

July 31, 2009

First-Quarter Consolidated Earnings Report for Fiscal 2009, Ending March 31, 2010

Company name: Ryosan Company, Limited
Securities code: 8140

Stock listing: First Section, Tokyo Stock Exchange
(URL <http://www.ryosan.co.jp>)

Representative: Naoto Mimatsu, President

Inquiries: Harumitsu Seki

Senior Managing Director and General Manager
Financing and Accounting Headquarters

TEL: +81-3-3862-2591

Scheduled filing date of quarterly earnings report: August 13, 2009

Scheduled payment date of for fiscal year-end dividend:

(Millions of yen rounded down)

1. Consolidated Operating Results for the First Quarter of Fiscal 2009 (April 1, 2009 to June 30, 2009)

(1) Consolidated Operating Results (Cumulative)

(% 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	%
First Quarter Fiscal 2009	38,384	(39.1)	334	(84.3)	513	(78.5)	198	(86.0)
First Quarter Fiscal 2008	62,991		2,138		2,392		1,415	

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
First Quarter Fiscal 2009	5.75	—
First Quarter Fiscal 2008	39.96	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets o	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
June 30, 2009	147,884	115,476	78.0	3,347.11
March 31, 2009	148,987	116,499	78.1	3,376.78

(Reference)

Shareholders' equity: Jun. 30, 2009: 115,362 million yen
Mar. 31, 2009: 116,386 million yen

2. Dividends

(Record Date)	Dividends per Share				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2008	—	40.00	—	40.00	80.00
Fiscal 2009	—				
Fiscal 2009 (Forecast)		20.00	—	40.00	60.00

Note: Revision to dividend forecast for the first quarter of the fiscal year ending March 31, 2010: No

3. Forecasts of Consolidated Operating 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
Full Fiscal Year	170,000	(23.0)	3,400	(44.7)	3,800	(47.7)	2,200	(43.9)	63.83

Note: Revisions to consolidated operating forecasts for the first quarter of the fiscal year ending March 31, 2010: No

4. Other

- (1) Changes in Important Subsidiaries during the Period (Changes in Special Subsidiaries Involving Changes in the Scope of Consolidation: No
- (2) Application of the Simplified Accounting Method and Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements: Yes
- (3) Changes in Accounting Principles, Procedures and Presentation Methods in connection with the Preparation of Quarterly Consolidated Financial Statements (Recorded under "Changes in Important Items Considered Fundamental to the Preparation of Quarterly Consolidated Financial Statements")
 1. Changes in accordance with revisions to accounting standards and related practices: No
 2. Changes in items other than 1. above: NoNote: Please refer to "Qualitative Information / Financial Statements and Other" 4. Other on page 5 for details.
- (4) Number of Shares Issued and Outstanding (Common Stock)
 1. Total number of shares issued and outstanding (including treasury stock) as of the period-end:

Jun. 30, 2009	34,500,000 shares	Mar. 31, 2009	34,500,000 shares
---------------	-------------------	---------------	-------------------
 2. Total number of treasury stock as of the period-end:

Jun. 30, 2009	33,662 shares	Mar. 31, 2009	33,358 shares
---------------	---------------	---------------	---------------
 3. Average number of shares for the period (Cumulative total for the quarterly consolidated period)

First quarter fiscal 2009	34,466,576 shares	First quarter fiscal 2008	35,428,223 shares
---------------------------	-------------------	---------------------------	-------------------

Cautionary Statement Concerning Operating Results Forecasts and Other Special Items

The forecasts of consolidated operating results and other forward-looking statements contained in this Report 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. Moreover, please refer to "3. Qualitative Information and Other Matters Concerning Consolidated Forecasts for the Fiscal Year Ending March 31, 2010" on page 5 of this document for the operating results forecasts.

[Qualitative Information / Financial Statements and Other]

1. Qualitative Information and Other matters Concerning Consolidated Operating Results for the First Quarter of Fiscal 2009

(1) Overview

During the first quarter of fiscal 2009, the three-month period from April 1, 2009 to June 30, 2009, signs that the global economy had finally bottomed out began to emerge. Following the worldwide recession of the previous year, this optimism was attributable to the positive effects of economic stimulus measures implemented by various nations, which placed a brake on the rapid and dramatic decline in the real economy. In the electronics industry, Ryosan's principal field of business activity, production took a favorable turn amid ongoing inventory adjustments particularly in the household sector encompassing such items as flat screen television and white goods. However, tempering this positive mood final demand in Europe and the United States remained weak with the economy still in a severe situation.

