

**Consolidated Earnings Report for Fiscal 2008, Ended March 31, 2009**

Company name: Ryosan Company, Limited  
 Securities code: 8140  
 Representative: Naoto Mimatsu, President

Stock listing: First Section, Tokyo Stock Exchange  
 (URL <http://www.ryosan.co.jp>)  
 Inquiries: Harumitsu Seki  
 Managing Director and General Manager  
 Financing and Accounting Headquarters  
 TEL: +81-3-3862-2591

Scheduled date of the Annual General Meeting of Shareholders: June 26, 2009

Scheduled payment date of for fiscal year-end dividend: June 11, 2009

Scheduled filing date of the Annual Securities Report: June 29, 2009

Millions of yen rounded down

**1 . Consolidated results for the fiscal year ended March 31, 2009**

(April 1, 2008 to March 31, 2009)

**(1) Consolidated operating results**

(% figures represent year-on-year increase or decrease)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2008	220,871	(22.8)	6,145	(42.8)	7,263	(35.6)	3,919	(41.8)
Fiscal 2007	286,098	(7.9)	10,737	6.7	11,277	8.9	6,738	5.8

	Net income per share	Net income per share after dilution	Return on equity	Ordinary income to net assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal 2008	111.83	—	3.3	4.5	2.8
Fiscal 2007	187.15	—	5.6	6.3	3.8

(Reference)

Equity in earnings (losses) of non-consolidated subsidiaries and affiliates: FY2008 — million yen  
 FY2007 — million yen

**(2) Consolidated financial position**

	Total assets	Net assets	Net assets to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2009	148,987	116,499	78.1	3,376.78
March 31, 2008	174,022	118,911	68.3	3,348.70

(Reference)

Shareholders equity: March 31, 2009 116,386 million yen  
 March 31, 2008 118,782 million yen

**(3) Consolidated cash flows**

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2008	15,033	(3,540)	(4,240)	50,003
Fiscal 2007	9,057	(665)	(5,899)	43,077

## 2. Dividends

(Millions of yen rounded down unless otherwise stated)

(Record date)	Dividends per share (Yen)					Dividends (Full fiscal year)	Payout ratio (consolidated) %	Dividends to net assets ratio (consolidated) %
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual			
Fiscal 2007	—	40.00	—	40.00	80.00	2,857	42.7	2.4
Fiscal 2008	—	40.00	—	40.00	80.00	2,775	71.5	2.4
Fiscal 2009 (Forecast)	—	20.00	—	40.00	60.00		94.0	

## 3. Forecast of results for the fiscal year ending March 31, 2010 (April 1, 2009 to March 31, 2010)

(% figures for the full fiscal year represent year-on-year increase or decrease,  
% figures for the interim period are the increase / (decrease) for the corresponding period of the previous fiscal 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
Interim period	80,000	(39.0)	1,100	(76.8)	1,300	(76.2)	800	(76.0)	23.21
Fiscal year ending March 31, 2010	170,000	(23.0)	3,400	(44.7)	3,800	(47.7)	2,200	(43.9)	63.83

## 4. Other

- (1) Changes in important subsidiaries during the period (Changes in special subsidiaries involving changes in the scope of consolidation: None)
- (2) Changes in accounting principles, procedures and presentation methods in connection with the preparation of consolidated financial statements  
(Recorded under “Changes in important items considered fundamental to the preparation of consolidated financial statements”).
  - i. Changes in accordance with revisions to accounting and other standards: Yes
  - ii. Changes in items other than (i) above: No  
Note: For details, please refer to “Changes in important items considered fundamental to the preparation of consolidated financial statements” on page 23.
- (3) Number of shares issued and outstanding (common shares)
  - i. Number of shares issued and outstanding as of the fiscal year-end (including treasury stock)
 

March 31, 2009:	34,500,000 shares
March 31, 2008:	36,500,000 shares
  - ii. Number of treasury stock as of the fiscal year-end
 

March 31, 2009:	33,358 shares
March 31, 2008:	1,028,717 shares

Note: For details regarding the number of shares used to calculate net income per share on a consolidated basis, please refer to “Per share information” on page 38.

(Reference) Overview of non-consolidated operating results

## 1. Non-consolidated results for the fiscal year ended March 31, 2009

(April 1, 2008 to March 31, 2009)

### (1) Non-consolidated operating results

(% figures represent year-on-year increase or decrease)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2008	165,580	(22.1)	4,074	(46.2)	6,085	(35.6)	2,974	(45.9)
Fiscal 2007	212,419	(8.5)	7,574	7.4	9,455	7.3	5,499	3.3

	Net income per share	Net income per share after dilution
	Yen	Yen
Fiscal 2008	84.87	—
Fiscal 2007	152.75	—

### (2) Non-consolidated financial position

	Total assets	Net assets	Net assets to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2009	133,428	106,948	80.3	3,102.97
March 31, 2008	152,780	109,552	71.7	3,088.49

(Reference)

Shareholders equity:                      March 31, 2009     106,948    million yen  
                                                             March 31, 2008     109,552    million yen

## 2. Forecast of non-consolidated results for the fiscal year ending March 31, 2010

(April 1, 2009 to March 31, 2010)

(% figures for the full fiscal year represent year-on-year increase or decrease,

% figures for the interim period are the increase / (decrease) for the corresponding period of the previous fiscal 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
Interim period	63,500	(34.2)	650	(79.9)	1,750	(61.7)	1,250	(52.6)	36.27
Fiscal year ending March 31, 2010	133,000	(19.7)	2,250	(44.8)	3,700	(39.2)	2,300	(22.7)	66.73

Caution with respect to forward-looking statements:

The above estimates were made based on the information available as of the date of this release. Actual results could significantly differ from the above estimates due to a variety of factors. In addition, net income per share has been calculated taking into consideration the acquisition of treasury stock. Moreover, please refer to "1. Results of Operations" on pages 4 through 8 of this document for the assumptions and conditions that form the basis of forward-looking statements.

## 1. Results of Operations

### (1) Analysis of Operating Results

#### Results of Operations for Fiscal 2008 (the Fiscal Year Ended March 31, 2009)

##### 1. Overview

Looking at macroeconomic conditions throughout fiscal 2008, the fiscal year ended March 31, 2009, the global economy entered a recessionary phase. This was attributable to a variety of factors including the sub-prime loan shock, which prompted what many pundits have termed a “once in a century financial crisis,” and a subsequent slump in the real economy. On the domestic front, corporate sector business results have been further impacted by the sharp and dramatic appreciation in the value of the yen particularly from the middle through to the end of the year.

In the electronics industry, the Ryosan Group’s principal field of activity, most manufacturers undertook unprecedented adjustments in production as well as cutbacks in capital investment due to the rapid drop in overall demand.

Under this prevailing harsh business environment, the Ryosan Group reported a decline in overall revenues owing mainly to the rapid drop in semiconductor and electronic component demand. In the fiscal year under review, net sales contracted 22.8% compared with the previous fiscal year to ¥220,871 million. From a profit perspective, operating income and ordinary income declined 42.8% and 35.6%, respectively, to ¥6,145 million and ¥7,263 million. Net income for the period decreased 41.8% year on year to ¥3,919 million.

##### 2. Business Segment Information

###### a. Semiconductors

The Ryosan Group is engaged in the sale of memories, system LSIs and discrete semiconductors. The Group is also active in the development and marketing of system LSIs. In the fiscal year ended March 31, 2009, segment sales dropped 21.5% compared with the previous fiscal year to ¥116,909 million impacted by declines in sales of system LSIs for digital AV devices and for car audio equipment. Operating income also fell 32.7% year on year to ¥4,887 million.

###### b. Electronic Components

In the Electronic Components segment, the Ryosan Group is engaged in the sale of display devices, power supplies and mechanical components. In the fiscal year under review, sales of liquid crystal displays (LCDs) for personal navigation devices (PNDs) and for digital still cameras (DSCs) as well as other products decreased. As a result, sales in this segment contracted 26.4% compared with the previous fiscal year to ¥75,918 million. From a profit perspective, operating income declined 35.9% year on year to ¥2,823 million.

###### c. Electronic Equipment

The Ryosan Group sells systems equipment and facilities equipment in the Electronic Equipment segment. The 12-month period ended March 31, 2009 saw lower sales of systems equipment for arcade games, manufacturing equipment for magnetic heads and other products. Accounting for these factors, segment sales declined 16.9% compared with the previous fiscal year to ¥21,327 million. Operating income decreased 56.1% year on year to ¥443 million.

###### d. Ryosan Products

The Ryosan Group manufactures and markets heat sinks (devices that dissipate the heat generated by semiconductors). In fiscal 2008, sales of heat sinks used in factory automation and other products decreased. As a result, sales in this segment fell 19.9% compared with the previous fiscal year to ¥6,716 million while operating income declined 30.3% year on year to ¥514 million.

##### 3. Geographical Segment Information

###### a. Japan

In the 12-month period ended March 31, 2009, sales in Japan of LCDs for PNDs, system LSIs for camera modules and other products decreased. Accounting for these factors, domestic sales dropped 22.1% compared with the previous fiscal year to ¥165,580 million. Operating income contracted 46.0% year on year to ¥4,093 million.

###### b. Asia

In the fiscal year under review, sales in Asia declined 26.0% compared with the previous fiscal year to ¥66,339 million owing to the drop in sales of system LSIs for digital AV devices and for car audio equipment, and other

products. Operating income decreased 36.1% year on year to ¥1,600 million.

The aforementioned amounts do not include consumption and other taxes.

### **(Outlook for the Next Fiscal Period)**

#### **(1) Projected Operating Results**

Looking ahead, economic conditions are anticipated to remain extremely harsh due to the downturn in the global economy.

Against the backdrop of this forecast operating environment and the growing trend toward business scale contraction, the Ryosan Group will endeavor to establish a structure and system that is capable of generating stable profits. To this end, and in the final year of its 7th medium-term management plan, Ryosan will promote and pursue three key initiatives: “the reduction of business costs,” “the review and renewal of its business model” and “the reconstruction of a growth trajectory.” Despite these endeavors, however, the Ryosan Group is not anticipating an immediate recovery in the demand for semiconductors and electronics components. As a result, the Group is forecasting a drop in both revenues and earnings.

On this basis, operating forecasts for the fiscal year ending March 31, 2010 are as follows:

	Millions of yen	YoY change (%)
Net sales	170,000	(23.0)
Operating income	3,400	(44.7)
Ordinary income	3,800	(47.7)
Net income	2,200	(43.9)

#### **2. Projected Operating Results by Business Segment**

##### a. Semiconductors

In the Semiconductor segment, Ryosan is projecting lower sales of system LSIs for digital AV devices and car audio equipment as well as other products. As a result, sales in this segment are forecast to decrease 30.9% compared with the fiscal year under review to ¥80,800 million, while operating income is expected to contract 42.7% year on year to ¥2,800 million.

##### b. Electronic Components

Sales of LCDs for DSCs, mechanical components for game consoles and related products are anticipated to decline in the Electronic Components segment. On this basis, segment sales are forecast to fall 23.1% compared with the fiscal year ended March 31, 2009 to ¥58,400 million. In line with the drop in sales, operating income is expected to contract 22.1% year on year to ¥2,200 million.

##### c. Electronic Equipment

In the Electronic Equipment segment, sales of office automation systems equipment and other products are expected to rise. Accounting for these factors, segment sales are forecast to increase 20.5% compared with the fiscal year under review to ¥25,700 million. Operating income is anticipated to climb 35.4% year on year to ¥600 million.

##### d. Ryosan Products

Lower sales of heat sinks for use in flat-screen televisions and other products are projected in the Ryosan Products segment. As a result, segment sales are forecast to decrease 24.1% compared with the fiscal year ended March 31, 2009 to ¥5,100 million. Operating income is also anticipated to drop 2.7% year on year to ¥500 million.

