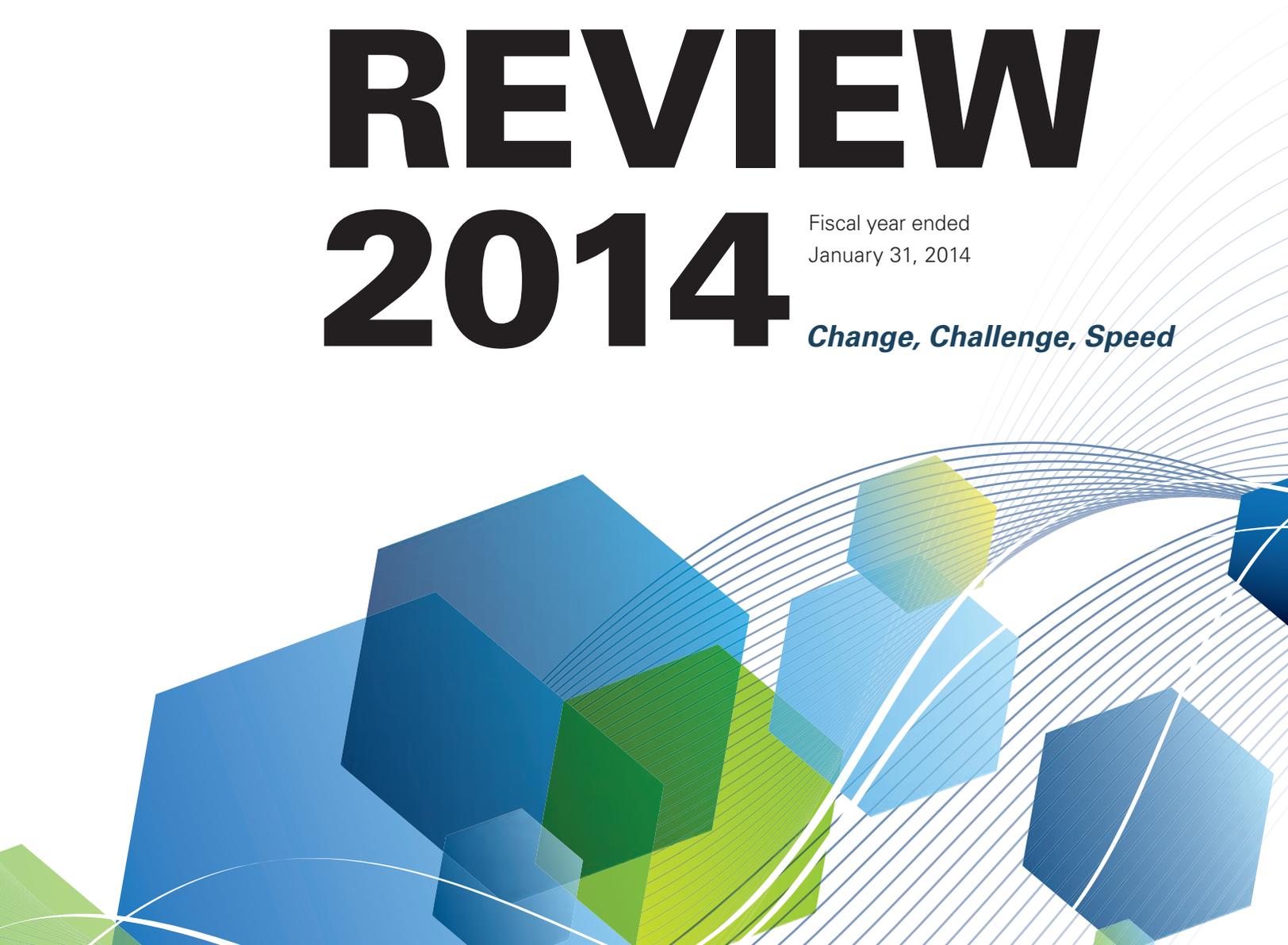


ANNUAL REVIEW 2014

Fiscal year ended
January 31, 2014

Change, Challenge, Speed



ABOUT

the Ryoyo Group

Ryoyo Electro Corporation was founded in 1961 as a semiconductor trading company. Since its founding, the Company has continued to expand the range of its operations in step with the electronics industry while maintaining close and functional business relationships with suppliers. In our core semiconductor and device business, we have established a robust product lineup featuring a wide range of promising products from both Japan and overseas, and we take great pride in our skillful support services, which are backed by our years of experience. Another core business is our information and communication technology (ICT) and solutions business. The diverse range of solutions we provide in this business begins with kitting services in which we select hardware, operating systems, applications, and other items after providing consultation to determine customer needs. Our solutions do not end with sales, however, as we also provide follow-up support after systems are introduced.

We are uniting the Ryoyo Group's various strengths to maximize their potential with the aim of raising corporate value by creating new business opportunities in relation to the intrinsically interconnected "smart society."

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- 03** To Our Shareholders
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Caution on Forward-Looking Statements

The contents of this annual review that are not historical facts represent projections based on expectations and plans for the future. These projections contain elements of risk and uncertainty. As a result, forward-looking statements made in this annual review may differ from actual results and performance.

Notes on Performance Figures in this Annual Review

The performance figures used in this annual review, including those from previous fiscal years, are based on Ryoyo Electro Corporation's audited Japanese financial reviews.

Notes on the Scope of this Annual Review

With respect to the contents of this annual review, "the Company" refers to Ryoyo Electro Corporation, while "the Ryoyo Group" refers to Ryoyo Electro Corporation and its consolidated subsidiaries Ryoyo Semicon Corporation, Ryoyo Electro (Shanghai) Co., Ltd., Ryoyo Electro Hong Kong Ltd., and Ryoyo Electro Singapore Pte., Ltd.

CORPORATE PHILOSOPHY

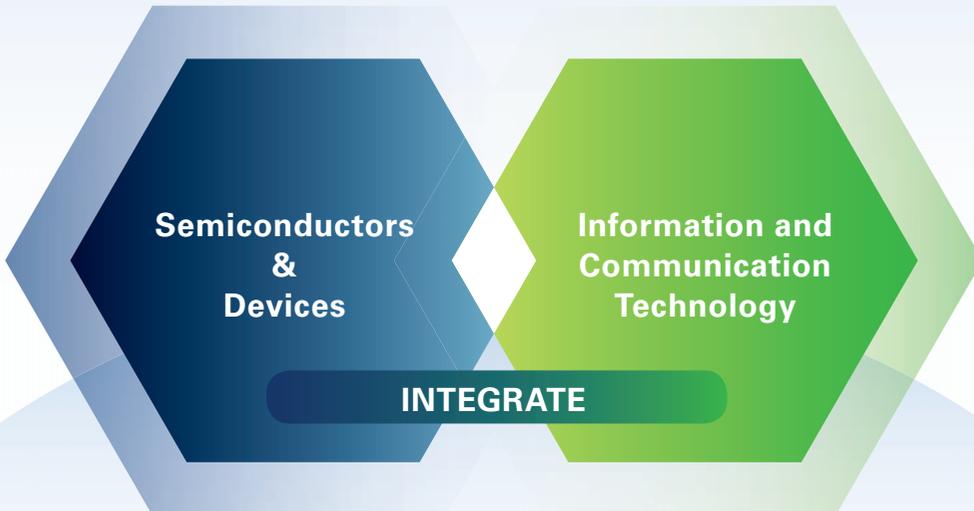
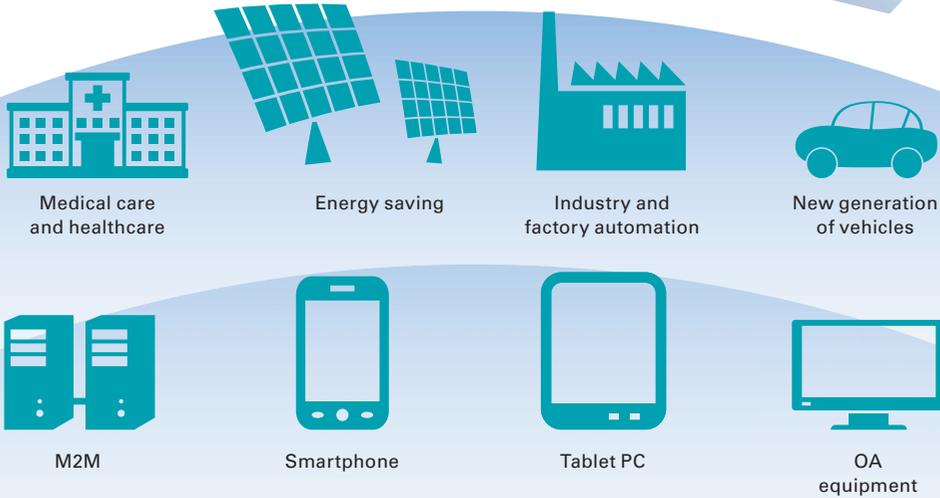
“Creating value in tune with the times”

MISSION

We shall strive to always be a corporate group that grows together with stakeholders.

