May 12, 2010

Consolidated Earnings Report for Fiscal 2009, Ended March 31, 2010

Company name: Ryosan Company, Limited
Stock listing: First Section, Tokyo Stock Exchange
Securities code: 8140
(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 date of the Annual General Meeting of Shareholders June 25, 2010
Scheduled payment date of for fiscal year-end dividend: June 10, 2010
Scheduled filing date of the Annual Securities Report: June 28, 2010

(Millions of yen rounded down)

1. Consolidated results for the fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(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 2009	194,377	(12.0)	4,786	(22.1)	5,312	(26.9)	2,867	(26.8)
Fiscal 2008	220,871	(22.8)	6,145	(42.8)	7,263	(35.6)	3,919	(41.8)

	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 2009	83.21	—	2.5	3.4	2.5
Fiscal 2008	111.83	—	3.3	4.5	2.8

(Reference) Equity in earnings (losses) of non-consolidated subsidiaries and affiliates:
FY2009 — million yen, FY2008 — 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, 2010	161,593	117,263	72.5	3,398.82
March 31, 2009	148,987	116,499	78.1	3,376.78

(Reference) Shareholders equity:
March 31, 2010: 117,143 million yen, March 31, 2009: 116,386 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 2009	4,361	(639)	(3,113)	50,458
Fiscal 2008	15,033	(3,540)	(4,240)	50,003

2. Dividends

(Millions of yen rounded down unless otherwise stated)

	Dividends per share (Yen)					Dividends (Full fiscal year)	Payout ratio (consolidated) %	Dividends to net assets ratio (consolidated) %
(Record date)	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual			
Fiscal 2008	—	40.00	—	40.00	80.00	2,775	71.5	2.4
Fiscal 2009	—	20.00	—	40.00	60.00	2,067	72.1	1.8
Fiscal 2010 (Forecast)	—	40.00	—	40.00	80.00		65.6	

3. Forecast of results for the fiscal year ending March 31, 2011 (April 1, 2010 to March 31, 2011)

(% 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	105,000	19.9	3,000	94.7	3,400	81.5	1,900	105.6	55.13
Full Fiscal Year	215,000	10.6	6,600	37.9	7,200	35.5	4,200	46.5	121.86

4. Other

(1) Transfer of major subsidiaries during term (transfer of specified subsidiaries in line with changes in the consolidated range): No

(2) Changes to principles, procedures and display methods for accounting procedures used in preparing quarterly 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: No

Note: For details, please refer to “Important Items Considered Fundamental to the Preparation of Consolidated Financial Statements” on page 22.

(3) Number of shares issued and outstanding (Common stock)

1. Total number of shares issued and outstanding (including treasury stock) as of the period-end:
   March 31, 2010: 34,500,000 shares   March 31, 2009: 34,500,000 shares
2. Total number of treasury stock as of the period-end:
   March 31, 2010: 34,000 shares   March 31, 2009: 33,358 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 39.

(Reference) Overview of non-consolidated operating results

1. Non-consolidated results for the fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(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 2009	151,578	(8.5)	2,900	(28.8)	4,683	(23.0)	2,701	(9.2)
Fiscal 2008	165,580	(22.1)	4,074	(46.2)	6,085	(35.6)	2,974	(45.9)

	Net income per share	Net income per share after dilution
	Yen	Yen
Fiscal 2009	78.39	—
Fiscal 2008	84.87	—

(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, 2010	143,796	108,009	75.1	3,133.81
March 31, 2009	133,428	106,948	80.3	3,102.97

(Reference) Shareholders equity:
March 31, 2010: 108,009 million yen, March 31, 2009: 106,948 million yen

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 3 through 7 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 for Fiscal 2009 (the Fiscal Year Ended March 31, 2010)

(Operating Results for Fiscal 2009)

1) Overview

In the fiscal year ended March 31, 2010, although the economic stimulus policies adopted by many countries proved to be effective, and the global economy appeared to be making a mild recovery after the economic recession brought on by the global financial bottomed out, the overall state of the global economy remained severe.

In the electronics industry, Ryosan Group's principal field of activity, while there was a rapid recovery in demand for semiconductors and electronic components from mid-year onward as a result of expansion in domestic demand in emerging countries and China, with tight supply and demand becoming a serious issue in some areas, performance was sluggish in comparison with levels prior to the economic recession.

Under such conditions, and in response to downsizing of its operations, Ryosan Group worked to "reduce business costs" and to "reviewing and renewing its business model." However, due to decreased demand for semiconductors and electronic components, Ryosan Group reported declines in both revenue and earnings, with net sales of 194,377 million yen (down 12.0% from the previous year), operating income of 4,786 million yen (down 22.1%), ordinary income of 5,312 million yen (down 26.9%) and net income of 2,867 million yen (down 26.8%).

2) Business Segment Information

a. Semiconductors

At Ryosan Group, we sell memories, system LSIs and discrete semiconductors, and develop system LSIs. In this consolidated fiscal year, sales of system LSIs for digital AV devices and car audio equipment etc. decreased, with net sales of 101,535 million yen (down 13.2% from the previous year), and operating income came to 3,330 million yen (down 31.9%).

b. Electronic Components

At Ryosan Group, we sell display devices, power supplies and electromechanical parts. In this consolidated fiscal year, sales of game console batteries and LCDs for PNDs etc. decreased, with net sales of 60,468 million yen (down 20.4% from the previous year) and operating income of 2,317 million yen (down 17.9%).

c. Electronic Equipment

At Ryosan Group, we sell systems equipment and facilities equipment. In this consolidated fiscal year, sales of systems equipments for in-vehicle electrical use and MFP etc. increased, with net sales of 27,652 million yen (up 29.7% from the previous year) and operating income of 772 million yen (up 74.1%).

d. Ryosan Products

At Ryosan Group, we produce and sell heat sinks (devices that dissipate the heat generated by semiconductors). In this consolidated fiscal year, sales of heat sinks for FA equipment etc. decreased, with net sales of 4,720 million yen (down 29.7% from the previous year) and operating income of 398 million yen (down 22.5%).

3) Geographical Segment Information

a. Japan

In this consolidated fiscal year, sales of electromechanical components for game consoles and system LSIs etc. for large disk array equipment etc. decreased, with net sales of 151,578 million yen (down 8.5% from the previous year) and operating income of 3,126 million yen (down 23.6%).

b. Asia

In this consolidated fiscal year, sales of system LSIs for digital AV devices and car audio equipment etc. decreased, with net sales of 52,328 million yen (down 21.1% from the previous year) and operating income of 1,280 million yen (down 20.0%).

The aforementioned amounts do not include consumption and other taxes.

(Outlook for the Next Fiscal Period)

1) Projected Operating Results

Looking ahead, the global economy's gradual recovery is expected to continue, as it will be boosted by the growth seen in emerging countries and China.

Against the backdrop of this forecast operating environment, Ryosan Group will promote and pursue three key initiatives: "maintaining structures that are proportionate to scale of operations," "the review and renewal of its business model" and "the reconstruction of a growth trajectory." In terms of performance, as demand for semiconductors and electronic components are expected to gradually recovers, the Group is forecasting increases in both revenues and earnings.

On this basis, operating forecasts for the fiscal year ending March 31, 2011 are as follows:

	Millions of yen	YoY change [%]
Net sales	215,000	Increase 10.6
Operating income	6,600	Increase 37.9
Ordinary income	7,200	Increase 35.5
Net income	4,200	Increase 46.5

2) Projected Operating Results by Business Segment

a. Semiconductors

In the Semiconductors segment, Ryosan is projecting increased sales of memory for PCs and mobile phone and system LSIs for DSC etc. Sales in this segment are expected to come to 125,000 million yen (up 23.1% from the previous year), with an expected operating income of 5,300 million yen (up 59.2%).

b. Electronic Components

In the Electronic Components segment, although a decline in sales of electoromechanical components for game consoles etc. is foreseen, sales and operating income are both expected to remain almost unchanged. Sales in this segment are expected to come to 60,700 million yen (up 0.4% from the previous year), with an expected operating income of 2,350 million yen (up 1.4%).

c. Electronic Equipment

In the Electronic Equipment segment, sales of systems equipments for in-vehicle electrical use and MFP etc. are expected to fall. Sales in this segment are expected to come to 23,000 million (down 16.8% from the previous year), with an expected operating income of 440 million yen (down 43.0%).

d. Ryosan Products

Increased sales of heat sinks for FA equipment etc. are projected in the Ryosan Products segment. As a result, segment sales are expected to come to 6,300 million yen (up 33.5% from the previous year), with an expected operating income of 700 million yen (up 75.9%).