Note: The aforementioned forecasts are subject to certain risks and uncertainties. Accordingly, actual results may differ materially from forecasts for a variety of factors. Principal among these factors are the following:

- Economic trends in the Ryosan Group’s major markets (Japan, Asia and other markets); rapid changes in consumer trends and sudden shifts in supply and demand dynamics
- Significant fluctuations in the dollar/yen exchange rate
- Major shifts in capital markets.

## **(2) Analysis of Financial Condition** **(Analysis of Assets, Liabilities, Net Assets and Cash Flows)**

### **1. Status of Assets, Liabilities and Net Assets as of March 31, 2009**

#### a. Assets

Total assets as of March 31, 2009 stood at ¥148,987 million, a decrease of ¥25,034 million compared with the end of the previous fiscal year. Major components comprised trade notes and accounts receivable as well as marketable and investment securities, which declined ¥31,094 million, ¥17,992 million and ¥1,152 million, respectively. Other components included cash and deposits, which increased ¥24,916 million and long-term deposits, which climbed ¥3,000 million.

#### b. Liabilities

Total liabilities declined ¥22,622 million compared with March 31, 2008 to ¥32,488 million. This is mainly attributable to the drop in trade notes and accounts payable, which decreased ¥21,630 million compared with the end of the previous fiscal year.

#### c. Net assets

Net assets including minority interests as of the end of fiscal 2008 stood at ¥116,499 million, a decline of ¥2,412 million compared with the end of the previous fiscal year. Principal movements included retained earnings and valuation and conversions, which decreased ¥4,013 million and ¥1,232 million, respectively, and treasury stock, which increased ¥2,858 million year on year. Furthermore, in March 2009, Ryosan retired 2,000,000 shares of treasury stock totaling ¥5,125 million. Taking all of the aforementioned factors into account, the ratio of net assets to total assets climbed from 68.3% at the end of the previous fiscal year to 78.1% as of March 31, 2009.

### **2. Status of Cash Flows**

Cash and cash equivalents as of March 31, 2009 stood at ¥50,003 million an increase of ¥6,925 million compared with the end of the previous fiscal year.

#### i. Cash flows from operating activities

Net cash provided by operating activities amounted to ¥15,033 million. In addition to income before income taxes totaling ¥6,647 million, major cash inflows included decrease in accounts receivable of ¥30,226 million. Major cash outflows, on the other hand, comprised the decrease in accounts payable amounting to ¥21,040 million and income taxes paid totaling ¥4,280 million.

#### ii. Cash flows from investing activities

Net cash used in investing activities for the fiscal year under review was ¥3,540 million. The principal cash outflow during the fiscal year under review was payments for time deposits amounting to ¥3,000 million.

#### iii. Cash flows from financing activities

Net cash used in financing activities totaled ¥4,240 million. For the fiscal year ended March 31, 2009, major cash outflows were cash dividends paid of ¥2,815 million and repurchase of treasury stock totaling ¥2,271 million.

### **3. Forecasts for Assets, Liabilities, Net Assets and Cash Flows for Fiscal 2009**

In fiscal 2009, net cash provided by operating activities is forecast to decline on a year-on-year basis. While accounts receivable are anticipated to fall in line with forecast lower sales, this is mainly attributable to the projected drop in income before income taxes.

Turning to cash flows from investing activities for the fiscal year ending March 31, 2010, the Company is budgeting capital expenditures of around ¥1,000 million.

From a finance activity cash flow perspective, Ryosan does not plan to acquire treasury stock in fiscal 2009.

Accounting for these factors, cash and cash equivalents as of March 31, 2010 are expected to remain essentially unchanged from the end of the fiscal year under review.

(Trends in cash flow-related indicators)

Trends in key cash flow-related indicators for the Ryosan Group are provided as follows:

	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008
Net assets to total assets (%)	63.1	64.1	65.6	68.3	78.1
Net assets to total assets (%) (Market capitalization basis)	57.9	62.9	60.3	48.0	47.4
Cash flow to Interest-bearing Liabilities (Years)		0.5	0.6	0.5	0.3
Interest coverage ratio (Times)		49.8	24.0	37.4	107.3

Net assets to total assets: Net assets / Total assets

Net assets to total assets (Market capitalization basis): Market capitalization / Total assets

Cash flow to Interest-bearing liabilities: Interest-bearing liabilities / Cash flow

Interest coverage ratio: Cash flow / Interest expense

- All indicators have been calculated from consolidated financial figures.
- Market capitalization was calculated based on the number of shares issued and outstanding less treasury stock.
- Cash flow refers to cash flows from operating activities as shown on the consolidated statements of cash flows. Interest-bearing liabilities comprise all debt on which interest was paid in the liabilities section of the consolidated balance sheets. Interest expense represents interest paid as shown on the consolidated statements of cash flows.
- The interest coverage ratio is presented with a minus sign when operating cash flows are negative.

### **(3) Basic Policy Regarding the Allocation of Profits / Dividends for Fiscal 2008 and Fiscal 2009**

#### **Basic Policy Regarding the Allocation of Profits**

Ryosan recognizes that the return of profits to shareholders is an important business priority. At the same time, the Company works to increase consolidated basic net income per share. Accordingly, Ryosan's fundamental policy is to achieve incremental yet steady and sustained increases in profits returned to shareholders. The details of the Company's profit allocation policy are set out in each successive mid-term management plan. The 7th Medium-Term Management Plan, from fiscal 2007 through to fiscal 2009, calls for continued efforts to "Advance Financial Strategies for Improved Corporate Value." In this context, Ryosan is targeting a consolidated dividend payout ratio of 40% or more as a part of its proactive efforts to allocate profits to shareholders.

Over the three-year period of the 7th Medium-Term Management Plan, Ryosan identified plans to acquire up to a maximum 3,000,000 of its own shares. Of the 2,000,000 shares acquired to date held as treasury stock, the Company retired the full amount during the fiscal year ended March 31, 2009. Taking into consideration recent trends and conditions, Ryosan plans to suspend any attempt to purchase the remaining 1,000,000 shares.

#### **Dividends for Fiscal 2008 and Fiscal 2009**

For the fiscal year ended March 31, 2009, Ryosan has declared a fiscal year-end ordinary dividend of ¥40 per share. Together with the interim ordinary dividend of ¥40 per share, the Company will pay an ordinary dividend payment for the full fiscal year of ¥80 per share.

It is with deep regret that Ryosan is forecasting a drop in its full fiscal year ordinary dividend payment to ¥60 per share for the fiscal year ending March 31, 2010. This is mainly attributable to the forecast significant downturn in its consolidated business results. As of the date of this report, Ryosan is anticipating the payment of an interim ordinary dividend for fiscal 2009 of ¥20 per share, with a fiscal year-end ordinary dividend payment of ¥40 per share based on forecasts of its business results for the six-month period ending September 30, 2009 and the full fiscal year ended March 31, 2010.

#### **(4) Business Risk**

The Ryosan Group, its performance, share price, and financial position, are subject to a variety of potential risks, some of which are detailed briefly as follows.

Forward-looking statements contained in this section represent judgments of Ryosan Group's management based on information available as of the end of fiscal 2008 (March 31, 2009).

##### **a. Sudden Changes in the Economic Environment**

The Ryosan Group's consolidated revenues are derived from the level of demand generated by customers of device manufacturers. Against this backdrop, the Group's performance is necessarily impacted by changes in economic conditions in those countries and regions in which Ryosan's principal clients operate. As a result, Ryosan's performance and its financial position can be expected to deteriorate in the event of economic downturn and a resulting slowdown in demand in its principal markets, such as Japan, Asia and other regions.

##### **b. Exchange Rate Fluctuation**

The Ryosan Group engages in the manufacture and sale of products across a number of regions including Japan, Asia and other countries. In preparing consolidated financial statements, sales, expenses, assets and liabilities, denominated in foreign currencies are translated into yen as of the Company's balance sheet date. In principle, appreciation of the yen against major currencies impacts negatively on Ryosan's performance, while a weak yen impacts favorably. As a result, Ryosan's consolidated operating results and financial position are subject to fluctuations in foreign exchange rates.

##### **c. Overseas Business Risk**

The Ryosan Group does not operate in Japan alone. It also operates overseas, mainly in Asia. As a result it is exposed to the following risks. The materialization of any of the following risks could adversely affect the Ryosan Group's operating results and its financial position.

- (i) Unforeseen changes in statutory and regulatory requirements and adverse changes in tax requirements
- (ii) Inadequate and insufficient local infrastructure in the countries in which the Ryosan Group operates
- (iii) Development of adverse political factors
- (iv) Social unrest arising out of war, acts of terrorism and other developments

##### **d. Capital Market Volatility**

As a part of its business activities the Ryosan Group holds shares in certain financial institutions, customers and suppliers, and is therefore susceptible to stock price fluctuations. Ryosan does not, however, adopt specific methods as a hedge against movements in stock prices. Accordingly, Ryosan's performance and financial position are subject to substantial changes in stock markets.

##### **e. Liability for Retirement Benefits**

Ryosan accounts for retirement benefit expenses and the liability for retirement benefits using certain assumptions and an expected rate of return applicable to the Group's pension plan assets for actuarial projections. In the event that the actual obligation differs from the projected obligation or there is a change in the assumptions leading to the calculation of the projected obligation, the difference in retirement benefit expenses and the liability for retirement benefits are accrued and amortized over a generally accepted period. As a result, any significant decline in the discount rate and expected rate of return applicable to the Group's pension plan assets can impact its performance and financial position.



## 2. The Ryosan Group

The Ryosan Group comprises Ryosan Company, Limited (“Ryosan” or “the Company”), eight consolidated subsidiaries and 11 non-consolidated subsidiaries.

Ryosan operates as a trading house that specializes in semiconductors, electronic components and electronic equipment, which it sells to manufacturers of electronic equipment and other customers both domestically and overseas. Ryosan also develops, manufactures and sells its own-brand products.

The following table provides an overview of industry segments and the activities of Ryosan and its consolidated subsidiaries.

Segment	Main Products	Sales Companies	Development and Manufacturing Companies
Semiconductors	Memories System LSIs Discrete semiconductors	Ryosan Company, Limited  HONG KONG RYOSAN LIMITED	
Electronic Components	Display devices Power supplies Mechanical components	SINGAPORE RYOSAN PRIVATE LIMITED	
Electronic Equipment	Systems equipment Facilities equipment	RYOTAI CORPORATION	
Ryosan Products	Heat sinks (for semiconductor circuit elements)	RYOSAN IPC (MALAYSIA) SDN. BHD.  KOREA RYOSAN CORPORATION  ZHONG LING INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	Ryosan Company, Limited  RYOSAN ENGINEERING (M) SDN.BHD.  RYOSAN ENGINEERING (THAILAND) CO., LTD.