VISION

Ryoyo Group will act as a solutions-providing partner that leaves an impression on the intrinsically interconnected “smart society.”



To Our Shareholders



Kenhachiro Ogawa
Chairman and
Chief Executive Officer

Takayoshi Oouchi
President and
Chief Operating Officer

Charting a Course Toward Ongoing Growth

Since its founding, the Ryoyo Group has continued to operate in accordance with its corporate philosophy of “creating value in tune with the times.” Moreover, we strive to always be a corporate group that grows together with stakeholders, and we recently defined a new corporate mission—Ryoyo Electro will act as a solutions-providing partner that leaves an impression on the intrinsically interconnected “smart society”—to guide us in this pursuit. In addition, we have launched a new medium-term management plan slated to end in the fiscal year ending January 31, 2016.

Since the Company’s founding, we have continued to accumulate expertise with regard to our two core businesses: the semiconductor and device business and the ICT and solutions business. Focused on these businesses, we will differentiate our operations by developing new products and services that are derivative of these two businesses to create high-value-added businesses as we improve customer satisfaction and increase corporate value.

We also recognize that enhancing corporate governance is a crucial task for management if we are to ensure the soundness, transparency, and efficiency of management, while fulfilling our responsibility to society. For this reason, we are constantly refining governance systems to keep them functioning properly. Other initiatives geared toward practicing good corporate social responsibility include improving internal control systems, ensuring strict legal compliance, strengthening risk management, enhancing quality control functions, and contributing to society. Through these efforts, we hope to continue living up to the expectations of our stakeholders.

April 2014

A handwritten signature in black ink, appearing to read 'K. Ogawa'.

Kenhachiro Ogawa

Medium-Term Management Plan

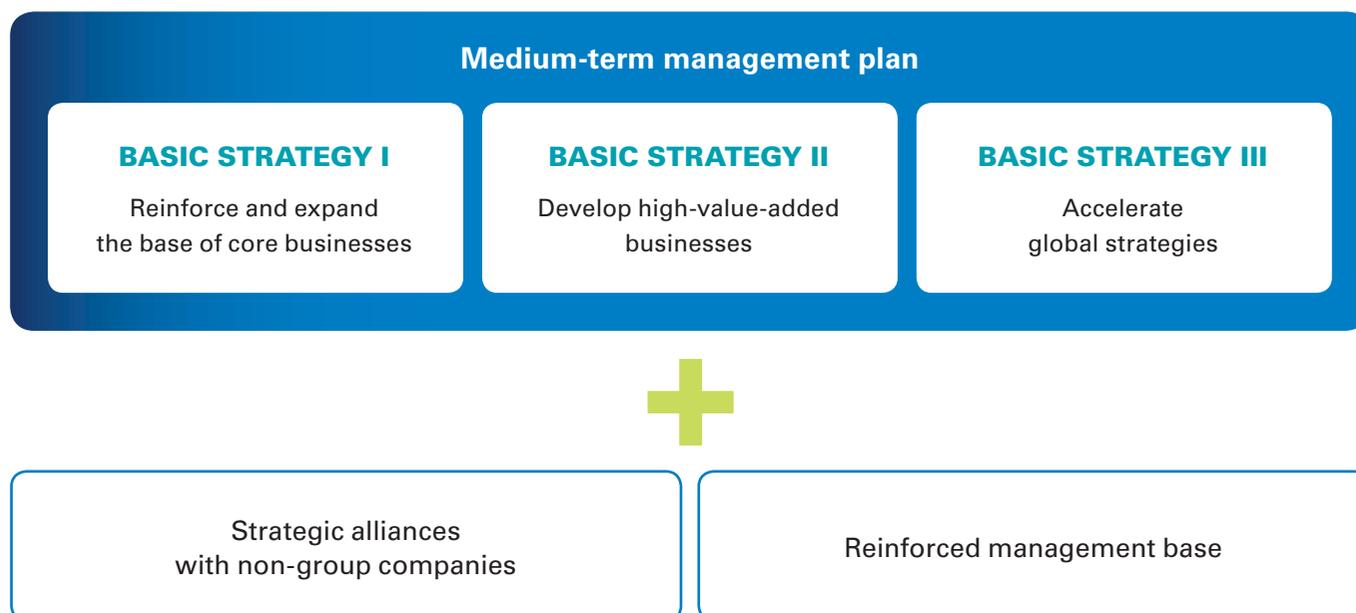
Ryoyo Electro has formulated a new medium-term management plan scheduled to end in the fiscal year ending January 31, 2016. For its final year, the plan defines the targets of achieving net sales of ¥120.0 billion and operating income of ¥4.0 billion together with a higher return on equity (ROE), which is to be realized by making the best use of funds. The plan also outlines three basic strategies designed to help us

meet these numeric goals: (1) reinforce and expand the base of core businesses, (2) develop high-value-added businesses, and (3) accelerate global strategies. In addition, the new medium-term management plan explains our intent to utilize strategic alliances with non-group companies and create a reinforced management base to support the advancement of the basic strategies.

Medium-Term Management Plan Targets

	2014.1 (Actual)	2015.1 (Forecast)	2016.1 (Target)
Net sales	¥97,887 million	¥105,000 million	¥120,000 million
Operating income	¥1,651 million	¥2,200 million	¥4,000 million
Net income	¥1,342 million	¥1,500 million	¥2,600 million
ROE	2.2%	2.4%	4.1%

Strategies for Achieving Medium-Term Management Plan Targets





Developing High-Value-Added Businesses and Pursuing Medium-Term Management Plan Targets

Performance in the Year Under Review

During the year under review, the fiscal year ended January 31, 2014, we worked to boost sales of our mainstay semiconductors, computer systems and peripherals, network-related products, and other items. We also endeavored to develop new high-value-added services and solutions targeting increased revenue in the medium to long term. As a result of these efforts, net sales increased 12.3% year on year, to ¥97,887 million; operating income rose 128.7%, to ¥1,651 million; and net income was up 216.8%, to ¥1,342 million. With this impressive performance, I feel that we made strong progress on the path toward future growth.

Three Basic Strategies of the Medium-Term Management Plan

Basic strategy I: Reinforce and expand the base of core businesses (semiconductors and devices / ICT and solutions)

The Ryoyo Group aims to be a trader that maximizes value for its customers. For this reason, we are avidly expanding the scale of our business while differentiating operations through demand creation and the strengthening of solutions businesses. In our core semiconductor and device business, we will step up efforts in target markets, primarily those for automobile-mounted products, smartphones and tablet PCs, and industrial applications. At the same time, we will optimize product portfolios, promote cross-marketing between semiconductors and devices, and reinforce support for overseas businesses. Meanwhile, in the ICT and solutions business, our other core business, we will further expand business for enterprises and improve profitability while also developing security solutions, promoting overseas ICT businesses, and reinforcing collaboration with alliance partners.

Semiconductors & Devices

¥59.0 billion (2014.1) ▶ ¥73.0 billion (2016.1)

- Step up efforts in target markets—automobile-mounted products, smartphones / tablet PCs, industrial applications
- Optimize product portfolios
- Promote cross-marketing between semiconductors and devices
- Reinforce support for overseas businesses

ICT & Solutions

¥38.9 billion (2014.1) ▶ ¥47.0 billion (2016.1)

- Further expand business for enterprises and improve profitability
- Develop security solutions
- Promote overseas ICT businesses
- Reinforce collaboration with alliance partners

EXPANDING IN-HOUSE SHARE (INCREASING SALES)

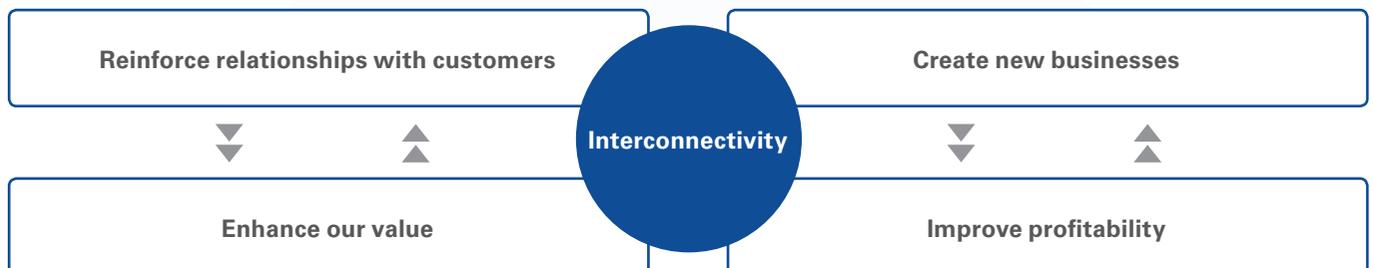
Basic strategy II: Develop high-value-added businesses

In order to help develop a “smart society” capable of realizing living spaces that provide peace of mind and freedom from want, it will be necessary to create new businesses focused on data collection, accumulation, analysis, and utilization. In recognition of this fact, the Ryoyo Group is branching out from its traditional business of providing solutions to leveraging growth fields, such as the medical, retail distribution, and

energy saving and eco fields. Going forward, we will adopt a new approach that organically links people, objects, information, and companies in fields that create interconnectivity in society and markets, beginning with the Internet of things (IoT), machine to machine (M2M), and online to offline (O2O) fields. In this manner, we will work to create high-value-added businesses.