Under this prevailing business environment, the Ryosan Group continued to promote its growth strategy guided by the 7th medium-term management plan. As a part of its efforts to build the foundation that would support the Group's next stage of growth, Ryosan also commenced steps to review and renew its business model. In addition to the aforementioned endeavors, the Ryosan Group implemented measures aimed at reducing business costs in an effort to generate stable profits even in an environment of business scale contraction. Buffeted by the decline in sales of such products as system LSIs for digital AV devices and car audio equipment, however, net sales for the first quarter of the fiscal year ending March 31, 2010 amounted to ¥38,384 million, a decrease of 39.1% compared with the corresponding period of the previous fiscal year. From a profit perspective, operating income fell 84.3% year on year to ¥334 million, ordinary income contracted 78.5% to ¥513 million and net income dropped 86.0% compared with the corresponding period of the previous fiscal year to ¥198 million. On this basis, the Ryosan Group reported lower year-on-year revenues and earnings for the period under review.

(2) An Overview of Operating Results by Business Segment

a. Semiconductors

In the Semiconductor segment, the Ryosan Group is engaged in the sale of memories, systems LSIs and discrete semiconductors. The Group is also active in the development of systems LSIs. In the first quarter of the fiscal year ending March 31, 2010, sales of system LSIs for digital AV devices, car audio equipment and other products declined. As a result, Semiconductor segment sales contracted 42.9% compared with the corresponding period of the previous fiscal year to ¥19,872 million, while segment operating income fell 76.9% to ¥356 million.

b. Electronic components

In the Electronic Components segment, the Ryosan Group is active in the sale of display devices, power supplies and mechanical components. During the period under review, sales of LCDs for DSCs and PNDs as well as other products decreased. Accounting for these factors, sales in the Electronic Components segment declined 37.1% compared with the corresponding period of the previous fiscal year to ¥13,102 million. On the earnings front, operating income dropped 58.9% year on year to ¥371 million.

c. Electronic equipment

The Ryosan Group markets systems equipment and facilities equipment in the Electronic Equipment segment. Reflecting the drop in manufacturing equipment for magnetic head and other products throughout the first quarter of the fiscal year ending March 31, 2010, sales in the Electronic Equipment segment decreased 17.2% compared with the corresponding period of the previous fiscal year to ¥4,423 million. On a year-on-year basis, segment operating income contracted 39.4% to ¥94 million.

d. Ryosan products

In the Ryosan Products segment, the Group manufactures and markets heat sinks, which are devices that dissipate the heat generated by semiconductors. During the first quarter of the fiscal year under review, Ryosan Products segment sales amounted to ¥985 million, a decrease of 51.1% compared with the corresponding period of the previous fiscal year. This was largely attributable to the decline in sales of certain products including heat sinks for FA equipment. Turning to the segment earnings, operating income dropped 74.8% compared with the corresponding period of the previous fiscal year to ¥60 million.

(3) An Overview of Operating Results by Geographic Region

a. Japan

In the three-month period ended June 30, 2009, the Ryosan Group posted lower year-on-year sales of systems LSIs for large disk array equipment, LCDs for PNDs and other products in Japan. Accounting for these factors, domestic sales declined 36.7% compared with the corresponding period of the previous fiscal year to ¥29,057 million. From a profit perspective, operating income in Japan amounted to ¥83 million, a significant decline of 94.1% year on year.

b. Asia

Sales in Asia of systems LSIs for car audio equipment and digital AV devices as well as other products deteriorated during the first three months of the fiscal year ending March 31, 2010. As a result, sales in this region dropped 46.4% compared with the corresponding period of the previous fiscal year to ¥10,969 million. Operating income also contracted 74.3% year on year to ¥141 million.

2. Qualitative Information and Other Matters Concerning Consolidated Financial Position for the end of the First Quarter of Fiscal 2009

(1) An Overview of Financial Position

Total assets as of June 30, 2009 stood at ¥147,884 million, a decrease of ¥1,102 million compared with the end of the previous fiscal year.

Net assets amounted to ¥115,476 million as of the end of the period under review, ¥1,023 million lower than the previous fiscal year-end. Taking these factors into consideration, the equity ratio (net assets to total assets) was 78.0%.

(2) An Overview of Cash Flows

Cash and cash equivalents as of June 30, 2009 stood at ¥56,007 million. This was ¥6,004 million higher than the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities for the three-month period ended June 30, 2009 amounted to ¥9,817 million, an increase of ¥8,287 million compared with the corresponding period of the previous fiscal year. In addition to income before income taxes totaling ¥531 million, major cash inflows for the period included the decrease in accounts receivable of ¥7,095 million and the increase in accounts payable of ¥2,110 million.