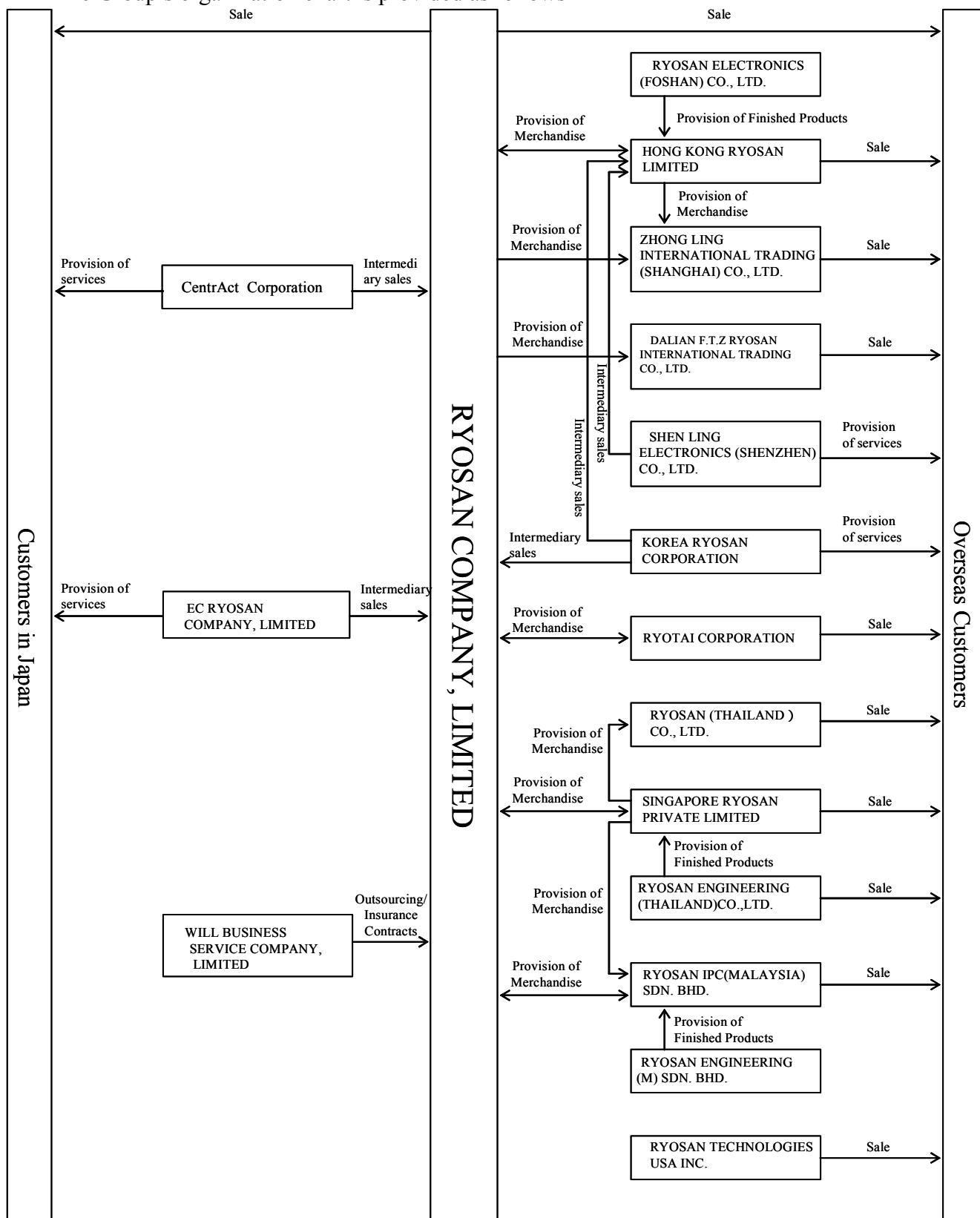
Information about Ryosan’s principal non-consolidated subsidiaries is as follows:

(Non-consolidated subsidiaries)

Company Name	Business Activities
Will Business Service Company, Limited	Insurance agent and building maintenance
CentrAct Corporation	Commission sales of semiconductors
EC Ryosan Company, Limited	Commission sales of electronic components
RYOSAN TECHNOLOGIES USA INC.	Sales of semiconductors and electronic components
RYOSAN (THAILAND) CO., LTD.	Sales of semiconductors and electronic components
DALIAN F.T.Z. RYOSAN INTERNATIONAL TRADING CO., LTD.	Sales of semiconductors and electronic components
SHEN LING ELECTRONICS (SHENZHEN) CO., LTD.	Commission sales of semiconductors and electronic components
RYOSAN ELECTRONICS (FOSHAN) CO., LTD.	Manufacture and sales of heat sinks

Note: Effective March 31, 2009, Will Business Service Company, Limited transferred its insurance agency operations to Ginsen Co., Ltd. Control of the company’s building maintenance operations was also transferred to Ryosan on the same date.

The Group's organization chart is provided as follows



Note: Companies identified with a asterisk are non-consolidated subsidiaries not accounted for by the equity method. All other companies are consolidated subsidiaries.

### 3. Management Policies

#### (1) Fundamental Management Policies

Since our establishment, we have always been highly conscious of the fact that the corporation is a public institution. In addition, we now no longer see ourselves simply as a trading company, but as an electronic systems coordinator, providing a vital link between our customers' needs and electronics technology. We aim to achieve consistent long-term growth by stressing this social consciousness and our new role as a systems coordinator.

Three functions are vital to fulfilling our ambition of becoming an electronics system coordinator—the Information Function (supplying data), the Solutions Function (supplying technology), and the Distribution Function (supplying logistics). By constantly enhancing these three functions, Ryosan will raise customer satisfaction and increase its existence value.

#### (2) Targeted Management Indicators

The Ryosan Group has adopted net income per share and consolidated dividend payout ratio as key management indicators. Guided by these benchmarks, the Company aims to secure financial soundness while at the same time pursuing further improvements in its corporate value.

In line with our 7th Medium-Term Management Plan, which covers the period from fiscal 2007 through to fiscal 2009, we aim to secure net income per share exceeding ¥200 in the final year of the plan and a consolidated dividend payout ratio of more than 40% each fiscal year. Notwithstanding the aforementioned, we do not envisage any immediate recovery in the Group's consolidated performance, which has been negatively impacted by the sudden and unforeseen deterioration in overall economic conditions.

#### (3) Medium- and Long-Term Management Strategies

Looking ahead, the Ryosan Group is expected to confront an operating environment characterized by intense globalization and rapid change. Against this backdrop, demands for the corporate sector to more adequately fulfill their corporate social responsibility (CSR) are also anticipated to rise.

Under these circumstances, the Ryosan Group has formulated its 7th Medium-Term Management Plan, which covers the period from fiscal 2007 through to fiscal 2009. In line with its ongoing "Basic Stance," Ryosan continues to focus on "Pursuing Management Essence, Advancing Management Innovation, and Yielding Management Results." These three activities are the key to conducting "Open and Transparent Corporate Management" and "Business Activities with Abundant Creativity."

To realize its Basic Stance, Ryosan is taking significant strides in the implementation of its "Three Basic Strategies": the Growth Strategy, Segment Strategy, and the Strategy to Establish a Strong Business Infrastructure. The following is an outline of these "Three Basic Strategies."

##### 1. Growth Strategy as a systems coordinator:

We will establish four growth strategies:

- A comprehensive product lineup to broaden the Group's operating spheres
- Efforts to ensure complete sales of all inventories and maximum utilization of technological capabilities
- Overseas semiconductor product business expansion
- China bloc conception including Hong Kong, China, Taiwan and Korea business expansion

##### 2. Segment Strategy as a system coordinator:

We will qualitatively strengthen individual strategies for four product segments:

- Semiconductor Business Strategy: Strategic mainstay business
- Electronic Components Business Strategy: Stable cornerstone business
- Electronic Equipment Business Strategy: Synergy-driving business
- Products Business Strategy: Signature trading business

### 3. Strategy to Establish a Strong Business Infrastructure that supports growth and reinforces operations:

We will implement four management reforms:

- Establish highly social corporate governance
- Qualitatively strengthen management structure
- Further reform of the personnel system
- Strengthen RS (Ryosan) Culture

#### **(4) Issues to be Addressed**

Within the domestic and overseas electronics industries, the Ryosan Group's primary fields of business, major electric equipment manufacturers are increasingly implementing a variety of countermeasures in response to the sudden and dramatic downturn in their operating results. These countermeasures include a succession of capital and business tie-ups, moves to withdraw from unprofitable businesses and the decision undertake business reorganization. In addition, semiconductor manufacturers are pursuing the realignment of their activities, promoting alliances and engaging in the review of sales route strategies and procedures. In this context, NEC Electronics Corporation, one of the Ryosan Group's principal business partners, is working toward business integration with Renesas Technology Corp. Through these and other means, companies within the industry are working to ensure their operating survival. Reflecting the aforementioned fluctuations in industry conditions, reorganization among electronics trading houses has also gathered pace. Against this backdrop, the Ryosan Group has positioned efforts to accurately grasp industry trends as well as rapid changes in its operating environment, and steps to formulate appropriate countermeasures as its most important and immediate management issues.

At the same time, as the Ryosan Group enters a period of unprecedented economic decline, it recognizes the abrupt downturn in its net sales performance is a matter of the utmost concern. In acknowledging the gravity of this slump in operating results, which have fallen well below the Group's initial expectations, Ryosan is particularly cognizant of its inability to realize overseas semiconductor resource business expansion as well as business growth throughout the China bloc, two strategic initiatives that were anticipated to boost future performance.

Looking at the Group's future prospects, Ryosan unfortunately predicts weak results to continue for the next two to three years. Even as it breaks through this unparalleled economic downturn, and enters a period of sustained recovery, the Company does not anticipate surpassing net sales of ¥300 billion will be an easy task, particularly if it is to continue relying on its existing business model. In no uncertain terms, the Ryosan Group therefore realizes that it is confronting a significant turning point as a going concern. Under this realization, and in an effort to secure future business growth, Ryosan is promoting the medium-term strategy to build a new and robust business model. From a short-term perspective, the Company is working to establish a management structure and framework commensurate with the cutback in business scale. To this end, Ryosan is undertaking a comprehensive review of its business and organizational systems while working diligently to curtail business costs.

In any case, the Ryosan Group is committed to firmly raising its presence and value within the electronics market and to ensure that the Group generates performance improvements that accurately reflect this value. In this manner, Ryosan places the utmost importance on addressing the expectations and needs of all stakeholders including shareholders.

#### 4 - (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	25,087	50,003
Trade notes and accounts receivable	87,219	56,124
Marketable securities	17,992	—
Inventories	17,139	—
Merchandise and finished products	—	14,688
Work in process	—	59
Raw materials and stored goods	—	191
Accrued income	2,287	1,737
Income tax refund receivable	—	239
Deferred tax assets	525	380
Other current assets	407	630
Allowance for doubtful accounts	(225)	(104)
Total current assets	150,432	123,950
<b>Fixed assets:</b>		
Property, plant and equipment:		
Buildings and structures	10,858	10,795
Accumulated depreciation	(5,455)	(5,664)
Buildings and structures (net)	5,402	5,131
Land	8,210	8,184
Lease assets	—	660
Accumulated depreciation	—	(196)
Lease assets (net)	—	463
Other fixed assets	3,976	3,833
Accumulated depreciation	(2,980)	(3,058)
Other fixed assets (net)	996	774
Total property, plant and equipment	14,610	14,554
Intangible fixed assets	687	628
Investments and other assets:		
Investment securities	4,042	2,890
Long-term deposits	—	3,500
Deferred tax assets	2,265	2,153
Other investments and other assets	3,209	2,529
Allowance for doubtful accounts	(1,140)	(1,101)
Allowance for loss on investments	(85)	(118)
Total investments and other assets	8,292	9,853
Total fixed assets	23,590	25,036
<b>Total assets</b>	<b>174,022</b>	<b>148,987</b>

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Trade notes and accounts payable	43,519	21,888
Short-term bank loans	4,090	4,773
Lease obligations	—	157
Accrued expenses	1,177	1,024
Accrued income taxes	2,120	109
Other current liabilities	1,739	1,738
Total current liabilities	52,646	29,691
<b>Long-term liabilities:</b>		
Lease obligations	—	394
Employees' retirement benefits	2,149	2,086
Other long-term liabilities	314	315
Total long-term liabilities	2,463	2,796
Total liabilities	55,110	32,488
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	17,690	17,690
Additional paid-in capital	19,122	19,114
Retained earnings	85,457	81,443
Treasury stock	(2,940)	(82)
Total shareholders' equity	119,329	118,165
<b>Valuation and conversions:</b>		
Net unrealized gain on other marketable securities	520	14
Gain (loss) on deferred hedges	(6)	3
Foreign currency translation adjustments	(1,061)	(1,797)
Total valuation and conversions	(547)	(1,779)
<b>Minority interests</b>	129	113
Total net assets	118,911	116,499
<b>Total liabilities and net assets</b>	174,022	148,987