Uncover customer needs from perspectives of semiconductors and ICT

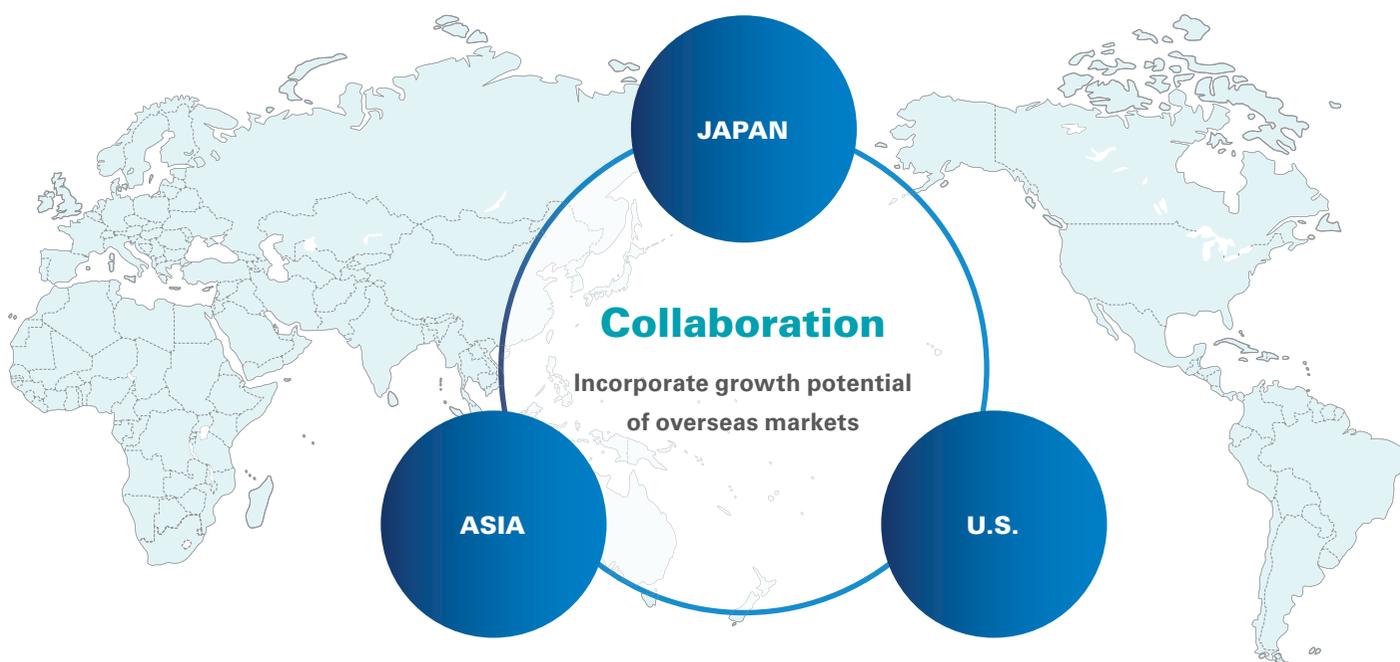


President's Message

Basic strategy III: Accelerate global strategies

Japanese manufacturers are increasingly shifting their operations overseas. Amidst this trend, we will enhance support services for Japanese electronics manufacturers. At the same time, we will strive to incorporate the growth potential of overseas markets into our operations. Specifically, the Company will step up efforts to develop local customers in

the Great China region, ASEAN countries, and other areas while also exploring local products and promoting ICT businesses in these areas. In addition, we will work out of our bases in the United States to research state-of-the-art technologies and gather information regarding industry trends as we progressively improve our services on a global basis.



Reinforce in-house businesses

- Develop local customers
- Explore local products
- Promote ICT businesses
- Expand commissioned businesses

- Research state-of-the-art technologies
- Gather information on industry trends
- Explore new products

(Resumed operation in November 2013)

Two Measures Supporting Basic Strategies

Strategic alliances with non-group companies

The Ryoyo Group is reinforcing alliances with non-group partner companies in order to facilitate the development of new businesses and provide a more complete range of functions. Through greater collaboration with partners possessing

specialized expertise, we can combine this expertise with Ryoyo's own resources to provide customers with higher quality services, thereby boosting the Company's overall value.

Reinforced management base

We hope to continue living up to the expectations of our stakeholders by practicing good corporate social responsibility. As part of this undertaking, we will improve internal control systems, ensure strict legal compliance, strengthen risk management, enhance quality control functions, and contribute to society.

By advancing the three basic strategies and enacting the two measures I have discussed, we will boldly progress forward, tackling all challenges necessary to realize our vision of being a solutions-providing partner that leaves an impression on the intrinsically interconnected “smart society.” In closing, I would like to thank our shareholders for their ongoing support and ask for their continued support and understanding.

April 2014

T. Oouchi

Takayoshi Oouchi

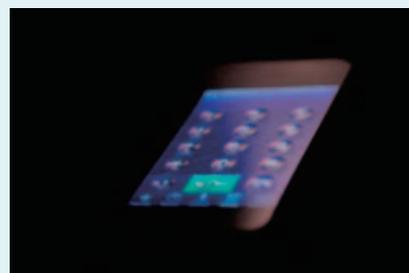


Creating Value Through Strategic Alliances

In December 2013, the Company commenced capital participation in Tactus Technology, Inc., of the United States, acquiring sales rights as an overseas agent and as Tactus' exclusive sales partner and distributor in Japan.

A venture company, Tactus is developing a revolutionary new interface that utilizes a technology known as microfluidics to create physical buttons that rise up from a flat touch screen surface on demand. This new interface is expected to help users improve their speed and accuracy when typing on touch screens, thus raising user satisfaction. Accordingly, Tactus' technology is projected to be employed in a wide range of interfaces, not only those of smartphones, tablet PCs, and other mobile terminals, and there is a growing sense of anticipation with regard to the future expansion of the market for this technology.

Looking forward, the Ryoyo Group will continue to consider strategic alliances with non-group companies as well as mergers and acquisitions as possible options in its ongoing pursuit of higher quality services, a more robust range of functions, and improved performance.



Corporate Governance

Basic Corporate Governance Philosophy

At Ryoyo Electro, we recognize enhancing corporate governance as an important task of management. Therefore, in order to continue to guarantee the soundness, transparency, and effectiveness of management, as well as increase corporate value and fulfill our responsibilities to society, we are striving to develop internal systems that ensure the functionality of corporate governance.

Company Organizations

Outline of the corporate governance framework

Organizational format	Company with a corporate auditor system
Chairman of the Board of Directors	Chairman and CEO
Number of directors	Six (including one outside director)
Number of auditors	Four (including three outside auditors)
Independent officers	One outside director and two outside auditors
Number of Board of Directors' meetings held during the fiscal year ended January 31, 2014	12
Number of Board of Auditors' meetings held during the fiscal year ended January 31, 2014	15

Attendance rate

	Board of Directors' meetings	Board of Auditors' meetings
Outside director*	100%	—
Outside auditors	100%	100%

* Participation in meetings of the Board of Directors by Outside Director Yoshiharu Hayakawa after his appointment is described below.

Directors and Board of Directors

The Board of Directors, which consists of six directors (as of April 24, 2014), is responsible for making decisions as stipulated in laws, regulations, and the articles of incorporation; making important management decisions; and overseeing the execution of operations. In principle, the Board of Directors meets once a month, and met a total of 12 times during the year under review.

Corporate Auditors and Board of Auditors

Ryoyo Electro employs a corporate auditor governance model, whereby corporate auditors act independently of directors and oversee directors' execution of operations. The Board of Auditors consists of four corporate auditors (as of April 24, 2014), of which three are external corporate auditors. In principle, the Board of Auditors meets once a month, and met a total of 15 times during the year under review.

The Criteria for the Selection of Outside Officers

In order to ensure the independence of the candidates it recommends for outside officer (outside Director and outside Auditor), we have formulated criteria for the selection of outside officers.

The criteria for the selection of outside officers is as follows. Candidates shall not fall under any of the following categories.

1. A party who is or has been a Director, an Auditor, or an employee at the Ryoyo Group in the past ten years or a relative within the second degree of kinship of such a party
2. A party that is or has been a Director, an Auditor, or an employee of a major business partner* of the Ryoyo Group in the past five years
3. A shareholder that holds 10% or more of the voting rights of the Company' shares (in the case of an institutional shareholder, this shall apply to business executives at such an institutional shareholder)
4. A provider of specialist services** that has received ¥10 million or more of remuneration on an annual basis from the Ryoyo Group in the past five years
5. A party that has received a donation of ¥10 million or more on an annual basis from the Ryoyo Group in the past five years
6. A party that has a relationship with the Ryoyo Group in which exchange of Directors is carried out by mutual dispatch
7. Any other party with a significant interest in the Ryoyo Group

* This signifies a business partner that has a relationship with the Ryoyo Group that constitutes 2% or more of the consolidated net sales of the Ryoyo Group in the most recent fiscal year.

