Total noncurrent assets	24,778	24,118
Total assets	78,111	77,516

Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2018	As of April 30, 2018
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	9,653	10,417
Income taxes payable	419	200
Accrued consumption taxes	87	7
Provision for bonuses	205	366
Other	716	1,048
Total current liabilities	11,082	12,039
Noncurrent liabilities		
Net defined benefit liability	790	790
Deferred tax liabilities	1,429	1,189
Other	405	550
Total noncurrent liabilities	2,624	2,530
Total liabilities	13,706	14,570
(Net assets)		
Shareholders' equity		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	36,287	35,866
Treasury shares	(2,707)	(2,707)
Total shareholders' equity	60,588	60,167
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,013	2,447
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	430	(35)
Remeasurements of defined benefit plans	313	307
Total accumulated other comprehensive income	3,756	2,718
Subscription rights to shares	59	59
Total net assets	64,404	62,946
Total liabilities and net assets	78,111	77,516

Consolidated Statements of Income

(Millions of yen)

	Three months ended April 30, 2017	Three months ended April 30, 2018
	Amount	Amount
Net sales	23,305	22,675
Cost of sales	21,240	20,425
Gross profit	2,065	2,250
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(2)	(3)
Salaries and bonuses	595	621
Provision for bonuses	176	183
Retirement benefit expenses	29	18
Rent expenses	85	89
Depreciation	63	50
Other	789	847
Total selling, general and administrative expenses	1,739	1,808
Operating income	325	441
Non-operating income		
Interest income	13	23
Dividend income	10	11
Purchase discounts	2	2
Other	5	11
Total non-operating income	31	48
Non-operating expenses		
Sales discounts	0	3
Foreign exchange losses	19	18
Loss on abandonment of noncurrent assets	0	1
Commission fee	1	4
Other	3	0
Total non-operating expenses	25	28
Ordinary income	331	461
Income before income taxes and minority interests	331	461
Income taxes-current	169	157
Income taxes-deferred	(57)	(10)
Total income taxes	112	147
Profit	218	314
Profit attributable to owners of parent	218	314

Consolidated Statements of Income and Consolidated Comprehensive Statements of Income

(Millions of yen)

(Consolidated Comprehensive Statement of Income)

	Three months ended April 30, 2017	Three months ended April 30, 2018
	Amount	Amount
Profit attributable to owners of parent	218	314
Other comprehensive income		
Valuation difference on available-for-sale securities	(243)	(566)
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	(247)	(465)
Remeasurements of defined benefit plans, net of tax	0	(6)
Total other comprehensive income	(490)	(1,037)
Comprehensive income	(272)	(723)
(Details)		
Comprehensive income attributable to owners of parent	(272)	(723)
Comprehensive income attributable to non-controlling interests	—	—

Consolidated Sales by Product

(Millions of yen)

	Three months ended April 30, 2017		Three months ended April 30, 2018		Increase (Decrease)
	Amount	Composition (%)	Amount	Composition (%)	
Semiconductors/Devices	12,021	51.6	11,644	51.4	(376)
ICT/Solutions	11,284	48.4	11,030	48.6	(253)
Total	23,305	100.0	22,675	100.0	(630)