* 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 is 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, 2010

a. Assets

Total assets as of March 31, 2010 stood at 161,593 million yen, an increase of 12,605 million yen compared with the end of the previous fiscal year. This was mainly attributable to an increase of 11,303 million yen in trade notes and accounts receivable, as well as an increase of 2,008 million yen in other accounts receivable etc.

b. Liabilities

Total liabilities increased by 11,841 million yen compared with March 31, 2009 to reach 44,329 million yen. This was primarily attributable to trade notes and accounts payable increasing by 11,632 million yen etc.

c. Net Assets

Net assets increased by 764 million yen compared with March 31, 2009 to reach 117,263 million yen. This was due to retained earnings increasing by 692 million yen. The ratio of net assets to total assets fell from 78.1% at the end of the previous fiscal year to 72.5% as of March 31, 2010.

2) Status of Cash Flows

Cash and cash equivalents as of March 31, 2010 stood at 50,458 million yen; an increase of 455 million yen compared with the end of the previous fiscal year.

a. Cash Flows from Operating Activities

Regarding cash flow from operating activities in this consolidated fiscal year, in addition to net income before income taxes being 5,195 million yen, because accounts payable increased by 11,764 million yen, even though accounts receivable increased by 11,453 million yen, in total funds increased by 4,361 million yen. Cash flow from operating activities increased by 15,033 million yen from the previous year.

b. Cash Flows from Investing Activities

Regarding cash flow from investing activities in this consolidated fiscal year, funds decreased by 639 million yen due to 681 million yen in purchases of property, plant and equipment etc. Cash flow from investing activities decreased by 3,540 million yen from the previous year.

c. Cash Flows from Financing Activities

Regarding cash flow from financing activities in this consolidated fiscal year, funds decreased by 3,113 million yen due to 2,067 million yen in dividend paid and a decrease in short-term loans of 882 million yen etc. Cash flow from financing activities decreased by 4,240 million yen from the previous year.

(Forecasts for Assets, Liabilities, Net Assets and Cash Flows for Fiscal 2010)

In fiscal 2010, net cash provided by operating activities is forecast to increase on a year-on-year basis. While accounts receivable are anticipated to increase in line with an increase in revenue, this is mainly attributable to the projected increase in income before income taxes.

In terms of cash flows from investing activities for the fiscal year ending March 31, 2011, the Company is budgeting for capital expenditures of 500 million yen.

In terms of cash flows from financing activities, the Company anticipates that payments of dividends will increase by about 700 million yen as compared with levels at the end of the current fiscal year.

Accounting for these factors, cash and cash equivalents as of March 31, 2011 are expected to remain essentially unchanged from levels recorded at 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 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009
Net assets to total assets (%)	64.1	65.6	68.3	78.1	72.5
Net assets to total assets (%) (Market capitalization basis)	62.9	60.3	48.0	47.4	50.8
Cash flow to Interest-bearing Liabilities (Years)	0.5	0.6	0.5	0.3	0.9
Interest coverage ratio (Times)	49.8	24.0	37.4	107.3	101.4

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.

(3) Basic Policy Regarding the Allocation of Profits / Dividends for Fiscal 2009 and Fiscal 2010

【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 continue high dividend payout in profits returned to shareholders, and the Company is targeting a consolidated dividend payout ratio of 50% or more. With regard to purchasing of own shares, the Company plans to make decisions in an integrated manner, with consideration given to trends in consolidated results and other matters.

【Dividends for Fiscal 2009 and Fiscal 2010】

For the fiscal year ended March 31, 2010, Ryosan has declared a fiscal year-end ordinary dividend of ¥40 per share. Together with the interim ordinary dividend of ¥20 per share, the Company will pay an ordinary dividend payment for the full fiscal year of ¥60 per share.
Given its anticipation of a recovery in consolidated earnings, Ryosan is forecasting an increase in its full fiscal year ordinary dividend payment to ¥80 per share for the fiscal year ending March 31, 2011. Ryosan is anticipating the payment of an interim ordinary dividend for fiscal 2010 of ¥40 per share, as well as a fiscal year-end ordinary dividend payment of ¥40 per share.

(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 2009 (March 31, 2010).

1) 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.

2) Contracts with suppliers

The Ryosan Group has concluded agency agreements with several suppliers inside and outside Japan. We have maintained good business relations with them, but if it becomes difficult to continue these agreements due to the restructuring of suppliers' businesses, including M&A etc, and the revision of sales channel strategies, this may cause adverse effects on the business performance and financial status of Ryosan Group.

3) 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.

4) 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.

a. Unforeseen changes in statutory and regulatory requirements and adverse changes in tax requirements
b. Inadequate and insufficient local infrastructure in the countries in which the Ryosan Group operates
c. Development of adverse political factors
d. Social unrest arising out of war, acts of terrorism and other developments

5) 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.

6) 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”), 11 consolidated subsidiaries and 8 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.

<table>
<tr><th>Segment</th><th>Main Products</th><th>Sales Companies</th><th>Development and Manufacturing Companies</th></tr>
<tr><td>Semiconductors</td><td>Memories
System LSIs
Discrete semiconductors</td><td rowspan="4">Ryosan Company, Limited

CentrAct Corporation

Saxis Company, Limited

Gyronics Company, Limited

HONG KONG RYOSAN LIMITED

SINGAPORE RYOSAN PRIVATE LIMITED

RYOTAI CORPORATION

RYOSAN IPC (MALAYSIA) SDN. BHD.

KOREA RYOSAN CORPORATION

ZHONG LING INTERNATIONAL TRADING (SHANGHAI) CO., LTD.</td><td></td></tr>
<tr><td>Electronic Components</td><td>Display devices
Power supplies
Mechanical components</td><td></td></tr>
<tr><td>Electronic Equipment</td><td>Systems equipment
Facilities equipment</td><td></td></tr>
<tr><td>Ryosan Products</td><td>Heat sinks
(devices that dissipate the heat generated by semiconductors)</td><td>Ryosan Company, Limited

RYOSAN ENGINEERING (M) SDN.BHD.

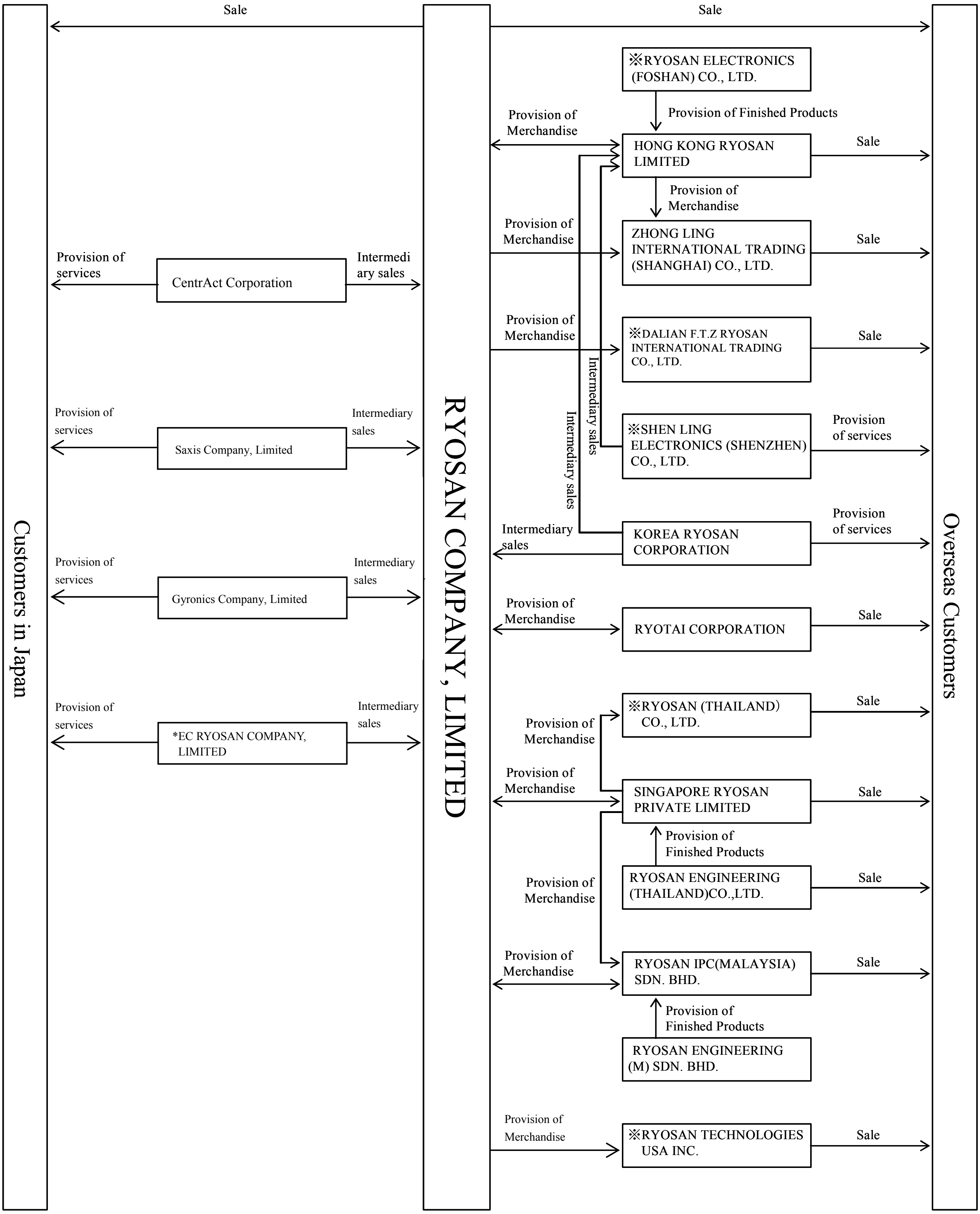
RYOSAN ENGINEERING (THAILAND) CO., LTD.</td></tr>
</table>