#### 4 - (2) Consolidated Statements of Income

(Millions of yen)

	Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
<b>Net sales</b>	286,098	220,871
<b>Cost of sales</b>	260,906	201,251
<b>Gross profit</b>	25,191	19,620
<b>Selling, general and administrative expenses</b>		
Packaging and freight expenses	754	633
Directors' remuneration	579	449
Employees' salaries	3,721	3,657
Bonuses	1,398	1,241
Retirement benefit expenses	450	467
Employee benefits	794	760
Depreciation and amortization	683	815
Other selling, general and administrative expenses	6,072	5,449
Total selling, general and administrative expenses	14,454	13,474
<b>Operating income</b>	10,737	6,145
<b>Non-operating income</b>		
Interest income	226	164
Dividend income	72	340
Gain on foreign exchange	—	206
Management consultation fee	155	149
Refund on cancellation of insurance contracts	118	—
Other non-operating income	436	429
Total non-operating income	1,008	1,289
<b>Non-operating expenses</b>		
Interest expense	242	140
Foreign exchange loss	144	—
Other non-operating expenses	81	31
Total non-operating expenses	468	171
<b>Ordinary income</b>	11,277	7,263
<b>Extraordinary gains</b>		
Gain on sales of property, plant and equipment	2	3
Gain on reversal of allowance for doubtful accounts	138	155
Total extraordinary gains	140	159
<b>Extraordinary losses</b>		
Loss on sales and disposal of property, plant and equipment	36	41
Loss on devaluation of inventories	—	112
Loss on devaluation of investment securities	88	325
Loss on liquidation of affiliated companies	17	—
Provision for allowance for loss on investments	7	32
Loss on devaluation of golf membership rights	—	8
Extraordinary loss attributable to the application of lease accounting standards	—	66
Impairment loss	—	9
Special severance payments	—	177
Total extraordinary losses	150	775
<b>Income before income taxes and minority interests</b>	11,267	6,647
Income taxes — current	4,456	2,122
Income taxes — deferred	71	600
Total income taxes	4,528	2,723
Minority interests	0	4
<b>Net income</b>	6,738	3,919

#### 4 - (3) Consolidated Statements of Changes in Shareholders' Equity, Valuation and Conversions

(Millions of yen)

	Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
<b>Shareholders' equity</b>		
Common stock		
Balance as of the end of the previous period	17,690	17,690
Increase (decrease) during the period		
Total increase (decrease) during the period	—	—
Balance as of the end of the period	17,690	17,690
Additional paid-in capital		
Balance as of the end of the previous period	19,122	19,122
Increase (decrease) during the period		
Disposal of treasury stock	0	0
Retirement of treasury stock	—	(7)
Total increase (decrease) during the period	0	(8)
Balance as of the end of the period	19,122	19,114
Retained earnings		
Balance as of the end of the previous period	81,616	85,457
Increase (decrease) during the period		
Appropriation of earnings as cash dividends	(2,897)	(2,815)
Net income for the period	6,738	3,919
Retirement of treasury stock	—	(5,117)
Total increase (decrease) during the period	3,840	(4,013)
Balance as of the end of the period	85,457	81,443
Treasury stock		
Balance as of the end of the previous period	(57)	(2,940)
Increase (decrease) during the period		
Acquisition of treasury stock	(2,884)	(2,271)
Disposal of treasury stock	1	4
Retirement of treasury stock	—	5,125
Total increase (decrease) during the period	(2,883)	2,858
Balance as of the end of the period	(2,940)	(82)
Total shareholders' equity		
Balance as of the end of the previous period	118,372	119,329
Increase (decrease) during the period		
Appropriation of earnings as cash dividends	(2,897)	(2,815)
Net income for the period	6,738	3,919
Acquisition of treasury stock	(2,884)	(2,271)
Disposal of treasury stock	1	3
Retirement of treasury stock	—	—
Total increase (decrease) during the period	957	(1,163)
Balance as of the end of the period	119,329	118,165



(Millions of yen)

	Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
<b>Valuation and conversions:</b>		
Net unrealized gain on other marketable securities		
Balance as of the end of the previous period	1,711	520
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	(1,191)	(506)
Total increase (decrease) during the period	(1,191)	(506)
Balance as of the end of the period	520	14
Gain (loss) on deferred hedges		
Balance as of the end of the previous period	0	(6)
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	(6)	10
Total increase (decrease) during the period	(6)	10
Balance as of the end of the period	(6)	3
Foreign currency translation adjustments		
Balance as of the end of the previous period	144	(1,061)
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	(1,205)	(736)
Total increase (decrease) during the period	(1,205)	(736)
Balance as of the end of the period	(1,061)	(1,797)
Total valuation and conversions		
Balance as of the end of the previous period	1,856	(547)
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	(2,403)	(1,232)
Total increase (decrease) during the period	(2,403)	(1,232)
Balance as of the end of the period	(547)	(1,779)
<b>Minority interests</b>		
Balance as of the end of the previous period	139	129
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	(10)	(15)
Total increase (decrease) during the period	(10)	(15)
Balance as of the end of the period	129	113
<b>Total net assets</b>		
Balance as of the end of the previous period	120,367	118,911
Increase (decrease) during the period		
Appropriation of earnings as cash dividends	(2,897)	(2,815)
Net income for the period	6,738	3,919
Acquisition of treasury stock	(2,884)	(2,271)
Disposal of treasury stock	1	3
Retirement of treasury stock	—	—
Net changes in items excluding shareholders' equity during the period	(2,413)	(1,248)
Increase (decrease) during the period	(1,455)	(2,412)
Balance as of the end of the previous period	118,911	116,499

#### 4 - (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
<b>Operating activities:</b>		
Income before income taxes	11,267	6,647
Depreciation and amortization	843	1,002
(Decrease) increase in allowance for doubtful accounts	(138)	(155)
Increase (decrease) in employees' retirement benefits	134	(55)
Increase (decrease) in allowance for loss on investments	—	32
Interest and dividend income	(298)	(504)
Interest expense	242	140
Loss on sales and disposal of property, plant and equipment	34	38
Loss on devaluation of investment securities	88	325
Loss on liquidation of affiliated companies	17	—
Loss on devaluation of inventories	—	112
Extraordinary loss attributable to the application of lease accounting standards	—	66
Special severance payments	—	177
Other income	(499)	(363)
Decrease in accounts receivable	9,464	30,226
(Increase) decrease in inventories	(652)	1,913
Decrease in accounts payable	(5,517)	(21,040)
(Decrease) increase in other assets and liabilities	(1,037)	384
Subtotal	13,948	18,948
Interest and dividends received	299	504
Interest paid	(243)	(140)
Income taxes paid	(4,946)	(4,280)
Net cash provided by operating activities	9,057	15,033
<b>Investing activities:</b>		
Net decrease (increase) in time deposits	103	(3,000)
Purchases of property, plant and equipment	(548)	(342)
Proceeds from sale of property, plant and equipment	8	14
Purchases of intangible fixed assets	(11)	(3)
Purchases of investment securities	(311)	—
Purchases of affiliate company shares	—	(27)
Investments in affiliated companies	(21)	—
Increase in loans	—	(181)
Proceeds from collection of loans	117	—
Net cash used in investing activities	(665)	(3,540)
<b>Financing activities:</b>		
(Decrease) increase in short-term borrowings, net	(119)	1,068
Payment of refund of lease obligations	—	(226)
Repurchase of treasury stock	(2,884)	(2,271)
Proceeds from retirement of treasury stock	1	3
Cash dividends paid	(2,897)	(2,815)
Net cash used in financing activities	(5,899)	(4,240)
Effect of foreign currency translation adjustments on cash and cash equivalents	(295)	(327)
Net increase in cash and cash equivalents	2,197	6,925
Cash and cash equivalents at the beginning of the period	40,880	43,077
Cash and cash equivalents at the end of the period	43,077	50,003

#### 4 – (5) Events or Circumstances that Raise Doubts as to the Validity of the Going-Concern Assumption

Changes in important items considered fundamental to the preparation of consolidated financial statements: None

#### 4 – (6) Important Items Considered Fundamental to the Preparation of Consolidated Financial Statements

Changes in important items considered fundamental to the preparation of consolidated financial statements

Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
<p><u>1</u> <u>Scope of Consolidation</u></p> <p>(1) Number of consolidated subsidiaries: Eight Names of principal consolidated subsidiaries: The names of principal consolidated subsidiaries are outlined in section 2. The Ryosan Group of this report. Accordingly, this information has been omitted.</p> <p>(2) Names of principal non-consolidated subsidiaries: EC Ryosan Company, Limited Will Business Service Company, Limited The reason for exclusion from the scope of consolidation: The assets, net sales, net income (loss) and retained earnings (the amounts equivalent to equity shareholdings) of nine non-consolidated subsidiaries are considered insignificant and deemed to have immaterial impact on consolidated financial statements. As a result, these non-consolidated subsidiaries have been excluded from the scope of consolidation.</p>	<p><u>1</u> <u>Scope of Consolidation</u></p> <p>(1) Number of consolidated subsidiaries: Eight Names of principal consolidated subsidiaries: As left.</p> <p>(2) Names of principal non-consolidated subsidiaries: EC Ryosan Company, Limited Will Business Service Company, Limited The reason for exclusion from the scope of consolidation: The assets, net sales, net income (loss) and retained earnings (the amounts equivalent to equity shareholdings) of 11 non-consolidated subsidiaries are considered insignificant and deemed to have immaterial impact on consolidated financial statements. As a result, these non-consolidated subsidiaries have been excluded from the scope of consolidation.</p>
<p><u>2</u> <u>Application of the Equity Method</u></p> <p>Names of principal non-consolidated subsidiaries and affiliated companies not accounted for by the equity method: EC Ryosan Company, Limited Will Business Service Company, Limited The reason non-consolidated subsidiaries and affiliated companies are not accounted for by the equity method: Non-consolidated subsidiaries and affiliated companies are not accounted for by the equity method because their net income (loss) and retained earnings have an immaterial impact on the Group, and their overall importance to the Group's performance is limited.</p>	<p><u>2</u> <u>Application of the Equity Method</u> As left.</p>
<p><u>3</u> <u>Fiscal Year-End of Consolidated Subsidiaries</u></p> <p>The fiscal year-end of consolidated subsidiaries: ZHONG LING INTERNATIONAL TRADING (SHANGHAI) CO., LTD. and RYOSAN ENGINEERING (THAILAND) CO., LTD. is December 31. This date is used in the preparation of consolidated financial statements. Where significant transactions have occurred during the period between these fiscal year-ends and the consolidated fiscal year-end, the consolidated financial statements are adjusted accordingly.</p>	<p><u>3</u> <u>Fiscal Year-End of Consolidated Subsidiaries</u> As left.</p>
<p><u>4</u> <u>Accounting Policies</u></p> <p>(1) Valuation standard and valuation method of important assets</p> <p>1. Marketable securities</p> <p>a. Securities held to maturity Amortized cost basis (straight line method)</p> <p>b. Shares of subsidiary and affiliated companies Cost basis using the moving-average cost method</p> <p>c. Other marketable securities</p> <p>(a) Securities with quoted market values Securities with quoted market values are stated at fair value as of the closing date. (Net unrealized gains and losses on other securities are recorded directly to net assets. Costs of these securities are calculated based on the moving-average cost method.)</p>	<p><u>4</u> <u>Accounting Policies</u></p> <p>(1) Valuation standard and valuation method of important assets</p> <p>1. Marketable securities</p> <p>a. Securities held to maturity As left.</p> <p>b. Shares of subsidiary and affiliated companies As left.</p> <p>c. Other marketable securities</p> <p>(a) Securities with quoted market values As left.</p>

Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
<p>(b) Securities without quoted market values Securities without quoted market values are stated on a cost basis using the moving-average cost method.</p> <p>2. Inventories: Merchandise, finished products, raw materials and work in process Inventories are valued on a lower of cost or market value basis using the moving-average method.</p> <p>3. Derivatives (foreign currency exchange contracts) Market value method</p> <p>(2) Depreciation of important depreciable assets</p> <p>1. Property, plant and equipment Depreciation of property, plant and equipment is calculated by the declining-balance method except that depreciation on buildings (excluding structures) acquired on or after April 1, 1998 is calculated by the straight-line method. The useful lives of buildings and structures are between three and 50 years, between two and 15 years for other tangible fixed assets. (Change in Accounting Principle) Tangible fixed assets acquired after April 1, 2007 are primarily depreciated based on the revised Corporation Tax Law in accordance with revisions to the Corporation Tax Law (Partial Revision of the Income Tax and Other Taxes Law No. 6 enacted on March 30, 2007) and implementation guidelines (Implementation Guidance for Partial Revision of the Corporation Tax Law No. 83 issued on March 30, 2007). The impact on the Company's profit and loss as a result of this change is considered immaterial. (Additional Information) In accordance with revisions to the Corporation Tax Law, the Company will depreciate tangible fixed assets acquired on or prior to March 31, 2007 in equal amounts over a period of five years commencing the next consolidated fiscal year from when depreciation to the ceiling value was completed. The impact on the Company's profit and loss as a result of this change is considered immaterial.</p> <p>2. Intangible fixed assets Intangible fixed assets are depreciated using the straight-line method.</p>	<p>(b) Securities without quoted market values As left.</p> <p>2. Inventories Merchandise, finishes products, raw materials and work in process valued on a cost basis using the moving-average cost method (with book values written down due to decreased profitability of balance sheet amounts) (Change in Accounting Principle) Effective from the fiscal year under review, the Ryosan Group has adopted Accounting Standards Board of Japan Statement No. 9 "Accounting Standard for the Measurement of Inventories" issued on July 5, 2006. Taking into account this change, gross profit, operating income and ordinary income for the fiscal year ended March 31, 2009 decreased by ¥37 million, ¥37 million and ¥37 million, respectively, while income before income taxes and minority interests for the fiscal year under review declined by ¥150 million. Impacts on the segment information are described in the relevant section.</p> <p>3. Derivatives (foreign currency exchange contracts) As left.</p> <p>(2) Depreciation of important depreciable assets</p> <p>1. Property, plant and equipment (excluding lease assets) As left.</p> <p>2. Intangible fixed assets (excluding lease assets) As left.</p> <p>3. Lease assets The depreciation of lease assets of finance leases that do not transfer titles to lessees is computed using the straight-line method, assuming the lease period to be the useful life and a residual value of zero.</p>

Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
<p>(3) Accounting policies for important provisions</p> <p>1. Allowance for doubtful accounts The Company provides for doubtful accounts based on the historical bad-debt rate applicable to normal loans, and the amount deemed necessary to cover individual accounts estimated to be uncollectible.</p> <p>2. Allowance for loss on investments The Company provides an amount deemed necessary for loss on investments in affiliated companies after taking into consideration the financial standing of affiliated companies.</p> <p>3. Employees' retirement benefits The Company provides an allowance for retirement and severance benefits for employees based on projected benefit obligations and accrued pension assets as of the end of the fiscal year under review. Actuarial gains and losses are amortized using the straight-line method over a fixed period (10 years) within the average remaining service period of employees as of the time the cost is incurred, with each amount recognized as an expense starting from the following fiscal year. In addition, prior service cost is amortized using the straight-line method over a fixed period (10 years) within the average remaining service period of employees as of the time the cost is incurred, with each amount recognized as an expense starting from the fiscal year in which it is incurred.</p> <p>(4) Standard for the translation of important foreign currency denominated assets and liabilities to Japanese currency Monetary debts and credits denominated in foreign currencies are translated into yen using the spot foreign exchange rates in effect as of the consolidated settlement date. Translation differences are treated as gains or losses in the term. Assets and liabilities of foreign subsidiaries and affiliated companies are translated into yen using the spot foreign exchange rate in effect as of the consolidated settlement date. Income and expenses of foreign subsidiaries and affiliated companies are translated into yen using the average rate for the period. Translation differences applicable to the Company are included in foreign currency translation adjustments account in the net assets section of the balance sheet.</p>	<p>(3) Accounting policies for important provisions</p> <p>1. Allowance for doubtful accounts As left.</p> <p>2. Allowance for loss on investments As left.</p> <p>3. Employees' retirement benefits As left.</p> <p>(4) Standard for the translation of important foreign currency denominated assets and liabilities to Japanese currency As left.</p>

Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
<p>(5) Accounting for important lease transactions Finance leases in which ownership is not transferred to a lessee are accounted for in the same manner as operating leases.</p> <p>(6) Significant method of hedge accounting</p> <ol style="list-style-type: none"> <li>1. Hedge accounting method Hedge accounting is based on allotment processing.</li> <li>2. Hedge instruments and hedge items <ol style="list-style-type: none"> <li>a Hedge instruments: foreign currency exchange forward contracts</li> <li>b Hedge items: foreign currency denominated receivables and payables; items scheduled for transaction in a foreign currency</li> </ol> </li> <li>3 Hedge accounting policy In order to minimize risks from fluctuations in foreign currency exchange rates the relevant transactions are managed in accordance with the Group's internal policie. In principle, Ryosan enters into a foreign exchange forward contract based the settlement date of each individual transaction at the time an order is received from a client or a purchase order is placed.</li> <li>4. Evaluation of hedging effectiveness In accordance with hedge accounting policy, the foreign currency amounts and the terms for orders received and placed as well as monetary debts and credits have corresponding foreign currency forward exchange contracts for the identical amounts and terms, their reciprocal interdependence is fully secured throughout any subsequent fluctuations in foreign currency exchange rates and this in effect ensures hedge effectiveness.</li> </ol> <p>(7) Other significant accounting policies for preparing full fiscal year consolidated financial statements Consumption taxes are separately recorded. Accrued consumptions taxes are recorded in Other current liabilities.</p> <p><u>5</u> <u>Valuation of Assets and Liabilities of Consolidated Subsidiaries</u> The assets and liabilities of consolidated subsidiaries are evaluated on a mark to market value basis.</p>	<p>(5) Accounting for important lease transactions —</p> <p>(6) Significant method of hedge accounting</p> <ol style="list-style-type: none"> <li>1. Hedge accounting method As left.</li> <li>2. Hedge instruments and hedge items As left.</li> <li>3 Hedge accounting policy As left.</li> <li>4. Evaluation of hedging effectiveness As left.</li> </ol> <p>(7) Other significant accounting policies for preparing full fiscal year consolidated financial statements Consumption taxes are separately recorded. Accrued consumptions taxes are recorded in Accrued income.</p> <p><u>5</u> <u>Valuation of Assets and Liabilities of Consolidated Subsidiaries</u> As left.</p>
<p><u>6</u> <u>Amortization of Goodwill</u> For the amortization of goodwill, the Company employs a straight-line method over a period of five years.</p>	<p><u>6</u> <u>Amortization of Goodwill</u> As left..</p>
<p><u>7</u> <u>Scope of "Cash and Cash Equivalents" in the Full Fiscal Year Consolidated Statement of Cash Flows</u> "Cash and cash equivalents" in the consolidated statement of cash flows includes cash on hand, demand deposits, and short-term investments with original maturities not exceeding three months, which are highly liquid and virtually risk-free with respect to changes of value.</p>	<p><u>7</u> <u>Scope of "Cash and Cash Equivalents" in the Full Fiscal Year Consolidated Statement of Cash Flows</u> As left.</p>

#### 4 – (7) Important Items Considered Fundamental to the Preparation of Consolidated Financial Statements

##### Changes in accounting standards

Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
	<p><b>(Accounting Policies for Lease Transactions)</b>            From the fiscal year ended March 31, 2009, the Ryosan Group began applying the Accounting Standard for Lease Transactions (Business Accounting Council, the 1st Committee Standard No. 13, first implemented on June 17, 1993, and last amended on March 30, 2007) and the Guidance on the Accounting Standards for Lease Transactions (The Japanese Institute of Certified Public Accountants, Accounting Practice Committee Guidance No. 16, first implemented on January 18, 1994, and last amended on March 30, 2007). As a result of the application of this policy, the method of accounting for financial leases that do not transfer ownership to lessees changed from treating such leases as operating lease transactions to treating them as sales and purchase transactions.</p> <p>Taking into account this change, operating income and ordinary income for the fiscal year ended March 31, 2009 increased by ¥28 million and ¥16 million, respectively, while income before income taxes and minority interests for the fiscal year under review declined by ¥50 million.</p> <p><b>(Foreseeable Handling of Accounting Policies Applied to Foreign Subsidiaries in the preparation of Consolidated Financial Statements)</b>            From a consolidated account settlement perspective, the Ryosan Group has undertaken all essential adjustments following adoption of the Practical Issues Task Force No. 18 “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” issued by the ASBJ on May 17, 2006 from the the fiscal year ended March 31, 2009.</p> <p>There was no material impact on the Company’s income and expenses for the fiscal year ended March 31, 2009 as a result of this revision..</p>

Changes in disclosure method

Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
	<p>(Consolidated Balance Sheets)</p> <p>1 In accordance with the “Cabinet Office Ordinance Amendment of Regulations Concerning Terminology, Forms and Method of Financial Statements” (2008 Cabinet Ordinance No. 50 issued on August 7, 2008), the accounting line item “Inventories” recorded in the Company’s balance sheet as of March 31, 2008 was reclassified into “Merchandise and finished goods,” “Work in process” and “Raw materials and stored goods” in the Company’s balance sheet as of March 31, 2009. The amounts of “Merchandise and finished goods,” “Work in process” and “Raw materials and stored goods” included in “Inventories” in the Company’s balance sheet as of March 31, 2008 were ¥16,617 million, ¥191 million and ¥330 million, respectively.</p> <p>2 In the fiscal year ended March 31, 2008, long-term deposits totaling ¥500 million were included in the accounting line item other investments and other assets in the Company’s consolidated balance sheet. Due to its growing significance, long-term deposits were included as a separate accounting line item in the Company’s consolidated balance sheet as of March 31, 2009.</p>



#### 4 – (8) Notes to Consolidated Financial Statements

(Millions of yen, figures less than ¥1 million have been omitted, unless otherwise stated)

##### (Notes to consolidated balance sheets)

	As of March 31, 2008	As of March 31, 2009
1. Accumulated depreciation of tangible fixed assets	8,436	8,919
2. Non-consolidated subsidiary and affiliated company shares and other		
- Investment securities (shares)	68	95
- Other (equity)	255	255
3. Assets pledged as collateral		
- Investment securities	155	89
4. Guarantee contingent liabilities		
The unpaid balance of debt financing provided to non-consolidated subsidiaries by financial institutions guaranteed by the Company		173
5. Number of shares issued and outstanding	36,500,000 common shares	34,500,000 common shares
Number of treasury stock held by the Company	1,028,717 common shares	33,358 common shares

##### (Notes to consolidated statements of income)

	Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
1. Research and development expenditure included in selling, general and administrative expenses	538	581
2. Breakdown of gain on sales of property, plant and equipment		
- Other	2	3
3. Breakdown of loss on sales and disposal of property, plant and equipment		
- Loss on disposal of buildings and structures	6	0
- Loss on sales of buildings and structures	1	0
- Other	27	41
Total	36	41

**(Calculation Statement Relating to Changes in Consolidated Shareholders' Equity)**

Fiscal 2007, the fiscal year ended March 31, 20078  
(April 1, 2007 to March 31, 2008)

1. Matters Relating to the Type and Number of Shares Issued and Outstanding and the Type and Number of Treasury Stock

(Thousands of shares)

	Number of Shares As of March 31, 2007	Increase	Decrease	Number of Shares As of March 31, 2008
Common shares issued and outstanding	36,500	—	—	36,500
Common shares of treasury stock (Note)	27	1,001	0	1,028

Notes:

- The increase in the number of common shares of treasury stock reflects the repurchase of 1,000,000 shares of common stock and 1,000 shares of common stock less than one trading unit pursuant to resolutions of the Company's Board of Directors.
- The decrease in treasury stock reflects the sale of common stock less than one trading unit of stock.