** This signifies an attorney, a certified public accountant, a certified public tax accountant, a judicial scrivener, a consultant, or an advisor.

Internal Control and Risk Management Systems

The following are our basic principles for establishing internal control systems. These principles help us maintain systems for sound internal control.

Basic Principles

1. System for ensuring that the execution of duties by directors and employees is in compliance with all laws, regulations, and the articles of incorporation
2. Items concerning the storage and management of information related to the execution of duties by directors
3. Rules and other systems for containing the risk of damages
4. System for ensuring the efficient execution of duties by directors
5. System for ensuring the appropriateness of operations undertaken by the corporate group consisting of Ryoyo Electro Corporation and its subsidiaries
6. System concerning employees requested by the Board of Auditors to serve as assistants and items concerning the independence of these employees from directors
7. System concerning reports submitted by directors and employees to the Board of Auditors and other systems concerning reports to the Board of Auditors
8. Other systems for ensuring effective auditing by the Board of Auditors

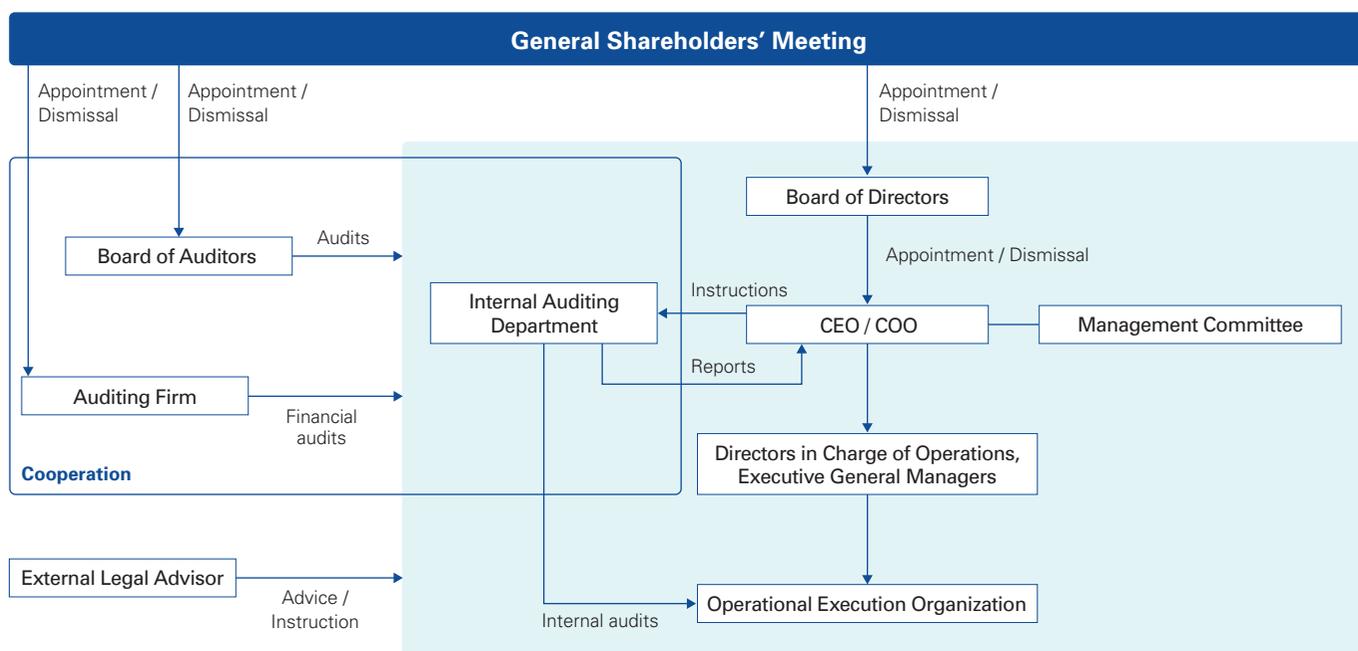
Risk Management Systems

Risks that may affect our operations include those related to compliance, the environment, disasters, information security, product quality, foreign exchange rates, and financial reporting. Each department maintains effective risk management systems managed by employees who are responsible for risk management. In the event that any disruption occurs, these employees will guide their department in responding quickly and effectively to those disruptions in order to reduce the impact on operations.

Investor Relations Activities

Ryoyo Electro recognizes that disclosing accurate, unbiased, and timely information about the management of the Company to our shareholders and other investors is an important function of management. In correspondence with the release of second quarter and annual financial reviews, we also offer information about the current business situation and future direction of the Company through our website* as well as at information sessions held for analysts and investors. Through these efforts, we will continue to disclose unbiased information in a timely manner.

* <http://www.ryoyo.co.jp/english>



Corporate Social Responsibility

Basic CSR Philosophy

In accordance with our corporate philosophy of “creating value in tune with the times,” the Ryoyo Group conducts its business with high ethical standards for the greater good of society. In order to fulfill our responsibilities toward society in every aspect of our business, we will continue to act in compliance with this philosophy, as well as with all laws and regulations, throughout our domestic and overseas operations.

Promoting Compliance

In 2007, we established the Ryoyo Group Codes of Conduct, which serves as a foundation for our operations moving forward.

We have also set up the “Ryoyo Group Compliance Hotline” so that we can quickly identify violations of the Ryoyo Group Codes of Conduct and carry out the necessary steps to rectify such issues. This hotline serves as a communication channel for employees to discuss and report compliance-related concerns.

Implementing Environmental Protection, Quality Control, and Information Security Initiatives

All domestic Ryoyo Group companies (excluding the satellite office) have acquired ISO 14001 certification, ISO 9001 certification, and ISO 27001 certification, and the Group effectively employs an integrated management system that collectively functions as an environmental management system, a quality management system, and an information security management system. This system allows us to contribute to the preservation of the environment by reducing the environmental impact and the environmental risks of our operations, respond to customer needs through ongoing

efforts to improve the quality of our products, and raise awareness regarding information security within the Company. This will help to further enhance the trust placed in us by our customers, our business partners, and society as a whole.

Implementing Green Procurement Initiatives

In selecting business partners, we assess them on the basis of their compatibility with Ryoyo’s Green Procurement Guidelines. In this way, we are actively promoting green procurement throughout the supply chain. Additionally, we are working to reduce the environmental impact of the products and secondary supplies that we use by examining their compatibility with our Management Standards on Chemical Substances from the procurement stage. We will continue to promote environmental consideration in our operations and strive to be an increasingly environment-friendly corporation.

Addressing Conflict Mineral Issues

While the Dodd–Frank Act enacted by the United States does not apply to the Company, Ryoyo Electro is supportive of the Act’s goal of protecting human rights. Accordingly, the Company is supporting this Act through activities in two different areas. First of all, we are addressing this issue throughout the supply chain by encouraging suppliers to refrain from using conflict minerals. Secondly, we are responding to conflict mineral inspections of products delivered to companies to which the Dodd–Frank Act applies.

Ryoyo’s CSR Website

<http://www.ryoyo.co.jp/english/csr.html>

Supporting Future Leaders—Visit by Executive MBA Students

On July 26, 2013, the Company was visited by a group of 19 students from the Executive MBA program at George Mason University of the United States. In addition to explaining the Company and its business in lecture format, students were given a tour of the head office, seeing actual sites where operations take place. Of particular interest was the in-house showroom, where students got the opportunity to experience Ryoyo’s solutions first hand. After the tour, participants expressed their fascination in our business and their newfound understanding, and we therefore feel that this event served as a good opportunity to teach students about Japanese culture and companies.



Board of Directors and Corporate Auditors

Board of Directors and Corporate Auditors

As of April 24, 2014



Kenhachiro Ogawa
Chairman and CEO



Takayoshi Oouchi
President and COO



Yutaka Horikiri
Director



Nobuo Kikutsugi
Director



Masakazu Shinohara
Director



Yoshiharu Hayakawa
Outside Director
(Independent Director)

Standing Statutory Auditor
Akio Tanaka

Outside Auditors
Katsumasa Yasui
Ryoji Kimura
Tsutomu Nobechi

Senior Managing
Executive Officer
Yutaka Horikiri

Managing Executive Officers
Nobuo Kikutsugi
Masakazu Shinohara

Senior Executive
General Managers

Kenjiro Kobayashi
Masaaki Tanabe
Kiyoshi Waki
Haruo Nakayama
Kazuhiko Yokoyama

Executive General Managers

Tadao Koizumi
Satoru Fukumoto
Fumiaki Takeno

Interview with the Outside Director, Yoshiharu Hayakawa

Q. Please explain the steps that led to your decision to become an outside director for Ryoyo Electro, and why you chose to take this position.

In the early 1980s, Ryoyo Electro was preparing for listing on the Tokyo Stock Exchange. At the time, I was working as a management consultant. The Company requested my help in revising its organizational management systems so that it could break away from its prior managerial practices, which viewed the owners of the Company as its managers, to conduct management in a way that would treat shareholders as owners. Through this experience I was able to develop an understanding of Ryoyo Electro's historical background as well as the nature of the Company. I believe that Ryoyo Electro's current management team has successfully inherited the DNA that has driven the Company until today. Together with this team, I felt that I would be able to provide appropriate advice as an outside director, and it was for this reason that I accepted when the position was offered.