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

(Non-consolidated subsidiaries)

Company Name	Business Activities
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

The Group’s organization chart is provided as follows



Note: Companies identified with an 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 covered the period from fiscal 2007 through to fiscal 2009, we aimed to secure net income per share exceeding ¥200 in the final year of the plan. However, given that consolidated earnings fell significantly due to the effects of the global economic recession, the Company has withdrawn from its initial targets.

For fiscal 2010, the Company has set itself the numerical target of securing net income per share exceeding 120 yen and a consolidated dividend payout ratio of more than 50% each fiscal year.

(3) Medium- and Long-Term Management Strategies

The Ryosan Group is confronted with an operating environment characterized by increasingly intense globalization and rapid change. Against this backdrop, demands for the corporate sector to more adequately fulfill their corporate social responsibility (CSR) have also risen.

Under these circumstances, the Ryosan Group formulated its 7th Medium-Term Management Plan, which covered 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 have been crucial towards conducting "Open and Transparent Corporate Management" and "Business Activities with Abundant Creativity." Under normal circumstances, the Company would have planned to commence with a new medium-term management plan from fiscal 2010. However, because Renesas Electronics – a major supplier for Ryosan Group and the company with the highest degree of influence towards the Company – has just started up, Ryosan intends to determine the direction of Renesas Electronics before drawing up medium-term management plans. As such, Ryosan has delayed implementing medium-term management plans by one year.

With an overriding theme of responding to the policies of Renesas Electronics, in fiscal 2010 Ryosan will work towards establishing a business structure. In addition, the Company intends to address themes that need to be dealt with in the medium- to long-term. Specifically, these themes are as follows:

- Rapid structure establishment and business expansion for Renesas Electronics
- Reforming of the Company's business model
- Overseas semiconductor product business expansion
- China bloc conception including Hong Kong, China, Taiwan and Korea business expansion
- Qualitative improvement of internal control
- Response to International Financial Reporting Standards
- Enhancement of RS (Ryosan) culture

(4) Issues to be Addressed

Within the domestic and overseas electronics industries, the Ryosan Group's primary fields of business, major electronic equipment manufacturers are increasingly implementing a variety of countermeasures in response to the downturn in its business due to the economic recession. These countermeasures include a succession of capital and business tie-ups, moves to withdraw from unprofitable businesses and the decision to undertake business reorganization. A development of significance for Ryosan Group was one of their major suppliers, NEC Electronics, entering into a business merger with Renesas Technology. Although the newly formed Renesas Electronics is still yet to announce its sales channel policy, by making full use of the "technical support capabilities," the "extensive network of sales channels" and the "sound financial position" that Ryosan Group has cultivated over many years, and thereby gaining the trust of clients, Ryosan has every confidence that it will be able to maintain and expand its operations.

Ryosan Group's sluggish performance represents a very big challenge. The environment and market structure surrounding Ryosan Group has changed significantly due to the rise of emerging countries and China. In response to this situation, the Company recognizes that in addition to maintaining and expanding its business with the Japanese companies that form the core of its business, it must also significantly increase its business with foreign companies. To this end, Ryosan intends to boldly pursue "Overseas semiconductor product business expansion" and "China bloc business expansion" as growth strategies. Regarding "Overseas semiconductor product business expansion," Ryosan will continue to work towards "enhancement of product lineup to cater to customer requirements" and "creation of a business structure in consideration of supplier characteristics." As for "China bloc business expansion," as well as making full use of China's extensive network, Ryosan will also enhance its "collaborations with Chinese and Taiwanese Design House etc."

As a result of revisions made to business and organizational structures, Ryosan Group has established its "flexible, low-cost business structure." In the future, the Company will continue to work towards "maintaining structures that are proportionate to scale of operations."

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. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2009 (As of March 31, 2009)	Fiscal Year Ended March 31, 2010 (As of March 31, 2010)
ASSETS		
Current assets		
Cash and deposits	50,003	50,459
Trade notes and accounts receivable	56,124	67,427
Merchandise and finished products	14,688	14,135
Work in process	59	116
Raw materials and stored goods	191	196
Accrued income	1,737	3,745
Income tax refund receivable	239	20
Deferred tax assets	380	522
Other current assets	630	341
Allowance for doubtful accounts	(104)	(125)
Total current assets	123,950	136,840
Fixed assets		
Property, plant and equipment		
Buildings and structures	10,795	10,774
Accumulated depreciation	(5,664)	(5,897)
Buildings and structures (net)	5,131	4,876
Land	8,184	8,132
Lease assets	660	591
Accumulated depreciation	(196)	(263)
Lease assets (net)	463	327
Other fixed assets	3,833	4,322
Accumulated depreciation	(3,058)	(3,455)
Other fixed assets (net)	774	867
Total property, plant and equipment	14,554	14,203
Intangible fixed assets	628	610
Investments and other assets		
Investment securities	2,890	3,492
Long-term deposits	3,500	3,500
Deferred tax assets	2,153	1,597
Other	2,529	2,530
Allowance for doubtful accounts	(1,101)	(1,093)
Allowance for loss on investments	(118)	(89)
Total Investments and other assets	9,853	9,938
Total fixed assets	25,036	24,752
Total assets	148,987	161,593

(Millions of yen)

	Fiscal Year Ended March 31, 2009 (As of March 31, 2009)	Fiscal Year Ended March 31, 2010 (As of March 31, 2010)
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	21,888	33,521
Short-term bank loans	4,773	3,748
Lease obligations	157	139
Accrued expenses	1,024	1,104
Accrued income taxes	109	1,219
Other current liabilities	1,738	1,821
Total current liabilities	29,691	41,554
Long-term liabilities		
Lease obligations	394	261
Employees' retirement benefits	2,086	2,236
Other long-term liabilities	315	276
Total long-term liabilities	2,796	2,775
Total liabilities	32,488	44,329
NET ASSETS		
Shareholder's equity		
Common stock	17,690	17,690
Additional paid-in capital	19,114	19,114
Retained earnings	81,443	82,136
Treasury stock	(82)	(83)
Total shareholders' equity	118,165	118,857
Valuation and conversions		
Net unrealized gain on other marketable securities	14	439
Gain (loss) on deferred hedges	3	7
Foreign currency translation adjustments	(1,797)	(2,160)
Total valuation and conversions	(1,779)	(1,713)
Minority interests	113	120
Total net assets	116,499	117,263
Total liabilities and net assets	148,987	161,593

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2009 (Apr. 1, 2008 to Mar. 31, 2009)	Fiscal Year Ended Mar. 31, 2010 (Apr. 1, 2009 to Mar. 31, 2010)
Net sales	220,871	194,377
Cost of Sales	201,251	177,506
Gross Profit	19,620	16,870
Selling, general and administrative expenses		
Packing and freight expenses	633	621
Provision of allowance for doubtful accounts	―	73
Directors' remuneration	449	413
Employees' salaries	3,657	3,118
Bonuses	1,241	1,049
Retirement benefit expenses	467	444
Employee benefits	760	683
Depreciation and amortization	815	876
Others	5,449	4,803
Total selling, general and administrative expenses	13,474	12,083
Operating income	6,145	4,786
Non-operating income		
Interest income	164	101
Dividend income	340	115
Gain on foreign exchange	206	―
Management consultation fee	149	119
Proceeds from transfer of goodwill	―	94
Miscellaneous income	429	311
Total non-operating income	1,289	743
Non-operating expenses		
Interest expense	140	42
Loss on foreign exchange	―	116
Miscellaneous expenses	31	57
Total non-operating expenses	171	217
Ordinary income	7,263	5,312
Extraordinary gains		
Gain on sales of property, plant and equipment	3	2
Gain on sales of investment securities	―	12
Gain on reversal of allowance for doubtful accounts	155	―
Reversal of allowance for investment loss	―	18
Total extraordinary gains	159	33
Extraordinary losses		
Loss on sales and disposal of property, plant and equipment	41	5
Impairment loss	9	78
Loss on devaluation of inventories	112	―
Loss on sales of investment securities	―	14
Loss on devaluation of investment securities	325	47
Provision of allowance for investment loss	32	―
Loss on devaluation of golf membership rights	8	4
Extraordinary loss attributable to the application of lease accounting standards	66	―
Special retirement expenses	177	―
Total extraordinary losses	775	151
Income before income taxes and minority interests	6,647	5,195
Income taxes-current	2,122	2,227
Income taxes-deferred	600	97
Total income taxes	2,723	2,325
Minority interests in income	4	2
Net income	3,919	2,867