2. Matters Relating to Dividends

(1) Dividend payment amount

(Millions of yen unless otherwise stated)

	Type of Shares	Total Cash Dividend Paid	Cash Dividend per Common Share (Yen)	Base Date	Effective Date
Annual General Meeting of Shareholders held on May 11, 2007	Common shares	1,458	40	Mar. 31, 2007	Jun. 7, 2007
Board of Directors' Meeting held on November 8, 2007	Common shares	1,438	40	Sept. 30, 2007	Dec. 4, 2007

(2) Dividends for which the effective date falls after the fiscal year ended March 31, 2009 included in dividends for which the base date falls within the fiscal year ended March 31, 2008

(Millions of yen unless otherwise stated)

	Type of Shares	Source of Dividend Payments	Total Cash Dividend Paid	Cash Dividend per Common Share (Yen)	Base Date	Effective Date
Board of Directors' Meeting held on May 12, 2008	Common shares	Retained earnings	1,418	40	Mar. 31, 2008	Jun. 5, 2008

Fiscal 2008, the fiscal year ended March 31, 2009  
(April 1, 2008 to March 31, 2009)

1. Matters Relating to the Type and Number of Shares Issued and Outstanding and the Type and Number of Treasury Stock

(Thousands of shares)

	Number of Shares As of March 31, 2008	Increase	Decrease	Number of Shares As of March 31, 2009
Common shares issued and outstanding	36,500	—	2,000	34,500
Common shares of treasury stock (Note)	1,028	1,006	2,001	33

Notes:

- The decrease in common share treasury stock reflects the repurchase of 2,000,000 shares in accordance with a resolution of the Board of Directors and the repurchase of common stock less than one trading unit of stock.
- The increase in the number of common shares of treasury stock reflects the repurchase of 1,000,000 shares of common stock and 6,000 shares of common stock less than one trading unit pursuant to resolutions of the Company's Board of Directors.
- The decrease in the number of common shares of treasury stock reflects the retirement of 2,000,000 shares of treasury stock and the sale of 1,000 shares of common stock less than one trading unit pursuant to resolutions of the Company's Board of Directors.

## 2. Matters Relating to Dividends

### (1) Dividend payment amount

(Millions of yen unless otherwise stated)

	Type of Shares	Total Cash Dividend Paid	Cash Dividend per Common Share (Yen)	Base Date	Effective Date
Board of Directors' Meeting held on May 12, 2008	Common shares	1,418	40	Mar. 31, 2008	Jun. 5, 2008
Board of Directors' Meeting held on October 30, 2008	Common shares	1,397	40	Sept. 30, 2008	Dec. 2, 2008

### (2) Dividends for which the effective date falls after the fiscal year ending March 31, 2010 included in dividends for which the base date falls within the fiscal year ended March 31, 2009

(Millions of yen unless otherwise stated)

	Type of Shares	Source of Dividend Payments	Total Cash Dividend Paid	Cash Dividend per Common Share (Yen)	Base Date	Effective Date
Board of Directors' Meeting held on May 12, 2009	Common shares	Retained earnings	1,378	40	Mar. 31, 2009	Jun. 11, 2009

### (Notes to consolidated statements of cash flows)

The relationship between the balance of cash and cash equivalents at the end of the fiscal period and items recorded on the consolidated balance sheets.

(Millions of yen unless otherwise stated)

	As of March 31, 2008	As of March 31, 2008
Cash and cash deposits	25,087	50,003
Marketable securities	17,992	—
Time deposits with deposit terms exceeding three months	(1)	—
Bonds and notes with a redemption date exceeding three months from the date of acquisition	(0)	—
Cash and cash equivalents	43,077	50,003

## SEGMENT INFORMATION

### 1. Segment information by business type

Fiscal year ended March 31, 2008

(Millions of yen, figures less than ¥1 million have been omitted)

	Semiconductors	Electronic components	Electronic equipment	Ryosan products	Total	Eliminations or corporate	Consolidated
<b>I Sales and operating income</b>							
Sales:							
(1) Sales to external Customers	148,909	103,142	25,665	8,380	286,098	-	286,098
(2) Internal sales between segments, or exchange	-	-	-	-	-	-	-
Total sales	148,909	103,142	25,665	8,380	286,098	-	286,098
Operating expenses	141,648	98,738	24,655	7,642	272,686	2,674	275,360
Operating income	7,260	4,403	1,009	738	13,412	(2,674)	10,737
<b>II Assets, depreciation and capital expenditures:</b>							
Total assets	67,040	45,438	11,604	5,537	129,619	44,402	174,022
Depreciation	397	227	60	145	831	12	843
Capital expenditure	146	123	31	223	526	-	526

Fiscal year ended March 31, 2009

(Millions of yen, figures less than ¥1 million have been omitted)

	Semiconductors	Electronic components	Electronic equipment	Ryosan products	Total	Eliminations or corporate	Consolidated
<b>I Sales and operating income</b>							
Sales:							
(1) Sales to external Customers	116,909	75,918	21,327	6,716	220,871	-	220,871
(2) Internal sales between segments, or exchange	-	-	-	-	-	-	-
Total sales	116,909	75,918	21,327	6,716	220,871	-	220,871
Operating expenses	112,021	73,095	20,883	6,201	212,203	2,523	214,726
Operating income	4,887	2,823	443	514	8,668	(2,523)	6,145
<b>II Assets, depreciation and capital expenditures:</b>							
Total assets	50,929	32,470	9,356	4,131	96,887	52,099	148,987
Depreciation	431	298	92	168	991	11	1,002
Capital expenditure	204	164	52	51	473	-	473

Notes:

- Methods of determining business segments and main products classified under each business segment
  - Business segments are classified on the basis of organization, product type and sales structure.
  - Main products of each business segment:
    - Semiconductors: memories, system LSIs, discrete semiconductors
    - Electronic components: display devices, power supplies, mechanical components
    - Electronic equipment: systems equipment, production equipment
    - Ryosan products: heat sinks (for semiconductors)
- Unallocated operating expenses included in "Eliminations or corporate" totaled ¥2,674 million in the fiscal year ended March 31, 2008 and ¥2,523 million in the fiscal year ended March 31, 2009. These expenses consisted principally of Ryosan's information system investments and expenses related to Ryosan's planning, administration and accounting departments.
- Total assets included in "Eliminations or corporate" were ¥44,402 million at March 31, 2008 and ¥52,099 million at March 31, 2009. These assets mainly include an excess fund for investment at the parent company (marketable securities), long-term investment funds (investment and marketable securities) and assets related to the administration department.
- Effective from the first quarter of the fiscal year ended March 31, 2009, the Ryosan Group adopted Accounting Standards Board of Japan Statement No. 9 "Accounting Standard for the Measurement of Inventories" issued on July 5, 2006. Accordingly, the valuation method applicable to inventories changed from a lower of cost or market value to a cost value basis (with book values written down due to decreased profitability of balance sheet amounts). As a result of this change, operating income in the Semiconductors, Electronic Components and Ryosan Products segments declined ¥27 million, ¥10 million and ¥2 million, respectively, while operating income in the Electronic Equipment segment climbed ¥2 million in comparison with the previously used method.

## 2. Geographical segment information

Fiscal year ended March 31, 2008

(Millions of yen, figures less than ¥1 million have been omitted)

	Japan	Asia	Total	Eliminations or corporate	Consolidated
<b>I Sales and operating income</b>					
Sales:					
(1) Sales to external Customers	196,871	89,226	286,098		286,098
(2) Internal sales between segments, or exchange	15,548	440	15,989	(15,989)	
Total sales	212,419	89,667	302,087	(15,989)	286,098
Operating expenses	204,845	87,164	292,009	(16,648)	275,360
Operating income	7,574	2,503	10,078	659	10,737
<b>II Assets</b>	149,017	25,005	174,022		174,022

Fiscal year ended March 31, 2009

(Millions of yen, figures less than ¥1 million have been omitted)

	Japan	Asia	Total	Eliminations or corporate	Consolidated
<b>I Sales and operating income</b>					
Sales:					
(1) Sales to external Customers	154,817	66,053	220,871		220,871
(2) Internal sales between segments, or exchange	10,762	285	11,047	(11,047)	
Total	165,580	66,339	231,919	(11,047)	220,871
Operating expenses	161,487	64,739	226,226	(11,499)	214,726
Operating income	4,093	1,600	5,693	452	6,145
<b>II Assets</b>	130,896	18,091	148,987		148,987

Notes:

- Country and regional segments are classified on the basis of geographic proximity.
- Principal countries and regions:  
Asia — Hong Kong, Singapore, Taiwan, Malaysia and others
- Operating expenses are allocated to each geographical segment.
- Effective from the first quarter of the fiscal year ended March 31, 2009, the Ryosan Group adopted Accounting Standards Board of Japan Statement No. 9 “Accounting Standard for the Measurement of Inventories” issued on July 5, 2006. Accordingly, the valuation method applicable to inventories changed from a lower of cost or market value to a cost value basis (with book values written down due to decreased profitability of balance sheet amounts). As a result of this change, operating income recorded in Japan and Asia declined ¥35 million and ¥2 million, respectively.

### 3. Overseas sales

Fiscal year ended March 31, 2008

(Millions of yen, figures less than ¥1 million have been omitted)

	Asia	Total
I Overseas sales	112,604	112,604
II Consolidated net sales		286,098
III Ratio of overseas sales to consolidated net sales (%)	39.4	39.4

Fiscal year ended March 31, 2009

(Millions of yen, figures less than ¥1 million have been omitted)

	Asia	Total
I Overseas sales	84,003	84,003
II Consolidated net sales		220,871
III Ratio of overseas sales to consolidated net sales (%)	38.0	38.0

Notes:

1. Country and regional segments are classified on the basis of geographic proximity.
2. Principal countries and regions:  
Asia—Hong Kong, Korea, China, Taiwan and others
3. Overseas sales represent the total of export sales of the parent company and sales of its consolidated subsidiaries outside Japan (excluding intra-group sales).

## Leases

### 1. Finance Leases other than Those that Transfer Ownership to the Lessee

#### (1) Acquisition cost, accumulated depreciation and period-end balance of lease assets

(Millions of yen unless otherwise stated)

	Fiscal 2007 (April 1, 2007 to March 31, 2008)	
	Vehicles and Transportation	Equipment, Furniture & Fittings
Acquisition cost	3	1,829
Accumulated depreciation	<u>2</u>	<u>1,260</u>
Period-end balance	<u><u>1</u></u>	<u><u>569</u></u>

#### (2) Period-end balance of unpaid lease expenses

Due within one year		196
Due after one year		<u>393</u>
Total		<u><u>589</u></u>

(3) Lease expense payment 330

(4) Accumulated depreciation 296

(5) Interest expenses 16

The straight-line method is used to calculate amortization over the useful life of the asset with no remaining value.

The difference between total lease expenses and the acquisition cost of leased assets is considered as the interest portion and the allocation of this interest is calculated by the interest method.