(Cash flows from investing activities)

Net cash used in investing activities for the first quarter of the fiscal year ending March 31, 2010 totaled ¥414 million, ¥353 million higher than the corresponding period of the previous fiscal year. The principal cash outflow for the period was purchase of property, plant and equipment of ¥467 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥3,246 million, an increase of ¥2,057 million compared with the corresponding period of the previous fiscal year. During the period under review, Ryosan recorded a decrease in short-term borrowings, net of ¥1,824 million and undertook cash dividends paid totaling ¥ 1,378 million.

3. Qualitative Information and Other Matters Concerning Consolidated Forecasts for the Fiscal Year Ending March 31, 2010

As of the date of this report, the Ryosan Group has not identified any major changes to its consolidated business results forecasts previously announced on May 12, 2009. Ryosan plans to disclose updated information in a timely manner after taking into consideration future trends in its business performance.

4. Other

(1) Changes in Important Subsidiaries during the Period (Changes in Special Subsidiaries Involving Changes in the Scope of Consolidation): None.

(2) Application of the Simplified Accounting Method and Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements:

The simplified accounting method is used in certain cases where the monetary effect is considered negligible.

(3) Changes in Accounting Principles, Procedures and Presentation Methods in connection with the Preparation of Quarterly Consolidated Financial Statements: None.

5. Consolidated Quarterly Financial Statements
(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	First Quarter of the Fiscal Year Ending March 31, 2010 (As of June 30, 2009)	Fiscal Year Ended March 31, 2009 (As of March 31, 2009)
ASSETS		
Current assets:		
Cash and deposits	53,007	50,003
Trade notes and accounts receivable	49,031	56,124
Marketable securities	2,999	
Merchandise and finished products	13,884	14,688
Work in process	77	59
Raw materials and stored goods	194	191
Accrued income	2,415	1,737
Income tax refund receivable	167	239
Deferred tax assets	289	380
Other current assets	363	630
Allowance for doubtful accounts	(97)	(104)
Total current assets	122,334	123,950
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	5,074	5,131
Land	8,186	8,184
Lease assets (net)	428	463
Other fixed assets (net)	1,144	774
Total property, plant and equipment	14,835	14,554
Intangible fixed assets:	594	628
Investments and other assets:		
Investment securities	3,432	2,890
Long-term deposits	3,500	3,500
Deferred tax assets	1,889	2,153
Other	2,499	2,529
Allowance for doubtful accounts	(1,082)	(1,101)
Allowance for loss on investments	(118)	(118)
Total investments and other assets	10,120	9,853
Total fixed assets	25,550	25,036
Total assets	147,884	148,987

(Millions of yen)

	First Quarter of the Fiscal Year Ending March 31, 2010 (As of June 30, 2009)	Fiscal Year Ended March 31, 2009 (As of March 31, 2009)
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	23,989	21,888
Short-term bank loans	2,940	4,773
Lease obligations	154	157
Accrued expenses	360	1,024
Accrued income taxes	126	109
Reserve for bonuses	299	
Other current liabilities	1,833	1,738
Total current liabilities	29,704	29,691
Long-term liabilities:		
Lease obligations	357	394
Employees' retirement benefits	2,062	2,086
Other long-term liabilities	283	315
Total long-term liabilities	2,703	2,796
Total liabilities	32,408	32,488
NET ASSETS		
Shareholders' equity:		
Common stock	17,690	17,690
Additional paid-in capital	19,114	19,114
Retained earnings	80,263	81,443
Treasury stock	(83)	(82)
Total shareholders' equity	116,984	118,165
Valuation and conversions:		
Net unrealized gain on other marketable securities	336	14
Gain (loss) on deferred hedges	0	3
Foreign currency translation adjustments	(1,960)	(1,797)
Total valuation and conversions	(1,622)	(1,779)
Minority interests		
Total net assets	115,476	116,499
Total liabilities and net assets	147,884	148,987

(2) Consolidated Quarterly Statements of Income (Cumulative)**(Millions of yen)**