Q. I understand that you were Ryoyo Electro's first outside director.

What was your impression of the Company's corporate governance systems when you assumed this position?

I believe that the level of corporate governance a company needs varies based on its growth stage. The most fundamental role of corporate governance is to enable directors to stimulate the growth of their company, and the functions that enable this are making management decisions and overseeing the execution of operations. In actuality, the discussions held at meetings of the Board of Directors were quite lively, and I therefore felt that the Company's governance systems provided the necessary functionality for its growth stage at that time, which was characterized by a rise in overseas shareholders.

Q. Working in your capacity as an outside director, how do you plan to contribute to increased corporate value?

In 2013, Ryoyo Electro shifted to a new management system, marking the start of a transition to the next growth stage. If growth is to continue into the future, it will be crucial for the Company to become more global while forming alliances with strategic partners. However, when taking on new challenges, management must effectively intuit the benefits and risks of the Company's actions to maintain an appropriate balance between aggressive expansion and conservative preparation. In my capacity as an outside director I plan to offer management a wide range of advice rooted in my experience to date to help the Company maintain such a balance while improving corporate value.

Consolidated Financial Highlights

Ryoyo Electro Corporation

For the years ended January 31, 2014, 2013, 2012, 2011, and 2010

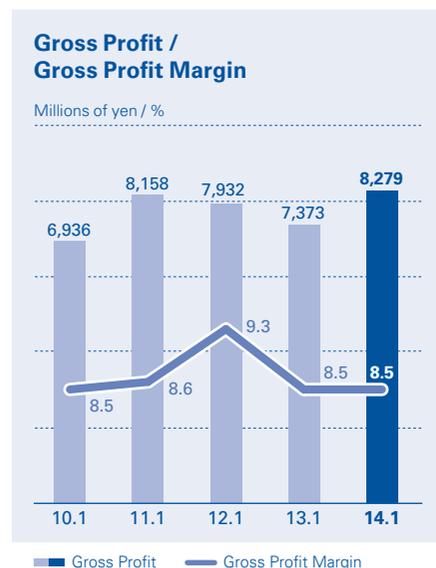
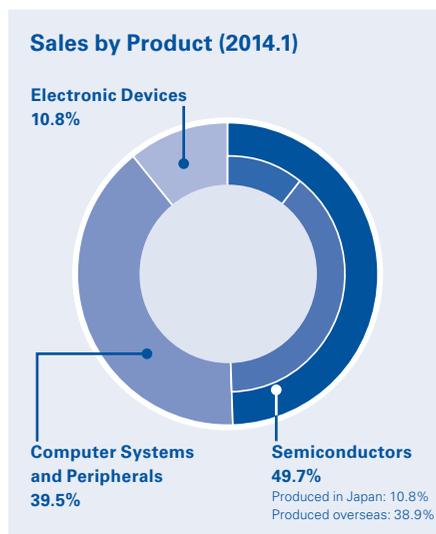
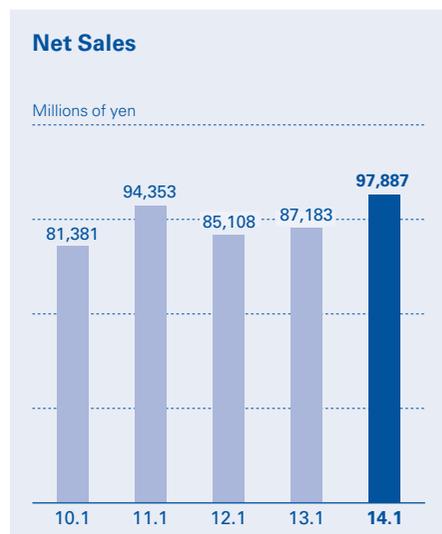
	Millions of yen					Thousands of U.S. dollars*
	2014.1	2013.1	2012.1	2011.1	2010.1	2014.1
For the Year						
Net sales	¥ 97,887	¥ 87,183	¥ 85,108	¥ 94,353	¥ 81,381	\$951,655
Gross profit	8,279	7,373	7,932	8,158	6,936	80,491
Selling, general and administrative expenses	6,627	6,651	6,559	6,790	6,918	64,434
Operating income	1,651	722	1,372	1,368	18	16,056
Net income	1,342	423	879	1,112	328	13,053
Free cash flows	(1,369)	328	3,359	(8,145)	3,714	(13,310)
At Year-End						
Total assets	¥ 79,893	¥ 72,490	¥ 70,602	¥ 72,857	¥ 76,749	\$776,722
Total net assets	63,112	61,303	61,155	62,227	62,922	613,572
Per Share of Common Stock (Yen / U.S. dollars)						
Net income	¥ 52.17	¥ 16.41	¥ 33.00	¥ 40.48	¥ 11.86	\$ 0.51
Total net assets	2,498.70	2,371.67	2,367.83	2,329.00	2,273.74	24.29
Cash dividends	30.00	30.00	30.00	30.00	30.00	0.29
Ratios (%)						
Gross profit margin	8.5	8.5	9.3	8.6	8.5	
Operating margin	1.7	0.8	1.6	1.5	0.0	
Net income margin	1.4	0.5	1.0	1.2	0.4	
Equity ratio	78.9	84.5	86.6	85.4	82.0	
Return on equity	2.2	0.7	1.4	1.8	0.5	
Other Information						
Number of shares issued**	25,226,060	25,826,926	25,827,768	26,718,436	27,673,480	
Number of employees	513	517	504	528	554	

* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥102.86=U.S.\$1.00, the exchange rate prevailing on January 31, 2014.

** Number of shares issued does not include treasury stock.

Notes: 1. The financial section is a translation of the Japanese financial statements. The Japanese version will be used for matters of a legal nature.

2. Unless otherwise noted, figures are rounded down to the nearest million.



Consolidated Financial Review

Effective February 1, 2014, the Company changed its product categories. As this report is for the fiscal year ended January 31, 2014, the former product categories are used.

MANAGEMENT ENVIRONMENT

During the year under review, the fiscal year ended January 31, 2014, the Japanese economy saw improvements in export and production trends supported by recovery in the U.S. economy, the end of deteriorating conditions in the European economy, and the benefits of economic stimulus measures instituted by the Japanese government. Accordingly, there is a rising sense of anticipation for future recovery in economic conditions.

In the electronics industry, which the Ryoyo Group operates in, demand for industrial and other semiconductors recovered. Computer systems and peripherals, meanwhile, benefited from relatively solid IT-related investment focused on infrastructure.

RESULTS FOR THE FISCAL YEAR ENDED JANUARY 31, 2014

In this environment, the Ryoyo Group worked to ensure that a stable supply of its products was available while also striving to boost sales of its products—including its mainstay semiconductors, computer systems and peripherals, and network-related products. We also endeavored to develop new high-value-added services and solutions targeting increased revenue in the medium to long term.

As a result of these efforts, net sales increased 12.3% year on year, to ¥97.9 billion; operating income rose 128.7%, to ¥1.7 billion; and net income was up 216.8%, to ¥1.3 billion.

Semiconductors

In the year under review, net sales of semiconductors increased ¥4.2 billion year on year, or 9.6%, to ¥48.7 billion.

Sales of integrated circuits (ICs) amounted to ¥32.0 billion, up ¥1.6 billion, or 5.4%, year on year. This increase was due to a rise in sales of control ICs for computer peripherals and memory for gaming devices. Sales of discrete electronic components rose ¥2.6 billion, or 18.5%, to ¥16.7 billion, following an increase in sales of industrial-use power semiconductors and opto semiconductors.

Sales of products for communications systems decreased 7.8% year on year, to ¥4.9 billion, due to lower sales of high-frequency products for use in mobile phones.

Sales of products for digital consumer electronics and other home electronics were up 4.9%, to ¥6.7 billion, as higher sales of semiconductors for use in gaming devices offset continually struggling sales of products for use in TVs and Blu-ray disk players.