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

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2009 (Apr. 1, 2008 to Mar. 31, 2009)	Fiscal Year Ended Mar. 31, 2010 (Apr. 1, 2009 to Mar. 31, 2010)
Shareholders' equity		
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	19,114
Increase (decrease) during the period		
Disposal of treasury stock	0	(0)
Retirement of treasury stock	(7)	―
Transfer to additional paid-in capital from retained earnings	―	0
Total increase (decrease) during the period	(8)	―
Balance as of the end of the period	19,114	19,114
Retained earnings		
Balance as of the end of the previous period	85,457	81,443
Increase (decrease) during the period		
Appropriation of earnings as cash dividends	(2,815)	(2,067)
Net income for the period	3,919	2,867
Retirement of treasury stock	(5,117)	―
Change of scope of consolidation	―	(107)
Transfer to additional paid-in capital from retained earnings	―	(0)
Total increase (decrease) during the period	(4,013)	692
Balance as of the end of the period	81,443	82,136
Treasury stock		
Balance as of the end of the previous period	(2,940)	(82)
Increase (decrease) during the period		
Acquisition of treasury stock	(2,271)	(1)
Disposal of treasury stock	4	0
Retirement of treasury stock	5,125	―
Total increase (decrease) during the period	2,858	(1)
Balance as of the end of the period	(82)	(83)
Total shareholders' equity		
Balance as of the end of the previous period	119,329	118,165
Increase (decrease) during the period		
Appropriation of earnings as cash dividends	(2,815)	(2,067)
Net income for the period	3,919	2,867
Acquisition of treasury stock	(2,271)	(1)
Disposal of treasury stock	3	0
Change of scope of consolidation	―	(107)
Transfer to additional paid-in capital from retained earnings	―	―
Total increase (decrease) during the period	(1,163)	691
Balance as of the end of the period	118,165	118,857

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2009 (Apr. 1, 2008 to Mar. 31, 2009)	Fiscal Year Ended Mar. 31, 2010 (Apr. 1, 2009 to Mar. 31, 2010)
Valuation and conversions:		
Net unrealized gain on other marketable securities		
Balance as of the end of the previous period	520	14
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	(506)	425
Total increase (decrease) during the period	(506)	425
Balance as of the end of the period	14	439
Gain (loss) on deferred hedges		
Balance as of the end of the previous period	(6)	3
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	10	3
Total increase (decrease) during the period	10	3
Balance as of the end of the period	3	7
Foreign currency translation adjustments		
Balance as of the end of the previous period	(1,061)	(1,797)
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	(736)	(362)
Total increase (decrease) during the period	(736)	(362)
Balance as of the end of the period	(1,797)	(2,160)
Total valuation and conversions		
Balance as of the end of the previous period	(547)	(1,779)
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	(1,232)	66
Total increase (decrease) during the period	(1,232)	66
Balance as of the end of the period	(1,779)	(1,713)
Minority interests		
Balance as of the end of the previous period	129	113
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	(15)	6
Total increase (decrease) during the period	(15)	6
Balance as of the end of the period	113	120
Total net assets		
Balance as of the end of the previous period	118,911	116,499
Increase (decrease) during the period		
Appropriation of earnings as cash dividends	(2,815)	(2,067)
Net income for the period	3,919	2,867
Acquisition of treasury stock	(2,271)	(1)
Disposal of treasury stock	3	0
Change of scope of consolidation	—	(107)
Transfer to additional paid-in capital from retained earnings	—	—
Net changes in items excluding shareholders' equity during the period	(1,248)	72
Increase (decrease) during the period	(2,412)	764
Balance as of the end of the previous period	116,499	117,263

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2009 (Apr. 1, 2008 to Mar. 31, 2009)	Fiscal Year Ended Mar. 31, 2010 (Apr. 1, 2009 to Mar. 31, 2010)
Operating activities		
Income before income taxes	6,647	5,195
Depreciation and amortization	1,002	1,018
Impairment loss	—	78
Increase (decrease) in allowance for doubtful accounts	(155)	67
Increase (decrease) in employees' retirement benefits	(55)	142
Increase (decrease) in allowance for loss on investments	32	(18)
Interest and dividend income	(504)	(217)
Interest expense	140	42
(Gain) loss on sales and disposal of property, plant and equipment	38	3
(Gain) loss on devaluation of investment securities	325	47
Loss on devaluation of inventories	112	—
Extraordinary loss attributable to the application of lease accounting standards	66	—
Special severance payments	177	—
Other income (loss)	(363)	(142)
(Increase) decrease in accounts receivable	30,226	(11,453)
(Increase) decrease in inventories	1,913	345
Increase (decrease) in accounts payable	(21,040)	11,764
Increase (decrease) in other assets and liabilities	384	(1,763)
Subtotal	18,948	5,110
Interest and dividends received	504	219
Interest paid	(140)	(43)
Income taxes (paid) refund	(4,280)	(924)
Net cash provided by operating activities	15,033	4,361
Investing activities		
Net decrease (increase) in time deposits	(3,000)	(1)
Purchases of property, plant and equipment	(342)	(681)
Proceeds from sale of property, plant and equipment	14	5
Purchases of intangible fixed assets	(3)	(87)
Proceeds of sale of intangible fixed assets	—	9
Purchases of investment securities	—	(23)
Proceeds of sale of investment securities	—	58
Purchases of affiliate company shares	(27)	—
Increase in loans	(181)	—
Proceeds from collection of loans	—	81
Net cash used in investing activities	(3,540)	(639)
Financing activities		
Increase (decrease) in short-term borrowings, net	1,068	(882)
Payment of refund of lease obligations	(226)	(159)
Repurchase of treasury stock	(2,271)	(1)
Proceeds from retirement of treasury stock	3	0
Cash dividends paid	(2,815)	(2,067)
Cash dividends paid to minority shareholders	—	(1)
Net cash used in financing activities	(4,240)	(3,113)
Effect of foreign currency translation adjustments on cash and cash equivalents	(327)	(161)
Net increase (decrease) in cash and cash equivalents	6,925	447
Cash and cash equivalents at the beginning of the period	43,077	50,003
Increase in cash and cash equivalents from newly consolidated subsidiary	—	8
Cash and cash equivalents at the end of the period	50,003	50,458

4 – (5) Notes regarding going concern

Not applicable.

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

Fiscal 2008 (April 1, 2008 to March 31, 2009)	Fiscal 2009 (April 1, 2009 to March 31, 2010)
1 Scope of Consolidation (1) Number of consolidated subsidiaries: 8 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. (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.	1 Scope of Consolidation (1) Number of consolidated subsidiaries: 11 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. In this consolidated fiscal year, CentrAct Corporation. became more important, as Saxis Company, Limited. and Gyronics Company, Limited. started their businesses. Accordingly, its business performance was included within the scope of consolidation. (2) Names of principal non-consolidated subsidiaries: EC Ryosan 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 8 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.
2 Application of the Equity Method 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.	2 Application of the Equity Method Names of principal non-consolidated subsidiaries and affiliated companies not accounted for by the equity method: EC Ryosan 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.
3 Fiscal Year-End of Consolidated Subsidiaries 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.	3 Fiscal Year-End of Consolidated Subsidiaries As left.
4 Accounting Policies (1) Valuation standard and valuation method of important assets 1. Marketable securities a. Securities held to maturity Amortized cost basis (straight line method) b. Shares of subsidiary and affiliated companies Cost basis using the moving-average cost method c. Other marketable securities	4 Accounting Policies (1) Valuation standard and valuation method of important assets 1. Marketable securities a. Securities held to maturity As left. b. Shares of subsidiary and affiliated companies As left. c. Other marketable securities

Fiscal 2008 (April 1, 2008 to March 31, 2009)	Fiscal 2009 (April 1, 2009 to March 31, 2010)
(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.)	(a) Securities with quoted market values As left.
(b) Securities without quoted market values Securities without quoted market values are stated on a cost basis using the moving-average cost method.	(b) Securities without quoted market values As left.
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 yen each items, respectively, while income before income taxes and minority interests for the fiscal year under review declined by 150 million yen. Impacts on the segment information are described in the relevant section.	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)
3. Derivatives (foreign currency exchange contracts) Market value method.	3. Derivatives (foreign currency exchange contracts) As left.
(2) Depreciation of important depreciable assets 1. Property, plant and equipment (excluding lease assets) 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.	(2) Depreciation of important depreciable assets 1. Property, plant and equipment (excluding lease assets) As left.
2. Intangible fixed assets (excluding lease assets) Intangible fixed assets are depreciated using the straight-line method.	2. Intangible fixed assets (excluding lease assets) As left.
3. Lease assets Depreciation of lease assets is calculated using the straight-line method with no residual value, assuming the lease period to be the useful life of the asset.	3. Lease assets As left.