	First Quarter of the Fiscal Year Ended March 31, 2009 (April 1, 2008 to June 30, 2008)	First Quarter of the Fiscal Year Ending March 31, 2010 (April 1, 2009 to June 30, 2009)
Net sales	62,991	38,384
Cost of Sales	57,219	35,092
Gross Profit	5,771	3,291
Selling, general and administrative expenses		
Packaging and freight expenses	187	121
Directors' remuneration	123	94
Employees' salaries	914	794
Bonuses	351	225
Retirement benefit expenses	115	115
Employee benefits	193	159
Depreciation and amortization	143	169
Others	1,604	1,276
Total selling, general and administrative expenses	3,633	2,957
Operating income	2,138	334
Non-operating income		
Interest income	45	24
Dividend income	133	101
Management consultation fee	37	27
Miscellaneous income	85	79
Total non-operating income	302	232
Non-operating expenses		
Interest expense	36	13
Loss on foreign exchange		33
Miscellaneous expenses	12	6
Total non-operating expenses	48	53
Ordinary income	2,392	513
Extraordinary gains		
Gain on sales of property, plant and equipment		1
Gain on reversal of allowance for doubtful accounts	12	19
Total extraordinary gains	12	21
Extraordinary losses		
Loss on sales and disposal of property, plant and equipment	4	1
Loss on devaluation of inventories	112	
Loss on devaluation of investment securities	3	1
Loss on devaluation of golf membership rights		0
Total extraordinary losses	121	3
Income before income taxes and minority interests	2,283	531
Income taxes current	686	196
Income taxes deferred	178	136
Total income taxes	865	332
Minority interests	1	1
Net income	1,415	198

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	First Quarter of the Fiscal Year Ended March 31, 2009 (April 1, 2008 to June 30, 2008)	First Quarter of the Fiscal Year Ending March 31, 2010 (April 1, 2009 to June 30, 2009)
Cash flows from operating activities:		
Income before income taxes and minority interests	2,283	531
Depreciation and amortization	188	204
Increase (decrease) in allowance for doubtful accounts	(12)	(23)
Increase (decrease) in employees' retirement benefits	57	(24)
Interest an dividend income	(179)	(125)
Interest expense	36	13
Loss (gain) on sale and disposal of property, plant and equipment	4	0
Loss (gain) on devaluation of investment securities	3	1
Decrease (increase) in accounts receivable	4,661	7,095
Decrease (increase) in inventories	(701)	815
Increase (decrease) in accounts payable	(2,456)	2,110
Other	(629)	(785)
Subtotal	3,256	9,813
Interest and dividends received	184	114
Interest paid	(36)	(13)
Income taxes paid	(1,876)	(97)
Net cash provided by operating activities	1,529	9,817
Cash flows from investing activities:		
Purchases of property, plant and equipment	(61)	(467)
Proceeds from sale of property, plant and equipment		3
Proceeds from sale of intangible fixed assets		9
Proceeds from collection of loans		40
Net cash used in investing activities	(61)	(414)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	598	(1,824)
Payment of refund of lease obligations		(40)
Repurchases of treasury stock	(368)	0
Cash dividends paid	(1,418)	(1,378)
Cash dividends paid to minority shareholders		(1)
Net cash used in financing activities	(1,188)	(3,246)
Effect of foreign currency translation adjustments on cash and cash equivalents	66	(151)
Net increase (decrease) in cash and cash equivalents	346	6,004
Cash and cash equivalents at the beginning of the period	43,077	50,003
Cash and cash equivalents at the end of the period	43,423	56,007

(4) Notes Regarding Going Concern Assumptions

None.

(5) Segment Information

[Segment Information by Business Type]

For the First Quarter of the Fiscal Year Ended March 31, 2009 (April 1, 2008 to June 30, 2008)

(Millions of yen)

	Semiconductors	Electronic Components	Electronic Equipment	Ryosan Products	Total	Eliminations or Corporate	Consolidated
Sales and Operating Income							
Sales:							
(1) Sales to External Customers	34,811	20,822	5,342	2,014	62,991	—	62,991
(2) Internal Sales between Segments of Exchange	—	—	—	—	—	—	—
Total Sales	34,811	20,822	5,342	2,014	62,991	—	62,991
Operating Expenses	33,269	19,917	5,186	1,773	60,147	706	60,853
Operating Income	1,542	905	155	241	2,844	(706)	2,138

Notes:

1. Methods of determining business segments and main products classified under each business segment
 - (1) Business segments are classified on the basis of organization, product type and sales structure.
 - (2) Main products of each business segment:
 - Semiconductors: memories, system LSIs, discrete semiconductors
 - Electronic components: display devices, power supplies, electromechanical parts
 - Electronic equipment: systems equipment, facilities equipment
 - Ryosan products: heat sinks (semiconductor circuit elements)
2. Unallocated operating expenses included in “Eliminations or Corporate” totaled ¥706 million in the first quarter of the fiscal year ended March 31, 2009. These expenses consisted principally of Ryosan’s information system investment and expenses related to the Company’s planning, administration and accounting departments.
3. Effective from the first quarter of the fiscal year ended March 31, 2009, the Ryosan Group has adopted ASBJ Statement No. 9 “Accounting Standard for the Measurement of Inventories” issued on July 5, 2006. As a result, the method for measuring inventories has changed from the lower of cost or market method to the cost method (with book values written down due to decreased profitability of balance sheet asset amounts).