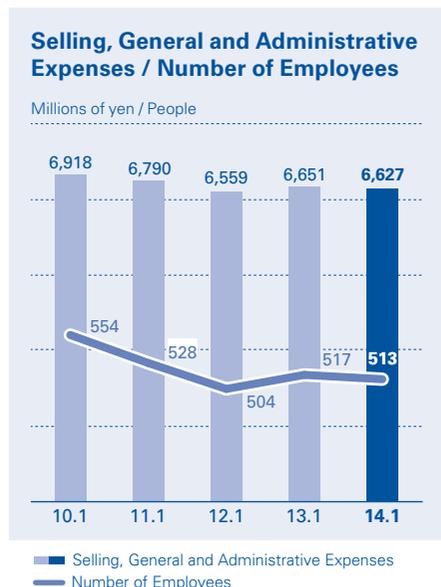
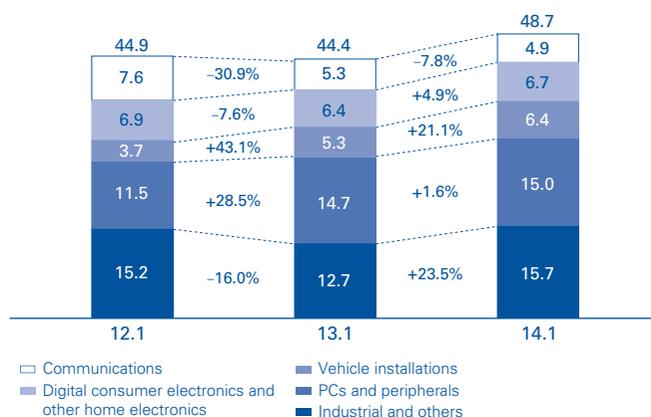
Sales of automobile-mounted products increased 21.1%, to ¥6.4 billion, due to higher sales of products for use in electrical components and automobile-mounted items.

Sales of products for PCs and peripherals grew 1.6%, to ¥15.0 billion, as the persistently sluggish sales of PCs for private use were counteracted by a demand rush in light of the upcoming end of support for Windows XP.

Net sales of industrial and other applications were up 23.5%, to ¥15.7 billion, because sales began recovering in the second quarter of the fiscal year and remained strong throughout the remainder of the year.

Sales by Applications

Billions of yen



Computer Systems and Peripherals

In the year under review, net sales of computer systems and peripherals increased ¥4.6 billion year on year, or 13.5%, to ¥38.6 billion. This increase can be attributed to a rise in large-scale system orders, particularly those for servers, and higher sales of business-use printers.

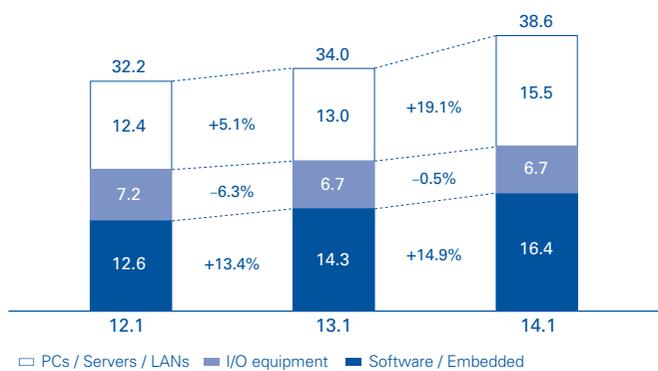
Net sales of PC, server, and LAN products grew 19.1% year on year, to ¥15.5 billion. This increase was due to the success of focus initiatives regarding large-scale orders, which resulted in sales exceeding both last year's performance and our targets.

Net sales of I/O equipment were relatively unchanged from the previous fiscal year, declining 0.5%, to ¥6.7 billion.

Net sales of software and embedded products were up 14.9%, to ¥16.4 billion, as a result of higher sales of software for PCs and embedded products.

Sales by Products

Billions of yen



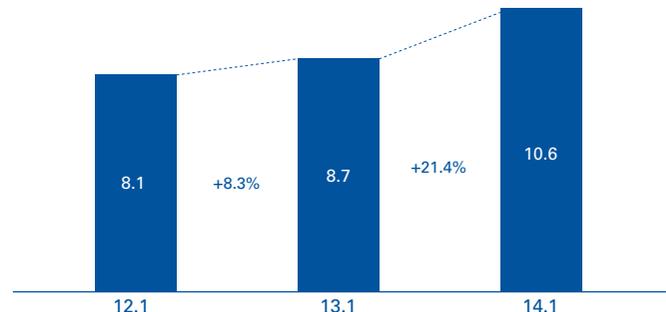
Electronic Devices

In the year under review, net sales of electronic devices increased ¥1.9 billion year on year, or 21.4%, to ¥10.6 billion. This increase can

be attributed to higher sales of LCDs for use in telecommunications and industrial applications.

Sales of Electronic Devices

Billions of yen



Sales by Region

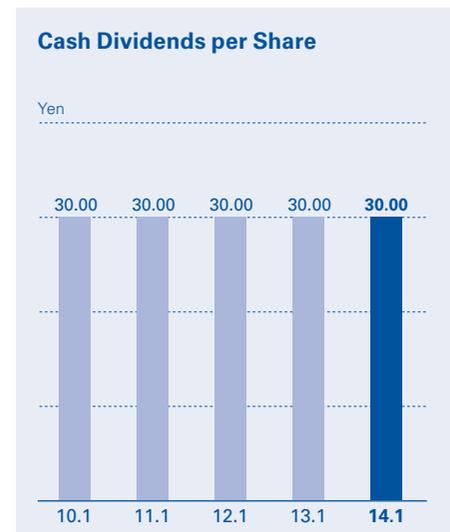
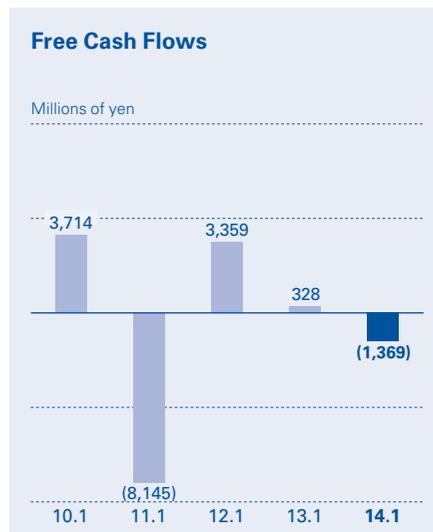
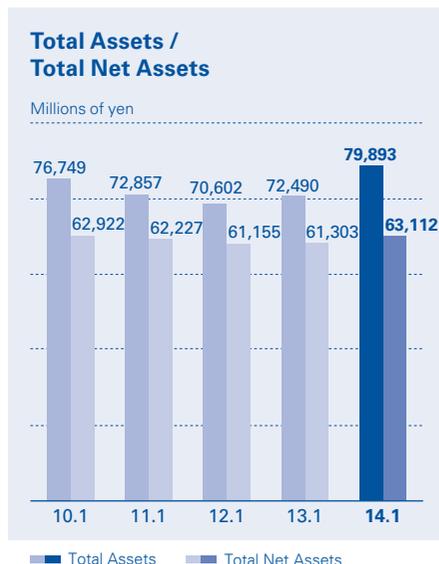
Japan

In the year under review, sales to external customers in Japan increased ¥8.2 billion year on year, or 11.2%, to ¥81.0 billion, due to higher sales for industrial-use power semiconductors as well as servers and other IT products. Operating income was up ¥0.6 billion, or 80.0%, to ¥1.4 billion.

Asia

Sales of LCDs for telecommunications applications grew, and sales to external customers in Asia increased ¥2.5 billion year on year, or 17.5%, to ¥16.9 billion, accordingly. Operations in Asia recorded operating income of ¥0.2 billion, compared with operating loss of ¥38.0 million recorded in the previous fiscal year.

The figure for operating income recorded on the Consolidated Statements of Income includes operating income from each segment as well as from intersegment transactions.



● OUTLOOK FOR THE FISCAL YEAR ENDING JANUARY 31, 2015

The electronics industry, which the Ryoyo Group operates in, is currently subject to the risk of a potential deterioration in domestic economic conditions stemming from the impacts of the consumption tax hike and economic slowdown in emerging countries. Nevertheless, the domestic electronics industry is expected to continue experiencing a gradual recovery trend driven by the benefits of the government's economic stimulus measures and the persisting depreciated value of the yen.

In the fiscal year ending January 31, 2015, the Ryoyo Group's semiconductor operations will suffer the effects of a temporary decline in demand for products for consumer electronics and PC applications as a rebound from the demand rush proceeding the consumption tax hike. Nevertheless, semiconductor sales are forecast to remain strong throughout the year. As for computer systems and peripherals, IT investment by companies is expected to remain at a stable level as conditions in the operating environment continue to recover. In addition, we anticipate that strengthening the Company's sales systems will result in additional sales contributions being captured by new businesses. Accordingly, computer system and peripheral operations are forecast to see further growth in the fiscal year ending January 31, 2015.

In light of this outlook, the Company's current performance forecasts for the fiscal year ending January 31, 2015, are as follows: net sales of ¥105.0 billion, up 7.3% year on year; operating income of ¥2.2 billion, up 33.2% year; and net income of ¥1.5 billion, up 11.7%.

● FINANCIAL POSITION

Total assets at the end of the fiscal year were ¥79.9 billion, ¥7.4 billion higher than at the previous fiscal year-end. This was primarily due to an increase in notes and accounts receivable-trade.

Total liabilities rose ¥5.6 billion, to ¥16.8 billion, mainly due to an increase in notes and accounts payable-trade.

Total net assets increased ¥1.8 billion, to ¥63.1 billion. This was largely due to a rise in foreign currency translation adjustment.

● CASH FLOWS

Cash and cash equivalents totaled ¥11.0 billion at the fiscal year-end, a ¥2.2 billion year-on-year decrease. Major factors included an increase in working capital and the purchase of investment securities.