Fiscal 2008 (April 1, 2008 to March 31, 2009)	Fiscal 2009 (April 1, 2009 to March 31, 2010)
(3) Accounting policies for important provisions 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. 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. 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. .	(3) Accounting policies for important provisions 1. Allowance for doubtful accounts As left. 2. Allowance for loss on investments As left. 3. Employees' retirement benefits As left. .
(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.	(4) Standard for the translation of important foreign currency denominated assets and liabilities to Japanese currency As left.

Fiscal 2008 (April 1, 2008 to March 31, 2009)	Fiscal 2009 (April 1, 2009 to March 31, 2010)
(5) Significant method of hedge accounting 1. Hedge accounting method Hedge accounting is based on allotment processing. 2. Hedge instruments and hedge items a. Hedge instruments: foreign currency exchange forward contracts b. Hedge items: foreign currency denominated receivables and payables; items scheduled for transaction in a foreign currency 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 policies. 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. 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. (6) Other significant accounting policies for preparing full fiscal year consolidated financial statements Consumption taxes are separately recorded. Accrued consumptions taxes are recorded "account receivable-other" in current liabilities.	(5) Significant method of hedge accounting 1. Hedge accounting method As left. 2. Hedge instruments and hedge items As left. 3 Hedge accounting policy As left. 4. Evaluation of hedging effectiveness As left. (6) As left.
5 Valuation of Assets and Liabilities of Consolidated Subsidiaries The assets and liabilities of consolidated subsidiaries are evaluated on a mark to market value basis.	5 As left.
6 Amortization of Goodwill For the amortization of goodwill, the Company employs a straight-line method over a period of five years.	6 As left.
7 Scope of "Cash and Cash Equivalents" in the Full Fiscal Year Consolidated Statement of Cash Flows "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.	7 As left.

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

Changes in accounting standards

Fiscal 2008 (April 1, 2008 to March 31, 2009)	Fiscal 2009 (April 1, 2009 to March 31, 2010)
(Accounting Policies for Lease Transactions) 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. Taking into account this change, operating income and ordinary income for the fiscal year ended March 31, 2009 increased by 28 million yen and 16 million yen, respectively, while income before income taxes and minority interests for the fiscal year under review declined by 50 million yen.	―――――――
(Foreseeable Handling of Accounting Policies Applied to Foreign Subsidiaries in the preparation of Consolidated Financial Statements) 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. 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..	―――――――

Changes in disclosure method

Fiscal 2008 (April 1, 2008 to March 31, 2009)	Fiscal 2009 (April 1, 2009 to March 31, 2010)
(Consolidated Balance Sheets) 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 yen, 191 million yen and 330 million yen, respectively. 2 In the fiscal year ended March 31, 2008, long-term deposits tot aling 500 million yen were included in the accounting line ite m other investments and other assets in the Company's consoli dated 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.	―――――

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, 2009	As of March 31, 2010
1.	Accumulated depreciation of tangible fixed assets	8,919	9,616
2.	Non-consolidated subsidiary and affiliated company shares and other		
	- Investment securities (shares)	95	65
	- Other (equity)	255	255
3.	Assets pledged as collateral		
	- Investment securities	89	95
4.	Guarantee contingent liabilities The unpaid balance of debt financing provided to non-consolidated subsidiaries by financial institutions guaranteed by the Company	173	766
5.	Number of shares issued and outstanding	34,500,000 common shares	34,500,000 common shares
	Number of treasury stock held by the Company	33,358 common shares	34,000 common shares

(Notes to consolidated statements of income)

		Fiscal 2008 (April 1, 2008 to March 31, 2009)	Fiscal 2009 (April 1, 2009 to March 31, 2010)
1.	Research and development expenditure included in selling, general and administrative expenses	581	537
2.	Breakdown of gain on sales of property, plant and equipment		
	- Other	3	2
3.	Breakdown of loss on sales an disposal of property, plant and equipment		
	- Loss on disposal of buildings and structures	0	—
	- Other	41	5
	Total	41	5

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

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:
1. 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.
2. 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.
3. 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

Fiscal 2009, the fiscal year ended March 31, 2010
(April 1, 2009 to March 31, 2010)
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, 2009	Increase	Decrease	Number of Shares As of March 31, 2010
Common shares issued and outstanding	34,500	—	—	34,500
Common shares of treasury stock (Note)	33	0	0	34

Notes:
1. The number of common shares for treasury increased by 0 thousand shares due to the purchase of fractional shares.
2. The number of common shares for treasury decreased by 0 thousand shares due to the purchase of fractional shares.

(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, 2009	Common shares	1,378	40	Mar. 31, 2009	Jun. 11, 2009
Board of Directors' Meeting held on October 29, 2009	Common shares	689	20	Sept. 30, 2009	Dec. 1, 2009

(2) Dividends for which the effective date falls after the fiscal year ending March 31, 2011 included in dividends for which the base date falls within the fiscal year ended March 31, 2010

(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, 2010	Common shares	Retained earnings	1,378	40	Mar. 31, 2010	Jun. 10, 2010

(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, 2009	As of March 31, 2010
Cash and cash deposits	50,003	50,459
Time deposits with deposit terms exceeding three months	—	(1)
Cash and cash equivalents	50,003	50,458

(Segment Information)

1. Segment information by business type

Fiscal 2008, the fiscal year ended March 31, 2009
(April 1, 2008 to 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
I Sales and operating income 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
II Assets, depreciation and capital expenditures: 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:

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 (devices that dissipate the heat generated by semiconductors)

2. Unallocated operating expenses included in “Eliminations or corporate” totaled ¥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.
3. Total assets included in “Eliminations or corporate” were ¥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.
4. 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 yen, 10 million yen and 2 million yen, respectively, while operating income in the Electronic Equipment segment climbed 2 million yen in comparison with the previously used method.

Fiscal 2009, the fiscal year ended March 31, 2010
(April 1, 2009 to March 31, 2010)

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

	Semiconductors	Electronic components	Electronic equipment	Ryosan products	Total	Eliminations or corporate	Consolidated
I Sales and operating income Sales:							
(1) Sales to external Customers	101,535	60,468	27,652	4,720	194,377	—	194,377
(2)Internal sales between segments, or exchange	—	—	—	—	—	—	—
Total sales	101,535	60,468	27,652	4,720	194,377	—	194,377
Operating expenses	98,204	58,151	26,879	4,321	187,557	2,032	189,590
Operating income	3,330	2,317	772	398	6,819	(2,032)	4,786
II Assets, depreciation and capital expenditures: Total assets	57,473	33,634	14,697	4,209	110,015	51,578	161,593
Depreciation	427	303	149	127	1,008	10	1,018
Capital expenditure	308	301	115	43	767	—	767

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 (devices that dissipate the heat generated by semiconductors)

2. Unallocated operating expenses included in “Eliminations or corporate” totaled ¥2,032 million in the fiscal year ended March 31, 2010. These expenses consisted principally of Ryosan’s information system investments and expenses related to Ryosan’s planning, administration and accounting departments.
3. Total assets included in “Eliminations or corporate” were ¥51,578 million at March 31, 2010. 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.

2. Geographical segment information

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

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

	Japan	Asia	Total	Eliminations or corporate	Consolidated
I Sales and operating income					
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
II Assets	130,896	18,091	148,987	—	148,987

Notes:

1. Country and regional segments are classified on the basis of geographic proximity.
2. Principal countries and regions:
   Asia : Hong Kong, Singapore, Taiwan, China, Malaysia and others
3. Operating expenses are allocated to each geographical segment.
4. 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 yen and 2 million yen, respectively.