On this basis, and in comparison with the previous method, operating income for the Semiconductor, Electronic Components, Electronic Equipment and Ryosan Products segments decline by ¥97 million, ¥18 million, ¥2 million and ¥3 million, respectively.

For the First Quarter of the Fiscal Year Ending March 31, 2010 (April 1, 2009 to June 30, 2009)

(Millions of yen)

	Semiconductors	Electronic Components	Electronic Equipment	Ryosan Products	Total	Eliminations or Corporate	Consolidated
Sales and Operating Income							
Sales:							
(1) Sales to External Customers	19,872	13,102	4,423	985	38,354	—	38,384
(2) Internal Sales between Segments of Exchange	—	—	—	—	—	—	—
Total Sales	19,872	13,102	4,423	985	38,384	—	38,384
Operating Expenses	19,516	12,730	4,329	924	37,500	548	38,049
Operating Income	356	371	94	60	883	(548)	334

Notes:

1. Methods of determining business segments and main products classified under each business segment
 - (1) Business segments are classified on the basis of organization, product type and sales structure.
 - (2) Main products of each business segment:
 - Semiconductors: memories, system LSIs, discrete semiconductors
 - Electronic components: display devices, power supplies, electromechanical parts
 - Electronic equipment: systems equipment, facilities equipment
 - Ryosan products: heat sinks (semiconductor circuit elements)
2. Unallocated operating expenses included in “Eliminations or Corporate” totaled ¥548 million in the first quarter of the fiscal year ending March 31, 2010. These expenses consisted principally of Ryosan’s information system investment and expenses related to the Company’s planning, administration and accounting departments.

[Geographical Segment Information]

For the First Quarter of the Fiscal Year Ended March 31, 2009 (April 1, 2008 to June 30, 2008)

(Millions of yen)

	Japan	Asia	Total	Eliminations or Corporate	Consolidated
Sales and Operating Income					
Sales:					
(1) Sales to External Customers	42,574	20,417	62,991	—	62,991
(2) Internal Sales between Segments of Exchange	3,331	65	3,396	(3,396)	—
Total Sales	45,905	20,482	66,387	(3,396)	62,991
Operating Expenses	44,476	19,929	64,406	(3,552)	60,853
Operating Income	1,428	552	1,981	156	2,138

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 has adopted ASBJ Statement No. 9 “Accounting Standard for the Measurement of Inventories” issued on July 5, 2006. As a result, the method for measuring inventories has changed from the lower of cost or market method to the cost method (with book values written down due to decreased profitability of balance sheet asset amounts).

On this basis, and in comparison with the previous method, operating income in Japan and Asia decline by ¥120 million and ¥2 million, respectively

For the First Quarter of the Fiscal Year Ending March 31, 2010 (April 1, 2009 to June 30, 2009)

(Millions of yen)

	Japan	Asia	Total	Eliminations or Corporate	Consolidated
Sales and Operating Income					
Sales:					
(1) Sales to External Customers	27,497	10,886	38,384	—	38,384
(2) Internal Sales between Segments of Exchange	1,559	83	1,643	(1,643)	—
Total Sales	29,057	10,969	40,027	(1,643)	38,384
Operating Expenses	28,974	10,827	39,802	(1,752)	38,049
Operating Income	83	141	225	109	334

Notes:

- Country and regional segments are classified on the basis of geographic proximity.

2. Principal countries and regions:
Asia: Hong Kong, Singapore, Taiwan, Malaysia and others
3. Operating expenses are allocated to each geographical segment.

[Overseas Sales]

For the First Quarter of the Fiscal Year Ended March 31, 2009 (April 1, 2008 to June 30, 2008)

(Millions of yen)

	Asia	Total
Overseas Sales	24,737	24,737
Consolidated Net Sales	—	62,991
Ratio of Overseas Sales to Consolidated Net Sales (%)	39.3	39.3

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).

For the First Quarter of the Fiscal Year Ending March 31, 2010 (April 1, 2009 to June 30, 2009)

(Millions of yen)

	Asia	Total
Overseas Sales	13,325	13,325
Consolidated Net Sales	—	38,384
Ratio of Overseas Sales to Consolidated Net Sales (%)	34.7	34.7

Notes:

1. Country and regional segments are classified on the basis of geographic proximity.
2. Principal countries and regions:
Asia: Hong Kong, 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).

(6) Notes Regarding Substantial Changes in Shareholders' Equity

None.