Net cash used in operating activities was ¥3.1 billion, compared with net cash provided by operating activities of ¥0.8 billion in the previous fiscal year. Income before income taxes of ¥2.1 billion was recorded, but this was outweighed by the rise in working capital resulting from recording increase in notes and accounts receivable-trade of ¥6.0 billion, which was due to higher net sales, and increase in inventories of ¥1.6 billion.

Net cash provided by investing activities was ¥1.7 billion, compared with net cash used in investing activities of ¥0.5 billion in the previous fiscal year. This was because proceeds from redemption of securities of ¥10.5 billion counteracted outflows for purchase of investment securities of ¥7.2 billion.

Net cash used in financing activities amounted to ¥1.4 billion, a ¥0.6 billion year-on-year decrease. Major outflows included cash dividends paid of ¥0.8 billion and purchase of treasury stock of ¥0.6 billion.

● RETURNING PROFITS TO SHAREHOLDERS

Shareholder Returns Policy

The Company views returning profits to its shareholders as one of its most important management tasks. Accordingly, we issue cash dividend payments in consideration of the Company's financial position and the operating environment, while also retaining internal revenues sufficient enough to maintain a stable operating foundation and pursue future business expansion.

Our policy at the moment is to maintain the current level of cash dividend payments of ¥30 per share for the foreseeable future. However, we will reevaluate this policy based on future medium-term income levels.

Further, the Company has defined in its articles of incorporation that, in accordance with article 454 (5) of the Companies Act of Japan, interim dividends may be issued each year with a cutoff date of July 31 following approval by the Board of Directors. The Company therefore practices the policy of issuing cash dividend payments from returned earnings twice per fiscal year, in the form of an interim dividend (issued at the end of the second quarter) and a year-end dividend.

The year-end dividend is decided at the general shareholders' meeting, while the interim dividend is decided by the Board of Directors.

Dividend Payments in the Fiscal Year Ended January 31, 2014, and the Fiscal Year Ending January 31, 2015

In accordance with the policy described above, for the year under review the Company will pay ¥15 per share of common stock for the year-end cash dividend, making for an annual cash dividend of ¥30 per share of common stock when combined with the interim dividend.

Likewise, in the fiscal year ending January 31, 2015, the Company intends to pay ¥15 per share of common stock for both the interim and year-end cash dividends, for an annual cash dividend of ¥30 per share of common stock.

● RISKS PERTAINING TO THE COMPANY'S BUSINESS

Risks that may affect the business performance, stock price, and financial condition of the Company include, however are not limited to, the following.

More information pertaining to business risks can be found on the Company's website.

<http://www.ryoyo.co.jp/english/ir-library/business-risk.html>

- (1) Abrupt changes in economic conditions
- (2) Fall in the price of products
- (3) Contracts with suppliers
- (4) Fluctuation in foreign exchange rates
- (5) Customers moving operations overseas
- (6) Country-based risks
- (7) Product defects and delivery issues and problems related to services
- (8) Natural disasters and other Acts of God
- (9) Collection of accounts receivable
- (10) Retirement benefit obligations
- (11) Impairment losses on write-down of investment securities

Consolidated Balance Sheets

Ryoyo Electro Corporation
At January 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014.1	2013.1	2014.1
Assets			
Current assets			
Cash and deposits	¥11,215	¥13,226	\$109,040
Notes and accounts receivable—trade	30,185	23,295	293,457
Short-term investment securities	8,500	10,999	82,636
Merchandise and finished goods	13,313	11,348	129,434
Deferred tax assets	218	119	2,122
Other	934	583	9,087
Allowance for doubtful accounts	(17)	(20)	(168)
Total current assets	64,350	59,551	625,610
Noncurrent assets			
Property, plant and equipment			
Tools, furniture and fixtures, net	95	119	930
Land	5	5	55
Other, net	139	139	1,355
Total property, plant and equipment	240	265	2,341
Intangible assets	536	602	5,214
Investments and other assets			
Investment securities	12,558	10,884	122,088
Other	2,209	1,188	21,484
Allowance for doubtful accounts	(1)	(2)	(18)
Total investments and other assets	14,766	12,070	143,555
Total noncurrent assets	15,543	12,938	151,111
Total assets	¥79,893	¥72,490	\$776,722

Thousands of
U.S. dollars

Millions of yen

	2014.1	2013.1	2014.1
Liabilities			
Current liabilities			
Notes and accounts payable–trade	¥13,022	¥ 8,937	\$126,600
Income taxes payable	620	180	6,031
Accrued consumption taxes	36	21	352
Provision for bonuses	128	110	1,253
Other	727	904	7,068
Total current liabilities	14,534	10,153	141,306
Noncurrent liabilities			
Provision for retirement benefits	917	889	8,920
Deferred tax liabilities	477	46	4,645
Other	851	95	8,278
Total noncurrent liabilities	2,246	1,032	21,843
Total liabilities	16,781	11,186	163,150
Net assets			
Shareholders' equity			
Capital stock	13,672	13,672	132,918
Capital surplus	13,336	13,336	129,656
Retained earnings	38,555	37,987	374,831
Treasury stock	(3,945)	(3,295)	(38,353)
Total shareholders' equity	61,618	61,700	599,053
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,248	514	12,134
Deferred gains or losses on hedges	(0)	0	(5)
Foreign currency translation adjustment	166	(962)	1,615
Total accumulated other comprehensive income	1,413	(447)	13,744
Subscription rights to shares	79	50	774
Total net assets	63,112	61,303	613,572
Total liabilities and net assets	¥79,893	¥72,490	\$776,722

Consolidated Statements of Income and Consolidated Comprehensive Statements of Income

Ryoyo Electro Corporation
For the years ended January 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
Consolidated Statements of Income	2014.1	2013.1	2014.1
Net sales	¥97,887	¥87,183	\$951,655
Cost of sales	89,607	79,810	871,164
Gross profit	8,279	7,373	80,491
Selling, general and administrative expenses			
Provision of allowance for doubtful accounts	(3)	0	(35)
Salaries and bonuses	2,791	2,745	27,139
Provision for bonuses	128	110	1,253
Retirement benefit expenses	137	184	1,337
Rent expenses	356	409	3,468
Depreciation	180	172	1,755
Other	3,036	3,028	29,516
Total selling, general and administrative expenses	6,627	6,651	64,434
Operating income	1,651	722	16,056
Non-operating income			
Interest income	191	151	1,864
Dividends income	59	77	579
Purchase discounts	11	9	112
Gain on investments in partnership	137	3	1,334
Other	32	31	313
Total non-operating income	432	273	4,204
Non-operating expenses			
Sales discounts	3	2	36
Foreign exchange losses	–	72	–
Commission fee	0	–	7
Loss on abandonment of noncurrent assets	0	10	9
Other	1	1	12
Total non-operating expenses	6	86	65
Ordinary income	2,077	909	20,195
Extraordinary income			
Gain on sales of investment securities	20	–	198
Total extraordinary income	20	–	198
Income before income taxes and minority interests	2,097	909	20,394
Income taxes–current	830	475	8,077
Income taxes–deferred	(75)	10	(735)
Total income taxes	755	486	7,341
Income before minority interests	1,342	423	13,053
Net income	¥ 1,342	¥ 423	\$ 13,053
Consolidated Comprehensive Statements of Income			
Income before minority interests	¥ 1,342	¥ 423	\$ 13,053
Other comprehensive income			
Valuation difference on available-for-sale securities	733	206	7,130
Deferred gains or losses on hedges	(0)	1	(7)
Foreign currency translation adjustment	1,128	240	10,973
Total other comprehensive income	1,861	448	18,097
Comprehensive income	3,204	872	31,150
(Details)			
Comprehensive income attributable to owners of the parent	3,204	872	31,150
Comprehensive income attributable to minority interests	–	–	–

Consolidated Statements of Changes in Net Assets

Ryoyo Electro Corporation
For the years ended January 31, 2014 and 2013

Millions of yen

From February 1, 2013 to January 31, 2014	Shareholders' equity					Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for- sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment		
Balance at January 31, 2013	¥13,672	¥13,336	¥37,987	¥(3,295)	¥61,700	¥ 514	¥ 0	¥ (962)	¥50	¥61,303
Net increase (decrease) during the fiscal year										
Cash dividends			(774)		(774)					(774)
Net income for the fiscal year			1,342		1,342					1,342
Purchase of treasury stock				(649)	(649)					(649)
Disposal of treasury stock			(0)	0	0					0
Net increase (decrease) other than shareholders' equity					–	733	(0)	1,128	28	1,890
Total increase (decrease) during the fiscal year	–	–	567	(649)	(82)	733	(0)	1,128	28	1,808
Balance at January 31, 2014	¥13,672	¥13,336	¥38,555	¥(3,945)	¥61,618	¥1,248	¥(0)	¥ 166	¥79	¥63,112