### 2. Operating Leases

#### The amount of unpaid lease expenses

Due within one year		67
Due after one year		<u>50</u>
Total		<u><u>117</u></u>

Fiscal 2008, the Fiscal Year Ended March 31, 2009 (April 1, 2008 to March 31, 2009)

### 1. Finance Lease Transactions

#### (1) Details of lease assets

- Property, plant and equipment  
Primarily hardware for sales and logistics information systems (tools, equipment, fittings)
- Intangible fixed assets

Primarily software for sales and logistics information systems

#### (2) Depreciation and amortization method applicable to lease assets

Lease assets are amortized over their useful lives with no remaining value.

### 2. Operating Lease Transactions

#### The amount of unpaid lease expenses applicable to operating lease transaction where cancellation is not allowed

Due within one year		70
Due after one year		<u>41</u>
Total		<u><u>111</u></u>



(Transactions with related parties)  
 Fiscal 2007, the fiscal year ended March 31, 2008  
 (April 1, 2007 to March 31, 2008)

Directors and Principal Individual Shareholders

(Millions of yen)

Position	Name	Address	Capital or Investment	Activities or Profession	Ratio of Ryosan Shares with Voting Rights Held (%)	Relationship		Transaction Details	Amount of Transaction	Account	Period-End Balance
						Interlocking Directors	Business Relationship				
Director	Tsuneo Sato	—	—	Ryosan Auditor, City-Yuwa Partners (Solicitor)	—	—	—	Legal advisor	3	—	—

Notes:

- Consumption taxes are not included in the amount of transaction identified in the table above.
- Tsuneo Sato is a member of City-Yuwa Partners. The Company has executed an agreement for City-Yuwa Partners to act as legal counsel. Legal counsel fees paid by Ryosan to City-Yuwa Partners are set in line with commonly accepted business practice and norms.

Fiscal 2008, the fiscal year ended March 31, 2009  
 (April 1, 2008 to March 31, 2009)

None

(Additional Information)

Effective from fiscal 2008, the fiscal year ended March 31, 2009, the Company adopted Accounting Standards Board of Japan Statement No. 11 “Accounting Standard for Related Party Disclosures” issued on October 17, 2006 and Guidance No. 13 “Guidance on Accounting Standard for Related Party Disclosures” issued on October 17, 2006. As a result, details of transactions undertaken under which the Company’s directors serve as the representative of another company have been omitted from the scope of disclosure.

(Tax-effect accounting)

1. Breakdown of major causes of occurrence in deferred tax assets and deferred tax liabilities

( Millions of yen unless otherwise stated)

	Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
(Deferred tax assets)		
Amount exceeded amortization of software and other	618	496
Investment securities	600	528
Golf membership rights	145	124
Accrued bonuses	308	258
Accrued enterprise taxes	129	
Provision for employees' retirement benefits	864	845
Provision for allowance for doubtful accounts	208	225
Other	275	294
Total deferred tax assets	<u>3,150</u>	<u>2,774</u>
(Deferred tax liabilities)		
Net unrealized gain on other marketable securities	(357)	(9)
Others	(8)	(10)
Total deferred tax liabilities	<u>(365)</u>	<u>(19)</u>
Total	<u><u>2,785</u></u>	<u><u>2,531</u></u>

Note: An amount of ¥ (8) million included in net deferred tax assets for the fiscal year ended March 31, 2008, ¥1 million is included in other current liabilities and ¥7 million in other long-term liabilities in the long-term liabilities, respectively, of the Company's consolidated balance sheet.

An amount of ¥ (2) million included in net deferred tax assets for the fiscal year ended March 31, 2009, ¥0 million is included in other current liabilities and ¥1 million in other long-term liabilities in the long-term liabilities, respectively, of the Company's consolidated balance sheet.

2. Breakdown of major differences between the statutory tax rate and the effective tax rate after adoption of tax-effect accounting

Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
--------------------------------------------------	--------------------------------------------------

Information on the difference between the statutory tax rate and the effective tax rate is not presented for the fiscal year since the difference between the statutory tax rate and the effective tax rate was less than 5/100 and therefore considered immaterial.

As left.

(Marketable securities)

1. Bonds and notes held to maturity with quoted market value

(Millions of yen, figures less than ¥1 million have been omitted)

	As of March 31, 2008			As of March 31, 2009		
	Amount stated on consolidated balance sheet	Market value	Difference	Amount stated on consolidated balance sheet	Market value	Difference
Bonds and notes for which market value exceeds the amount stated on consolidated balance sheets	17,992	17,992	0	—	—	—

2. Other securities with quoted market values

(Millions of yen, figures less than ¥1 million have been omitted)

		As of March 31, 2008			As of March 31, 2009		
		Acquisition cost	Amount stated on consolidated balance sheet	Difference	Acquisition cost	Amount stated on consolidated balance sheet	Difference
Securities for which the amount stated on consolidated balance sheets exceeds their acquisition costs	Stocks	1,620	2,607	986	580	830	249
Securities for which acquisition costs exceed the amount stated on consolidated balance sheets	Stocks	333	233	(100)	1,112	886	(226)
Total		1,954	2,840	886	1,693	1,716	23

Note: In the fiscal year ended March 31, 2009, the Company has recorded an amount totaling ¥261 million reflecting the impairment of investments and other assets. With regard to the impairment of other securities with quoted values, the Company has applied impairment accounting in cases where the drop in quoted values exceeds 40%.

3. Other securities sold in the fiscal year ended March 31, 2009

(Millions of yen, figures less than ¥1 million have been omitted)

	As of March 31, 2008	As of March 31, 2009
Sales amount	—	—
Total profit from sales	—	—

4. Other securities without quoted market values

(Millions of yen, figures less than ¥1 million have been omitted)

	As of March 31, 2008	As of March 31, 2009
	Amount stated on consolidated balance sheet	Amount stated on consolidated balance sheet
Other securities		
- Non-listed stocks	133	78
- Bonds and notes	1,000	1,000

Note: For the fiscal year ended March 31, 2009, the Company incurred an impairment loss totaling ¥64 million. The book value after accounting for impairment losses was charged to acquisition costs.

5. Other securities with maturities and bonds and notes held to maturity which the Company plans to redeem

(Millions of yen, figures less than ¥1 million have been omitted)

			As of March 31, 2008	As of March 31, 2009
Bonds and notes	Commercial paper	Less than one year	17,992	—
		More than 10 years	—	—
	Other	Less than one year	—	—
		More than 10 years	1,000	1,000

(Derivatives)

Information relating to derivative transactions is considered immaterial to the preparation of this business report. Accordingly, derivative transaction information has been omitted.

(Retirement benefits)

1. Overview of retirement benefits plans adopted

Based on rules and regulations relating to retirement benefits, the Company maintains allowances for termination allowance plans, approved retirement annuity plans and defined contribution pension plans. Certain consolidated overseas subsidiaries maintain defined benefit plans.

2. Breakdown of benefit obligations

(Millions of yen unless otherwise stated)

	Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
1. Projected benefit obligation	(4,701)	(4,586)
2. Fair value of plan assets	2,391	2,426
3. Unrecognized actuarial loss	115	35
4. Unrecognized prior service cost	46	38
5. Reserve for employee retirement benefits	(2,149)	(2,086)

Note: For certain consolidated subsidiaries, the simplified method is used to calculate benefit obligation.

3. Breakdown of benefit costs

(Millions of yen unless otherwise stated)

	Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
1. Service cost	270	277
2. Interest cost	88	93
3. Expected return on plan assets	(17)	(17)
4. Expensed amount for differences in actuarial calculation	27	36
5. Amortization of prior service cost	7	7
Subtotal	376	397
6. Contribution to defined contribution pension plan	103	99
Total pension cost	479	497

Notes:

- For consolidated subsidiaries that use the simplified method, pension cost is recorded as "service cost."

4. Calculation basis for retirement benefits

1. Method of attributing benefit to periods of service	Straight-line method	Straight-line method
2. Discount rate	2.0%	2.0%
3. Rate of expected return on plan assets	0.75%	0.75%
4. Amortization period for the difference in actuarial calculation	10 years	10 years
5. Amortization period for prior service costs	10 years	10 years

(Stock options and other)

Not applicable.

(Corporate integration and other)

Not applicable.

(Per share information)

	(Yen unless otherwise stated)	
	Fiscal 2007	Fiscal 2008
	(April 1, 2007 to March 31, 2008)	(April 1, 2008 to March 31, 2009)
1. Net assets per share	3,348.70	3,376.78
2. Net income per share	187.15	111.83

Notes:

1. Net income per share for the fiscal years ended March 31, 2008 and March 31, 2009 are calculated on the following basis:

	(Millions of yen unless otherwise stated)	
	Fiscal 2007	Fiscal 2008
	(April 1, 2007 to March 31, 2008)	(April 1, 2008 to March 31, 2009)
Net income	6,738	3,919
Net income applicable to common stock	6,738	3,919
Average number of shares for the period	36,005 thousand shares	35,050 thousand shares

(Important subsequent events)

Not applicable

## 5 - (1) Non-Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash deposits	21,765	45,045
Trade notes receivable	3,033	3,230
Trade accounts receivable	71,077	46,014
Marketable securities	17,992	—
Merchandise	11,656	—
Finished products	274	—
Merchandise and finished products	—	10,898
Raw materials	269	163
Work in process	158	43
Accrued income	2,289	1,794
Income tax refund receivable	—	198
Deferred tax assets	524	378
Other current assets	219	515
Allowance for doubtful accounts	(61)	(46)
Total current assets	<u>129,201</u>	<u>108,235</u>
<b>Fixed assets:</b>		
Property, plant and equipment:		
Buildings	10,278	10,274
Accumulated depreciation	(5,118)	(5,344)
Buildings (net)	<u>5,159</u>	<u>4,930</u>
Structures	221	221
Accumulated depreciation	(182)	(188)
Structures (net)	<u>38</u>	<u>32</u>
Machinery and equipment	967	956
Accumulated depreciation	(634)	(726)
Machinery and equipment (net)	<u>333</u>	<u>230</u>
Vehicles and transportation	7	7
Accumulated depreciation	(7)	(7)
Vehicles and transportation (net)	<u>0</u>	<u>0</u>
Tools, furniture and fixtures	2,293	2,291
Accumulated depreciation	(1,816)	(1,884)
Tools, furniture and fixtures (net)	<u>476</u>	<u>407</u>
Land	8,147	8,137
Lease assets	—	660
Accumulated depreciation	—	(196)
Lease assets (net)	<u>—</u>	<u>463</u>
Total property, plant and equipment	<u>14,156</u>	<u>14,202</u>
Intangible fixed assets		
Goodwill	78	24
Telephone subscription rights	48	48
Lease assets	—	38
Total intangible fixed assets	<u>126</u>	<u>110</u>
Investments and other assets:		
Investment securities	3,974	2,795
Shares in affiliated companies	1,219	1,251
Equity investments	199	182
Equity in affiliated companies	278	278
Affiliated company long-term loans receivable	40	139
Long-term deposits	—	3,500
Reorganization and other claims	1,016	999
Deferred tax assets	2,265	2,150
Other investments and other assets	1,404	749
Allowance for doubtful accounts	(1,016)	(1,049)
Allowance for loss on investments	(85)	(118)
Total investments and other assets	<u>9,296</u>	<u>10,879</u>
Total fixed assets	<u>23,579</u>	<u>25,192</u>
Total assets	<u>152,780</u>	<u>133,428</u>