Fiscal 2009, the fiscal year ended March 31, 2010
(April 1, 2009 to March 31, 2010)

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

	Japan	Asia	Total	Eliminations or corporate	Consolidated
I Sales and operating income					
Sales:					
(1) Sales to external Customers	142,636	51,740	194,377	—	194,377
(2)Internal sales between segments, or exchange	8,941	587	9,529	(9,529)	—
Total	151,578	52,328	203,906	(9,529)	194,377
Operating expenses	148,452	51,047	199,499	(9,909)	189,590
Operating income	3,126	1,280	4,406	380	4,786
II Assets	140,090	21,502	161,593	—	161,593

Notes:

1. Country and regional segments are classified on the basis of geographic proximity.
2. Principal countries and regions:
   Asia: Hong Kong, Singapore, Taiwan, China, Malaysia and others
3. Operating expenses are allocated to each geographical segment.

3. Overseas sales

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

Fiscal 2009, the fiscal year ended March 31, 2010
(April 1, 2009 to March 31, 2010)

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

	Asia	Total
I Overseas sales	66,133	66,133
II Consolidated net sales		194,377
III Ratio of overseas sales to consolidated net sales (%)	34.0	34.0

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)

Fiscal 2008 (April 1, 2008 to March 31, 2009)	Fiscal 2009 (April 1, 2009 to March 31, 2010)
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. (Millions of yen) Due within one year 70 Due after one year 41 Total 111	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. (Millions of yen) Due within one year 41 Due after one year 18 Total 59

(Transactions with related parties)
Fiscal 2008, the fiscal year ended March 31, 2009
(April 1, 2008 to March 31, 2009)
Not applicable.

(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.

Fiscal 2009, the fiscal year ended March 31, 2010
(April 1, 2009 to March 31, 2010)
Not applicable.

(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 2008 (Apr. 1, 2008 to Mar. 31, 2009)	Fiscal 2009 (Apr. 1, 2009 to Mar. 31, 2010)
(Deferred tax assets)		
Loss on valuation of inventories	61	137
Amount exceeded amortization of software and other	496	424
Investment securities	528	230
Golf membership rights	124	126
Accrued bonuses	258	284
Employees’ retirement benefits	845	903
Allowance for doubtful accounts	225	170
Loss brought forward of subsidiaries	―	67
Other	233	374
Sub-total deferred tax assets	2,774	2,721
Valuation reserve	(222)	(310)
Total deferred tax assets	2,551	2,410
(Deferred tax liabilities)		
Net unrealized gain on other marketable securities	(9)	(227)
Others	(10)	(67)
Total deferred tax liabilities	(19)	(294)
Total	2,531	2,116

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

An amount of (3) million yen included in net deferred tax assets for the fiscal year ended March 31, 2010, 0 million yen is included in other current liabilities and 3 million yen 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 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.

Fiscal 2009 (April 1, 2009 to March 31, 2010)

	(%)
Effective tax rate	40.7
(Adjustment)	
Items not included in calculations of losses (e.g. entertainment expenses)	1.2
Equal percent residential tax	0.7
Foreign tax credit	(2.6)
Tax rate difference for foreign subsidiaries	(5.1)
Change in valuation allowance	1.6
Dividends to foreign subsidiaries	5.7
Retained earnings of foreign subsidiaries	1.1
Other	1.5
Contribution percentage of corporate and other taxes after tax effect accounting is applied	44.8

(Financial Instruments)

FY2009 (April 1, 2009 to March 31, 2010)

1. Items Concerning the State of Financial Instruments

(1) Policy Initiatives for Financial Instruments

Ryosan Group's basic policy concerning fund management is to operate with short-term or safe and secure financial assets. As for fund procurement, in order to avoid the risks from exchange rate fluctuations, as will be described later on, the Company procures short-term funds in foreign currency through bank loans. Ryosan limits derivatives to exchange contracts for avoiding the risks involved in future exchange rate fluctuations for transactions in foreign currency, and does not engage in speculative transactions.

(2) Financial Instruments and Associated Risks and Risk Management Structures

Notes and accounts receivable, both of which are operating receivables, are exposed to customer credit risk. With regard to these risks, in accordance with Ryosan Group's Credit Management Regulations, in addition to performing term administration and balance management for each client, the Company also regularly evaluates the credit statuses of its customers.

Although business loans in foreign currency arising from expansions in business overseas are exposed to the risk of exchange rate fluctuations, by taking out bank loans in foreign currency, Ryosan can, in principle, protect its business loans in foreign currency and netted position from the risk of exchange rate fluctuations. For business transactions, Ryosan's policy is to use the same currency for purchasing and sales, but in the case of transactions for which the same currency cannot be used, the Company offsets risks by using forward exchange contracts.

Investment securities are debt securities held to maturity and shares in companies with which Ryosan shares a business relationship. Although these are exposed to the risk of fluctuations in market values, periodically evaluated market values are reported to the board of directors.

The payment deadline for accounts and notes payable, both of which are business debts, is within one year. These are partly comprised of business debts in foreign currency, which are exposed to the risk of fluctuations in exchange rates. However, these are always within the range of the balance on business loans in foreign currency.

In order to avoid the aforementioned exchange rate fluctuation risks, short-term loans are bank loans in foreign currency.

Lease obligations relating to finance lease transactions are primarily those for procuring funds needed for capital investment, and the longest term of payment, among those for which the due date of payment falls after this settlement date, is four years and 11 months.

Derivatives trading involves exchange contract transactions aimed at hedging the exchange rate risks involved with business loans and debts in foreign currency. Information on hedge accounting methods, hedging instruments and objects of hedging, hedging policies and methods of evaluating the effectiveness of hedging is contained in "Items Concerning Accounting Standards," as described previously.

Regarding liquidity risks for business debt, short-term loans and lease obligations, Ryosan Group has determined that it can sufficiently cover for these with its cash reserves.

(3) Supplementary Explanations for Items Concerning Market Values of Financial Instruments

With contract amounts for derivatives trading, as contained in "2. Items Concerning Market Values of Financial Instruments," these monetary amounts themselves do not indicate market risks in derivatives trading.

2. Items Concerning Market Values of Financial Instruments

Consolidated balances sheet amounts, market values and their differences, as of March 31, 2010, are as outlined below. Items for which it was deemed prohibitively difficult to evaluate market value are not included in the following table.

(see *2)

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

	Amount stated on consolidated balance sheet (*)	Market value (*)	Difference
(1) Cash and deposits	50,459	50,459	—
(2) Notes and accounts receivable-trade	67,427	67,427	—
(3) Accounts receivable-other	3,745	3,745	—
(4) Investment securities			
a. Held-to-maturity debt securities	1,000	728	(271)
b. Other securities	2,389	2,389	—
(5) Long-term deposits	3,500	3,399	(100)
(6) Notes and accounts payable-trade	(33,521)	(33,521)	—
(7) Short-term loans payable	(3,748)	(3,748)	—
(8) Lease obligations	(139)	(145)	(6)
(9) Income taxes payable	(1,219)	(1,219)	—
(10) Long-term lease obligations	(261)	(264)	(2)
(11) Derivative transactions	11	11	—

*Numbers in parenthesis indicate liabilities

(Note: 1) Methods used for calculating market values of financial instruments, and items concerning securities and derivatives trading

(1) Cash and deposits, (2) Notes and accounts receivable and (3) Accounts receivable-other

As these are settled quickly, their market value is roughly equal to their book value, and therefore they are determined by the relevant book value.

(4) Investment securities

Regarding market values for investment securities, in the case of listed shares, these are determined by exchange prices, while in the case of receivables, these determined by prices provided by correspondent financial institutions. Information outlining precautions for investment securities, according to the purpose for which they are held, is contained in the annotations under “Investment Securities.”

(5) Long-term deposits

Market values for long-term deposits are determined by prices provided by correspondent financial institutions.

(6) Notes and accounts payable-trade, (7) Short-term loans payable and (9) Income tax payable

As these are settled quickly, market values are almost equal to book values, and therefore they are determined by the relevant book value.

(8) Lease obligations and (10) Long-term lease obligations

Regarding market values for these, lease amounts are calculated by using current values that have been discounted with the interest rate assumed to pertain where an identical lease transaction were to be newly carried out.

(11) Derivatives transactions

Details are contained in the annotations under “Derivatives.”

(Note: 2) Financial instruments for which it is deemed prohibitively difficult to evaluate market value

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

Item	Amount stated on consolidated balance sheet
Non-listed stocks	103

Because these have no market value, and it is deemed prohibitively difficult to evaluate their market value, they are not included in "(4) Investment Securities."