Millions of yen

From February 1, 2012 to January 31, 2013	Shareholders' equity					Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for- sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment		
Balance at January 31, 2012	¥13,672	¥13,336	¥39,446	¥(4,402)	¥62,052	¥307	¥(0)	¥(1,203)	¥ –	¥61,155
Net increase (decrease) during the fiscal year										
Cash dividends			(774)		(774)					(774)
Net income for the fiscal year			423		423					423
Purchase of treasury stock				(0)	(0)					(0)
Retirement of treasury stock			(1,108)	1,108	–					–
Net increase (decrease) other than shareholders' equity					–	206	1	240	50	499
Total increase (decrease) during the fiscal year	–	–	(1,459)	1,107	(351)	206	1	240	50	147
Balance at January 31, 2013	¥13,672	¥13,336	¥37,987	¥(3,295)	¥61,700	¥514	¥ 0	¥ (962)	¥50	¥61,303

Thousands of U.S. dollars

From February 1, 2013 to January 31, 2014	Shareholders' equity					Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for- sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment		
Balance at January 31, 2013	\$132,918	\$129,656	\$369,311	\$(32,035)	\$599,851	\$5,003	\$ 1	\$ (9,358)	\$493	\$595,991
Net increase (decrease) during the fiscal year										
Cash dividends			(7,532)		(7,532)					(7,532)
Net income for the fiscal year			13,053		13,053					13,053
Purchase of treasury stock				(6,318)	(6,318)					(6,318)
Disposal of treasury stock			(0)	0	0					0
Net increase (decrease) other than shareholders' equity					–	7,130	(7)	10,973	280	18,378
Total increase (decrease) during the fiscal year	–	–	5,520	(6,318)	(797)	7,130	(7)	10,973	280	17,580
Balance at January 31, 2014	\$132,918	\$129,656	\$374,831	\$(38,353)	\$599,053	\$12,134	\$(5)	\$ 1,615	\$774	\$613,572

Consolidated Statements of Cash Flows

Ryoyo Electro Corporation
For the years ended January 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014.1	2013.1	2014.1
I. Cash flows from operating activities			
Income before income taxes	¥ 2,097	¥ 909	\$ 20,394
Depreciation and amortization	192	176	1,869
Loss on sales and retirement of noncurrent assets	0	7	9
Loss (gain) on investments in partnership	(137)	(3)	(1,334)
Foreign exchange losses (gains)	(29)	(44)	(290)
Increase (decrease) in provision	41	20	406
Interest and dividends income	(251)	(229)	(2,444)
Loss (gain) on valuation of investment securities	(20)	–	(198)
Decrease (increase) in notes and accounts receivable–trade	(6,013)	(1,201)	(58,461)
Decrease (increase) in inventories	(1,592)	99	(15,482)
Increase (decrease) in notes and accounts payable–trade	3,370	1,062	32,770
Increase (decrease) in accrued consumption taxes	13	(87)	134
Other, net	(603)	609	(5,870)
Subtotal	(2,931)	1,318	(28,496)
Interest and dividends income received	243	220	2,368
Income taxes refunded (paid)	(397)	(712)	(3,860)
Net cash provided by (used in) operating activities	(3,084)	826	(29,987)
II. Cash flows from investing activities			
Payments into time deposits	(2,692)	(7,000)	(26,179)
Proceeds from withdrawal of time deposits	4,500	7,000	43,748
Purchase of short-term investment securities	(3,500)	(2,000)	(34,026)
Proceeds from redemption of securities	10,500	9,000	102,080
Purchase of property, plant and equipment and intangible assets	(96)	(469)	(938)
Proceeds from sales of property, plant and equipment and intangible assets	0	3	0
Purchase of investment securities	(7,189)	(7,104)	(69,892)
Proceeds from sales of investment securities	185	–	1,805
Purchase of stocks of subsidiaries and affiliates	(10)	–	(97)
Proceeds from distribution of investment in partnerships	111	60	1,079
Other, net	(92)	12	(902)
Net cash provided by (used in) investing activities	1,715	(498)	16,677
III. Cash flows from financing activities			
Cash dividends paid	(772)	(774)	(7,513)
Purchase of treasury stock	(649)	(0)	(6,318)
Other, net	(2)	(2)	(27)
Net cash provided by (used in) financing activities	(1,425)	(777)	(13,859)
IV. Effect of exchange rate changes on cash and cash equivalents	591	338	5,753
V. Net increase (decrease) in cash and cash equivalents	(2,202)	(110)	(21,417)
VI. Cash and cash equivalents at the beginning of the period	13,226	13,336	128,582
VII. Cash and cash equivalents at the end of the period	¥11,023	¥13,226	\$107,165

Corporate Data / Investor Information

As of January 31, 2014

Corporate Name

Ryoyo Electro Corporation

Address

Konwa Building, 1-12-22 Tsukiji,
Chuo-ku, Tokyo 104-8408, Japan

Phone

+81-3-3543-7711

Fax

+81-3-3545-3507

Website

<http://www.ryoyo.co.jp/english>

Date of Incorporation

February 27, 1961

Paid-in Capital

¥13,672 million

Authorized Shares

119,628,800

Shares Issued

28,800,000

Shareholders

7,465

Stock Trading Unit

100 shares

Stock Listing

Tokyo Stock Exchange,
First Section

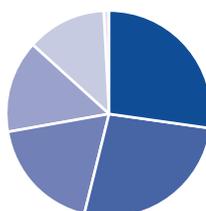
Ticker Code

8068

Transfer Agent

Mitsubishi UFJ Trust and
Banking Corporation

Composition of Shareholders



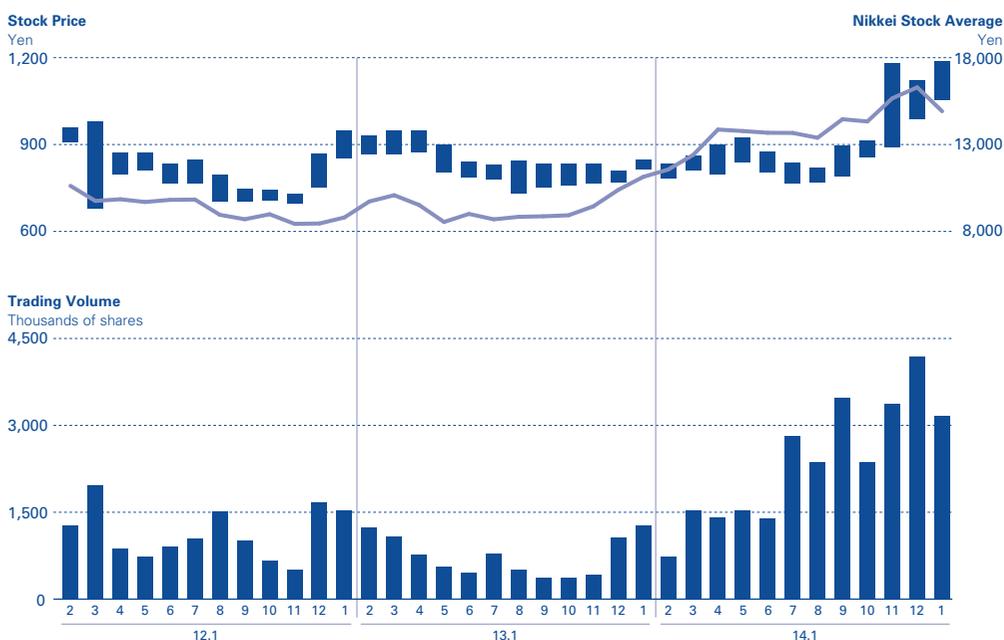
Individuals and other	27.3%
Foreign corporations and other foreign investors	26.7%
Other corporations	18.4%
Financial institutions	14.4%
Treasury stock	12.4%
Securities companies, etc.	0.8%

Major Shareholders

	Thousands of shares	%
Mitsubishi Electric Corporation	2,246	8.91
SHC Corporation	2,118	8.40
CGML-IPB CUSTOMER COLLATERAL ACCOUNT	1,853	7.35
Japan Trustee Services Bank, Ltd. (Trust account)	925	3.67
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	778	3.08
The Master Trust Bank of Japan (Retail trust account)	552	2.19
Sheep Shokai Co.	523	2.08
DEUTSCHE BANK AG LONDON-PB NON-TREATY CLIENTS 613	497	1.97
State Street Bank and Trust Company	411	1.63
The Master Trust Bank of Japan (Trust account)	411	1.63

Notes: 1. Ryoyo Electro Corporation possesses 3,573,940 shares of treasury stock, which represents a 12.41% holding in the Company.
2. Calculations for the ownership percentages above did not account for treasury stock.
3. Ryoyo Electro Corporation canceled 600,000 shares of the abovementioned treasury stock on March 5, 2014.

Stock Price Chart





EMS 576112 / ISO 14001
FS 578113 / ISO 9001
IS 511311 / ISO 27001

Ryoyo Electro has acquired the following certification at all offices in Japan (excluding the satellite office).

- ISO 14001 (Environmental management systems)
- ISO 9001 (Quality management systems)
- ISO 27001 (Information security management systems)



In consideration for the environment, this annual review uses paper that has been approved by the Forest Stewardship Council (FSC). Additionally, this annual review is printed using highly biodegradable vegetable oil ink.