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Trade accounts payable	33,976	17,763
Short-term bank loans	2,274	3,236
Lease obligations	—	157
Other payables	1,348	1,604
Accrued expenses	995	855
Accrued income taxes	1,904	—
Advances received	122	25
Deposits received	161	58
Other current liabilities	13	—
Total current liabilities	40,796	23,701
<b>Long-term liabilities:</b>		
Lease obligations	—	394
Employees' retirement benefits	2,124	2,069
Other long-term liabilities	307	312
Total long-term liabilities	2,432	2,777
Total liabilities	43,228	26,479
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	17,690	17,690
Additional paid-in capital		
Capital reserve	19,114	19,114
Other additional paid-in capital	8	—
Total additional paid-in capital	19,122	19,114
Retained earnings		
Profit reserve	1,371	1,371
Other retained earnings		
Other reserve	64,300	64,300
Retained earnings carried forward	9,496	4,537
Total retained earnings	75,168	70,209
Treasury stock	(2,940)	(82)
Total shareholders' equity	109,040	106,931
<b>Valuation and conversions:</b>		
Net unrealized gain on other marketable securities	520	14
Gain (loss) on deferred hedges	(7)	3
Total valuation and conversions	512	17
Total net assets	109,552	106,948
Total liabilities and net assets	152,780	133,428



## 5 - (2) Non-Consolidated Statements of Income

	(Millions of yen)	
	Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
<b>Net sales</b>		
Merchandise sales	204,871	159,553
Finished product sales	7,548	6,027
Total net sales	<u>212,419</u>	<u>165,580</u>
<b>Cost of sales</b>		
Cost of merchandise sales		
Merchandise stock at the beginning of the period	11,636	11,656
Purchases during the period	186,630	144,231
Subtotal	<u>198,266</u>	<u>155,888</u>
Merchandise stock at the end of the period	11,656	10,687
Cost of merchandise sales	<u>186,610</u>	<u>145,201</u>
Cost of finished product sales		
Finished product stock at the beginning of the period	251	274
Cost of finished products manufactured during the period	6,223	4,947
Purchases during the period	72	41
Subtotal	<u>6,547</u>	<u>5,263</u>
Finished product stock at the end of the period	274	210
Cost of finished product sales	<u>6,272</u>	<u>5,053</u>
Total cost of sales	<u>192,882</u>	<u>150,254</u>
<b>Gross profit</b>	<u>19,537</u>	<u>15,326</u>
<b>Selling, general and administrative expenses</b>		
Packaging and freight expenses	534	461
Transfer to allowance for doubtful accounts	—	18
Directors' remuneration	488	363
Employees' salaries	2,881	2,918
Bonuses	1,186	1,101
Retirement benefit expenses	408	431
Employee benefits	699	680
Travel expenses	522	471
Rental expenses	675	351
Insurance premiums	66	67
Commission payments	954	836
Depreciation and amortization	603	754
Research and development expenses	538	581
Other selling, general and administrative expenses	2,403	2,214
Total selling, general and administrative expenses	<u>11,962</u>	<u>11,251</u>
<b>Operating income</b>	<u>7,574</u>	<u>4,074</u>
<b>Non-operating income</b>		
Interest income	17	44
Interest on marketable securities	108	74
Dividend income	792	881
Gain on foreign exchange	—	57
Management consultation fee	778	698
Miscellaneous income	533	373
Total non-operating income	<u>2,230</u>	<u>2,130</u>
<b>Non-operating expenses</b>		
Interest expense	154	97
Foreign exchange loss	123	—
Miscellaneous expenses	70	21
Total non-operating expenses	<u>349</u>	<u>119</u>
<b>Ordinary income</b>	<u>9,455</u>	<u>6,085</u>
<b>Extraordinary gains</b>		
Gain on reversal of allowance for doubtful accounts	180	—
Total extraordinary gains	<u>180</u>	<u>—</u>
<b>Extraordinary losses</b>		
Loss on sales and disposal of property, plant and equipment	27	39
Loss on devaluation of inventories	—	112
Loss on devaluation of investment securities	88	325
Provision for allowance for loss on investments	7	32
Loss on devaluation of golf membership rights	—	8
Extraordinary loss attributable to the application of lease accounting standards	—	66
Impairment loss	—	9
Special severance payments	—	177
Loss on liquidation of affiliated companies	20	—
Total extraordinary losses	<u>144</u>	<u>772</u>
<b>Income before income taxes</b>	<u>9,492</u>	<u>5,312</u>
Income taxes — current	3,920	1,736
Income taxes — deferred	72	601
Total income taxes	<u>3,992</u>	<u>2,337</u>
<b>Net income</b>	<u>5,499</u>	<u>2,974</u>

## 5 - (3) Non-Consolidated Statements of Changes in Shareholders' Equity, Valuation and Conversions

(Millions of yen)

	Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
<b>Shareholders' equity</b>		
Common stock		
Balance as of the end of the previous period	17,690	17,690
Increase (decrease) during the period		
Total increase (decrease) during the period	—	—
Balance as of the end of the period	17,690	17,690
Additional paid-in capital		
Capital reserve		
Balance as of the end of the previous period	19,114	19,114
Increase (decrease) during the period		
Total increase (decrease) during the period	—	—
Balance as of the end of the period	19,114	19,114
Other additional paid-in capital		
Balance as of the end of the previous period	8	8
Increase (decrease) during the period		
Disposal of treasury stock	0	0
Retirement of treasury stock	—	(7)
Total increase (decrease) during the period	0	(8)
Balance as of the end of the period	8	—
Total additional paid-in capital		
Balance as of the end of the previous period	19,122	19,122
Increase (decrease) during the period		
Disposal of treasury stock	0	0
Retirement of treasury stock	—	(7)
Total increase (decrease) during the period	0	(8)
Balance as of the end of the period	19,122	19,114
Retained earnings		
Profit reserve		
Balance as of the end of the previous period	1,371	1,371
Increase (decrease) during the period		
Total increase (decrease) during the period	—	—
Balance as of the end of the previous period	1,371	1,371
Other retained earnings		
Other reserve		
Balance as of the end of the previous period	64,300	64,300
Increase (decrease) during the period		
Total increase (decrease) during the period	—	—
Balance as of the end of the previous period	64,300	64,300
Retained earnings carried forward		
Balance as of the end of the previous period	6,893	9,496
Increase (decrease) during the period		
Appropriation of earnings as cash dividends	(2,897)	(2,815)
Net income for the period	5,499	2,974
Retirement of treasury stock	—	(5,117)
Total increase (decrease) during the period	2,602	(4,958)
Balance as of the end of the period	9,496	4,537
Total retained earnings		
Balance as of the end of the previous period	72,565	75,168
Increase (decrease) during the period		
Appropriation of earnings as cash dividends	(2,897)	(2,815)
Net income for the period	5,499	2,974
Retirement of treasury stock	—	(5,117)
Total increase (decrease) during the period	2,602	(4,958)
Balance as of the end of the period	75,168	70,209
Treasury stock		
Balance as of the end of the previous period	(57)	(2,940)
Increase (decrease) during the period		
Acquisition of treasury stock	(2,884)	(2,271)
Disposal of treasury stock	1	4
Retirement of treasury stock	—	5,125
Total increase (decrease) during the period	(2,883)	2,858
Balance as of the end of the period	(2,940)	(82)
Total shareholders' equity		
Balance as of the end of the previous period	109,321	109,040
Increase (decrease) during the period		
Appropriation of earnings as cash dividends	(2,897)	(2,815)
Net income for the period	5,499	2,974
Acquisition of treasury stock	(2,884)	(2,271)
Disposal of treasury stock	1	3
Retirement of treasury stock	—	—
Total increase (decrease) during the period	(280)	(2,108)
Balance as of the end of the period	109,040	106,931

	(Millions of yen, figures)	
	Fiscal 2007	Fiscal 2008
	(April 1, 2007 to March 31, 2008)	(April 1, 2008 to March 31, 2009)
<b>Valuation and conversions:</b>		
Net unrealized gain on other marketable securities		
Balance as of the end of the previous period	1,711	520
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	(1,191)	(506)
Total increase (decrease) during the period	(1,191)	(506)
Balance as of the end of the period	520	14
Gain (loss) on deferred hedges		
Balance as of the end of the previous period	(0)	(7)
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	(7)	11
Total increase (decrease) during the period	(7)	11
Balance as of the end of the period	(7)	3
Total valuation and conversions		
Balance as of the end of the previous period	1,711	512
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	(1,198)	(494)
Total increase (decrease) during the period	(1,198)	(494)
Balance as of the end of the period	512	17
Total net assets		
Balance as of the end of the previous period	111,032	109,552
Increase (decrease) during the period		
Appropriation of earnings as cash dividends	(2,897)	(2,815)
Net income for the period	5,499	2,974
Acquisition of treasury stock	(2,884)	(2,271)
Disposal of treasury stock	1	3
Retirement of treasury stock	—	—
Net changes in items excluding shareholders' equity during the period	(1,198)	(494)
Increase (decrease) during the period	(1,479)	(2,603)
Balance as of the end of the previous period	109,552	106,948

## 6. Other

### Manufacturing, New orders and Sales

#### (1) Manufacturing

(Millions of yen, figures less than ¥1 million have been omitted)

	Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
Heat sinks	7,004	5,565

#### (2) New Orders

(Millions of yen, figures less than ¥1 million have been omitted)

	Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
Semiconductors	150,241	109,186
Electronic components	102,189	71,712
Electronic equipment	26,950	21,640
Ryosan products	8,423	6,173
Total	287,805	208,712

#### (3) Sales

(Millions of yen, figures less than ¥1 million have been omitted)

	Fiscal 2007 (April 1, 2007 to March 31, 2008)	Fiscal 2008 (April 1, 2008 to March 31, 2009)
Semiconductors	148,909	116,909
Electronic components	103,142	75,918
Electronic equipment	25,665	21,327
Ryosan products	8,380	6,716
Total	286,098	220,871

## Changes in Directors (Effective June 26, 2009)

### (1) Directors Scheduled to Retire

Current Position	Name	Comments
Managing Director and General Manager 2nd Domestic Marketing and Sales Headquarters	Yukio Sasaki	
Director and General Manager International Marketing and Sales Headquarters	Yukio Tanaka	Appointment as a corporate auditor to the Company (Planned)

### (2) Candidates for Appointment as New Directors

New Appointment	Name	Current Position
Director and General Manager Administrative Headquarters	Takeshi Honda	General Manager, Administrative Headquarters
Director and General Manager Semiconductor Business Headquarters	Katsuyuki Suzuki	Deputy General Manager, 1st Semiconductor Business Headquarters

### (3) Directors Scheduled for Promotion

New Appointment	Name	Current Position
Senior Managing Director and General Manager Finance and Accounting Headquarters	Harumitsu Seki	Managing Director and General Manager Finance and Accounting Headquarters

### (4) Other Changes

New Appointment	Name	Current Position
Managing Director and General Manager 1st Domestic Marketing and Sales Headquarters (Concurrent positions held) General Manager, 3rd Domestic Marketing and Sales Headquarters General Manager, Electronic Components Business Headquarters	Isao Hayashi	Managing Director and General Manager Sales Administration Headquarters (Concurrent positions held) General Manager, 1st Domestic Marketing and Sales Headquarters General Manager, 3rd Domestic Marketing and Sales Headquarters
Director and General Manager Sales Administration Headquarters (Concurrent positions held) General Manager, International Marketing and Sales Headquarters In charge of New Products Marketing	Hiroshi Shibuya	Director and General Manager 2nd Semiconductor Business Headquarters
Director and General Manager Engineering Headquarters	Toshifumi Sakata	Director and General Manager 1st Semiconductor Business Headquarters (Concurrent position held) General Manager, Semiconductor Engineering Headquarters
Director and General Manager 2nd Domestic Marketing and Sales Headquarters	Tsuyoshi Koyama	Director and General Manager Electronic Components Business Headquarters

### (5) Corporate Auditors Scheduled to Retire

Current Position	Name	Comments
Corporate Auditor (Full-time)	Makoto Nakanishi	
Corporate Auditor	Hajime Shibatani	

### (6) Candidates for Appointment as New Corporate Auditors

New Appointment	Name	Current Position
Corporate Auditor (Full-time)	Yukio Tanaka	Director and General Manager International Marketing and Sales Headquarters
Corporate Auditor	Kotaro Nakano	Corporate Auditor Showa Yokkaichi Sekiyu Co., Ltd.