(Note: 3) Expected redemption amounts for money claims and maturity securities after the consolidated settlement date

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

	Less than 1 year	Less than 5 year More than 1 years	Less than 10 year More than 5 years	More than 10 years
Cash and deposits	50,459	—	—	—
Notes and accounts receivable-trade	67,427	—	—	—
Accounts receivable-other	3,745	—	—	—
Investment securities				
a. Held-to-maturity debt securities	—	—	—	1,000
b. Other securities with maturity date	—	—	—	—
Long-term time deposits	—	—	500	3,000
Total	121,633	—	500	4,000

(Note: 4) Expected repayment amounts for short-term loans, lease obligations and long-term lease obligations

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

	Less than 1 year	Less than 2 year More than 1 years	Less than 3 year More than 2 years	Less than 4 year More than 3 years	Less than 5year More than 4 years	More than 5 years
Short-term loans payable	3,748	—	—	—	—	—
Lease obligations	139	—	—	—	—	—
Long-term lease obligations	—	105	85	63	7	—
Total	3,887	105	85	63	7	—

(Additional Information)

Commencing from fiscal 2010, "Accounting Standards Concerning Financial Products" (Corporate Accounting Standards, vol. 10, March 10, 2008) and "Application Guide for Disclosure of Market Values for Financial Products" (Corporate Accounting Standards Application Guide, vol. 19, March 10, 2008) will be applied.

(Marketable securities)

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

1. Other securities with quoted market values (as of March 31, 2009)

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

Item		Acquisition cost	Amount stated on consolidated balance sheet	Difference
Securities for which the amount stated on consolidated balance sheets exceeds their acquisition costs	Stocks	580	830	249
Securities for which acquisition costs exceed the amount stated on consolidated balance sheets	Stocks	1,112	886	(226)

Note: In the fiscal year ended March 31, 2009, the Company has recorded an amount totaling 261 million yen 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%.

2. Other securities without quoted market values (as of March 31, 2009)

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

	Amount stated on consolidated balance sheet
Other securities	
Non-listed stocks	78
Bonds and notes	1,000

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

3. Other securities with maturities and bonds and notes held to maturity which the Company plans to redeem (as of March 31, 2009)

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

	Less than 1 year	More than 10 years
Bonds and notes		
Other	—	1,000

Fiscal 2009, the fiscal year ended March 31, 2010
(April 1, 2009 to March 31, 2010)

1. Bonds and notes held to maturity (as of March 31, 2010)

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

Item	Amount stated on consolidated balance sheet as of consolidated accounting date	Market value as of accounting date	Difference
Bonds and notes for which market value exceeds the amount stated on consolidated balance sheets	1,000	728	(271)

2. Other securities (as of March 31, 2010)

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

Item	Amount stated on consolidated balance sheet as of consolidated accounting date	Acquisition cost	Difference
Securities for which the amount stated on consolidated balance sheets exceeds their acquisition costs			
Stocks	1,974	1,148	826
Securities for which acquisition costs exceed the amount stated on consolidated balance sheets			
Stocks	414	499	(85)
Total	2,389	1,647	741

(Notes) 1. Unlisted shares are not included.

2. In the fiscal year under review, the Company has performed impairment to the value of 45 million yen for shares with market value.
Regarding impairment of other securities with market value, the Company performs impairment for shares whose market value is declining at a rate of more than 40%. In the fiscal year under review, impairment to the value of 1 million yen was performed for unlisted shares.

3. Other securities sold in the fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

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

Item	Sales amount	Total profit from sales	Total loss from sales
Stocks	58	12	14

(Derivatives)

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

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

Fiscal 2009, the fiscal year ended March 31, 2010
(April 1, 2009 to March 31, 2010)

1. Derivatives transactions for which hedge accounting was not applied
   Not applicable.

2. Derivatives transactions for which hedge accounting was applied

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

Hedge accounting method	Nature of transaction	Hedged items	Contract amount	More than 1 years	Fair value (Gain/loss on valuatation)
Allocation processing for exchange contracts, etc.	Forward-exchange contracts				
	Purchased option to sell U.S. dollars	Account receivable-trade	23	－	(0)
	Purchased option to buy U.S. dollars	Account payable-trade	445	－	12
Total			469		11

(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 2008 (April 1, 2008 to March 31, 2009)	Fiscal 2009 (April 1, 2009 to March 31, 2010)
1. Projected benefit obligation	(4,586)	(4,222)
2. Fair value of plan assets	2,426	2,438
3. Unrecognized actuarial loss	35	(483)
4. Unrecognized prior service cost	38	30
5. Reserve for employee retirement benefits	(2,086)	(2,236)

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 2008 (April 1, 2008 to March 31, 2009)	Fiscal 2009 (April 1, 2009 to March 31, 2010)
1. Service cost	277	283
2. Interest cost	93	90
3. Expected return on plan assets	(17)	(18)
4. Expensed amount for differences in actuarial calculation	36	32
5. Amortization of prior service cost	7	7
Subtotal	397	396
6. Contribution to defined contribution pension plan	99	77
Total pension cost	497	473

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 2008 (April 1, 2008 to March 31, 2009)	Fiscal 2009 (April 1, 2009 to March 31, 2010)
1. Net assets per share	3,376.78	3,398.82
2. Net income per share	111.83	83.21

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 2008 (April 1, 2008 to March 31, 2009)	Fiscal 2009 (April 1, 2009 to March 31, 2010)
Net income	3,919	2,867
Net income applicable to common stock	3,919	2,867
Average number of shares for the period	35,050 thousand shares	34,466 thousand shares

(Important subsequent events)

Not applicable

5. Non-Consolidated Financial Statements

(1) Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2009 (As of March 31, 2009)	Fiscal Year Ended March 31, 2010 (As of March 31, 2010)
ASSETS		
Current assets		
Cash and deposits	45,045	44,803
Trade notes receivable	3,230	2,108
Trade account receivable	46,014	56,895
Merchandise and finished products	10,898	9,968
Raw materials	163	174
Work in process	43	94
Accrued income	1,794	3,790
Income tax refund receivable	198	—
Deferred tax assets	378	553
Other current assets	515	315
Allowance for doubtful accounts	(46)	(31)
Total current assets	108,235	118,674
Fixed assets		
Property, plant and equipment:		
Buildings	10,274	10,252
Accumulated depreciation	(5,344)	(5,560)
Buildings (net)	4,930	4,691
Structures	221	221
Accumulated depreciation	(188)	(192)
Structures (net)	32	28
Machinery and equipment	956	945
Accumulated depreciation	(726)	(781)
Machinery and equipment (net)	230	164
Vehicles and transportation	7	6
Accumulated depreciation	(7)	(6)
Vehicles and transportation (net)	0	0
Tools, furniture and fixtures	2,291	2,821
Accumulated depreciation	(1,884)	(2,263)
Tools, furniture and fixtures (net)	407	558
Land	8,137	8,083
Lease assets	660	591
Accumulated depreciation	(196)	(263)
Lease assets (net)	463	327
Total property, plant and equipment	14,202	13,853
Intangible fixed assets		
Goodwill	24	71
Telephone subscription rights	48	48
Lease assets	38	25
Total intangible fixed assets	110	145

(Millions of yen)

	Fiscal Year Ended March 31, 2009 (As of March 31, 2009)	Fiscal Year Ended March 31, 2010 (As of March 31, 2010)
Investments and other assets		
Investment securities	2,795	3,427
Shares in affiliated companies	1,251	1,251
Equity in investments	182	174
Equity in affiliated companies	278	278
Affiliated company long-term loans receivable	139	218
Long-term deposits	3,500	3,500
Reorganization and other claims	999	1,037
Deferred taxi assets	2,150	1,640
Other investments and other assets	749	847
Allowance for doubtful accounts	(1,049)	(1,145)
Allowance for loss on investments	(118)	(109)
Total Investments and other assets	10,879	11,122
Total fixed assets	25,192	25,121
Total assets	133,428	143,796
LIABILITIES		
Current liabilities		
Trade accounts payable	17,763	26,686
Short-term bank loans	3,236	2,670
Lease obligations	157	139
Other Payable	1,604	1,430
Accrued expenses	855	819
Accrued income taxes	—	948
Advances received	25	281
Deposits received	58	71
Total current liabilities	23,701	33,046
Long-term liabilities		
Lease obligations	394	261
Employees' retirement benefits	2,069	2,205
Other long-term liabilities	312	272
Total long-term liabilities	2,777	2,739
Total liabilities	26,479	35,786

(Millions of yen)

	Fiscal Year Ended March 31, 2009 (As of March 31, 2009)	Fiscal Year Ended March 31, 2010 (As of March 31, 2010)
NET ASSETS		
Shareholder's equity		
Common stock	17,690	17,690
Additional paid-in capital		
Capital reserve	19,114	19,114
Other additional paid-in capital	19,114	19,114
Retained earnings		
Profit reserve	1,371	1,371
Other retained earnings		
Other reserve	64,300	64,300
Retained earnings carried forward	4,537	5,171
Total retained earnings	70,209	70,843
Treasury stock	(82)	(83)
Total shareholders' equity	106,931	107,564
Valuation and conversions		
Net unrealized gain on other marketable securities	14	439
Gain (loss) on deferred hedges	3	6
Total valuation and conversions	17	445
Total net assets	106,948	108,009
Total liabilities and net assets	133,428	143,796

(2) Statements of Income

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2009 (Apr. 1, 2008 to Mar. 31, 2009)	Fiscal Year Ended Mar. 31, 2010 (Apr. 1, 2009 to Mar. 31, 2010)
Net sales		
Merchandise sales	159,553	147,080
Finished product sales	6,027	4,497
Total net sales	165,580	151,578
Cost of sales		
Cost of merchandise sales		
Merchandise stock at the beginning of the period	11,656	10,687
Purchases during the period	144,231	133,766
Subtotal	155,888	144,454
Merchandise stock at the end of the period	10,687	9,774
Cost of merchandise sales	145,201	134,679
Cost of finished product sales		
Finished product stock at the beginning of the period	274	210
Cost of finished products manufactured during the period	4,947	3,580
Purchases during the period	41	25
Subtotal	5,263	3,816
Finished product stock at the end of the period	210	193
Cost of finished product sales	5,053	3,622
Total cost of sales	150,254	138,302
Gross profit	15,326	13,275
Selling, general and administrative expenses		
Packaging and freight expenses	461	456
Provision of allowance for doubtful accounts	18	83
Directors' remuneration	363	280
Employees' salaries	2,918	2,296
Bonuses	1,101	815
Retirement benefit expenses	431	404
Employee benefits	680	573
Travel expenses	471	359
Rental expenses	351	326
Insurance premiums	67	55
Commission payments	836	1,580
Depreciation and amortization	754	839
Research and development expenses	581	537
Other selling, general and administrative expenses	2,214	1,765
Total selling, general and administrative expenses	11,251	10,375
Operating income	4,074	2,900

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2009 (Apr. 1, 2008 to Mar. 31, 2009)	Fiscal Year Ended Mar. 31, 2010 (Apr. 1, 2009 to Mar. 31, 2010)
Non-operating income		
Interest income	44	69
Interest on marketable securities	74	14
Dividend income	881	837
Gain on foreign exchange	57	—
Management consultation fee	698	440
Miscellaneous income	373	487
Total non-operating income	2,130	1,849
Non-operating expenses		
Interest expense	97	32
Loss on foreign exchange	—	2
Miscellaneous expenses	21	30
Total non-operating expenses	119	66
Ordinary income	6,085	4,683
Extraordinary gains		
Gain on sales of investment securities	—	12
Gain on reversal of allowance for doubtful accounts	—	8
Total extraordinary gains	—	21
Extraordinary losses		
Loss on sales and disposal of property, plant and equipment	39	5
Impairment loss	9	78
Loss on devaluation of inventories	112	—
Loss on sales of investment securities	—	14
Loss on devaluation of investment securities	325	47
Provision for allowance for investments loss	32	—
Loss on devaluation of golf membership rights	8	4
Extraordinary loss attributable to the application of lease accounting standards	66	—
Special severance payments	177	—
Total extraordinary losses	772	150
Income before income taxes	5,312	4,554
Income taxes — current	1,736	1,811
Income taxes — deferred	601	41
Total income taxes	2,337	1,852
Net income	2,974	2,701

(3) Statements of Changes in Shareholders' Equity, Valuation and Conversions

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2009 (Apr. 1, 2008 to Mar. 31, 2009)	Fiscal Year Ended Mar. 31, 2010 (Apr. 1, 2009 to Mar. 31, 2010)
Shareholders' equity		
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	—
Increase (decrease) during the period		
Disposal of treasury stock	0	(0)
Retirement of treasury stock	(7)	—
Transfer to additional paid-in capital from retained earnings	—	0
Total increase (decrease) during the period	(8)	—
Balance as of the end of the period	—	—
Total additional paid-in capital		
Balance as of the end of the previous period	19,122	19,114
Increase (decrease) during the period		
Disposal of treasury stock	0	(0)
Retirement of treasury stock	(7)	—
Transfer to additional paid-in capital from retained earnings	—	0
Total increase (decrease) during the period	(8)	—
Balance as of the end of the period	19,114	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

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2009 (Apr. 1, 2008 to Mar. 31, 2009)	Fiscal Year Ended Mar. 31, 2010 (Apr. 1, 2009 to Mar. 31, 2010)
Retained earnings carried forward		
Balance as of the end of the previous period	9,496	4,537
Increase (decrease) during the period		
Appropriation of earnings as cash dividends	(2,815)	(2,067)
Net income for the period	2,974	2,701
Retirement of treasury stock	(5,117)	—
Transfer to additional paid-in capital from retained earnings	—	0
Total increase (decrease) during the period	(4,958)	633
Balance as of the end of the period	4,537	5,171
Total retained earnings		
Balance as of the end of the previous period	75,168	70,209
Increase (decrease) during the period		
Appropriation of earnings as cash dividends	(2,815)	(2,067)
Net income for the period	2,974	2,701
Retirement of treasury stock	(5,117)	—
Transfer to additional paid-in capital from retained earnings	—	0
Total increase (decrease) during the period	(4,958)	633
Balance as of the end of the period	70,209	70,843
Treasury stock		
Balance as of the end of the previous period	(2,940)	(82)
Increase (decrease) during the period		
Acquisition of treasury stock	(2,271)	(1)
Disposal of treasury stock	4	0
Retirement of treasury stock	5,125	—
Total increase (decrease) during the period	2,858	(1)
Balance as of the end of the period	(82)	(83)
Total shareholders' equity		
Balance as of the end of the previous period	109,040	106,931
Increase (decrease) during the period		
Appropriation of earnings as cash dividends	(2,815)	(2,067)
Net income for the period	2,974	2,701
Acquisition of treasury stock	(2,271)	(1)
Disposal of treasury stock	3	(0)
Transfer to additional paid-in capital from retained earnings	—	—
Total increase (decrease) during the period	(2,108)	632
Balance as of the end of the period	106,931	107,564

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2009 (Apr. 1, 2008 to Mar. 31, 2009)	Fiscal Year Ended Mar. 31, 2010 (Apr. 1, 2009 to Mar. 31, 2010)
Valuation and conversions		
Net unrealized gain on other marketable securities		
Balance as of the end of the previous period	520	14
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	(506)	425
Total increase (decrease) during the period	(506)	425
Balance as of the end of the period	14	439
Gain (loss) on deferred hedges		
Balance as of the end of the previous period	(7)	3
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	11	3
Total increase (decrease) during the period	11	3
Balance as of the end of the period	3	6
Total valuation and conversions		
Balance as of the end of the previous period	512	17
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	(494)	428
Total increase (decrease) during the period	(494)	428
Balance as of the end of the period	17	445
Total net assets		
Balance as of the end of the previous period	109,552	106,948
Increase (decrease) during the period		
Appropriation of earnings as cash dividends	(2,815)	(2,067)
Net income for the period	2,974	2,701
Acquisition of treasury stock	(2,271)	(1)
Disposal of treasury stock	3	0
Transfer to additional paid-in capital from retained earnings	—	—
Net changes in items excluding shareholders' equity during the period	(494)	428
Increase (decrease) during the period	(2,603)	1,061
Balance as of the end of the previous period	106,948	108,009

5 – (4) Notes regarding going concern

Not applicable.

6. Other

Manufacturing, New orders and Sales

(1) Manufacturing

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

	Fiscal 2008 (April 1, 2008 to March 31, 2009)	Fiscal 2009 (April 1, 2009 to March 31, 2010)
Heat sinks	5,565	3,849

(2) New Orders

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

	Fiscal 2008 (April 1, 2008 to March 31, 2009)	Fiscal 2009 (April 1, 2009 to March 31, 2010)
Semiconductors	109,186	108,659
Electronic components	71,712	62,742
Electronic equipment	21,640	26,848
Ryosan products	6,173	5,059
Total	208,712	203,310

(3) Sales

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

	Fiscal 2008 (April 1, 2008 to March 31, 2009)	Fiscal 2009 (April 1, 2009 to March 31, 2010)
Semiconductors	116,909	101,535
Electronic components	75,918	60,468
Electronic equipment	21,327	27,652
Ryosan products	6,716	4,720
Total	220,871	194,377