

July 30, 2010

## First Quarter Consolidated Earnings Report for Fiscal 2010, Ending March 31, 2011

### [Japanese standards] (Consolidated)

Company name: Ryosan Company, Limited	Stock listing: First Section, Tokyo Stock Exchange
Securities code: 8140	(URL <a href="http://www.ryosan.co.jp">http://www.ryosan.co.jp</a> )
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Financing and Accounting Headquarters	TEL: +81-3-3862-2591
Scheduled filing date of quarterly earnings report: August 12, 2010	
Scheduled payment date of dividend: —	
Supplementary materials for the quarterly financial results: No	
Investor conference for the quarterly financial results: No	

(Millions of yen rounded down)

### 1. Consolidated results for the first quarters of fiscal 2010 (April 1, 2010 to June 30, 2010)

#### (1) Consolidated operating results (Cumulative)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Quarter, Fiscal 2010	50,580	31.8	1,584	373.0	1,901	270.0	1,264	538.7
First Quarter, Fiscal 2009	38,384	(39.1)	334	(84.3)	513	(78.5)	198	(86.0)

	Net income per share	Net income per share after dilution
	Yen	Yen
First Quarter, Fiscal 2010	36.70	—
First Quarter, Fiscal 2009	5.75	—

#### (2) Consolidated financial position

	Total assets	Net assets	Net assets to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2010	156,667	116,412	74.2	3,374.34
March 31, 2010	161,593	117,263	72.5	3,398.82

(Reference) Shareholders' equity:

June 30, 2010: 116,299 million yen,

March 31, 2010: 117,143 million yen

### 2. Dividends

	Annual dividends				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2009	—	20.00	—	40.00	60.00
Fiscal 2010	—	—	—	—	—
Fiscal 2010 (Forecast)	—	40.00	—	40.00	80.00

Note: Revision to dividend forecast for the first quarter of the fiscal year ending March 31, 2011: No

### 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

Note: Revision to financial results forecast for the first quarter of the fiscal year ending March 31, 2011: No

**4. Other** (For details, please see “Other Information” on page 3 of “Appendix.”)

(1) Transfer of major subsidiaries during term: No

Note: Whether or not specified subsidiaries were transferred in line with changes in the consolidated range during the current term.

(2) Applying simple accounting procedures and specific accounting procedures: Yes

Note: Whether or not simple accounting procedures and accounting procedures specific to preparing quarterly financial statements were applied.

(3) Changes to principles, procedures and method of presentation for accounting procedures

1. Changes in accordance with revisions to accounting standards and related practices: Yes

2. Changes in items other than 1. above: No

Note: Whether or not principles, procedures and method of presentation for accounting procedures used in preparing quarterly financial statements were changed. These are recorded under “Changes in important items considered fundamental to the preparation of quarterly consolidated financial statements”.

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

1. Total number of shares issued and outstanding (including treasury stock) as of the period-end:

June 30, 2010: 34,500,000 shares	March 31, 2010: 34,500,000 shares
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2. Total number of treasury stock as of the period-end:

June 30, 2010: 34,064 shares	March 31, 2010: 34,000 shares
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3. Average number of shares for the period (Cumulative total for the quarterly consolidated period)

First quarter fiscal 2010: 34,465,971 shares	First quarter fiscal 2009: 34,466,576 shares
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Indication regarding the implementation status of the quarterly review procedure

Earnings report for this first quarter is not the subject of a quarterly review procedure based on the Financial Instruments and Exchange Act, and at the point in time when these earnings report was disclosed, review procedures for quarterly financial statements based on the Financial Instruments and Exchange Act had not been completed.

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. For details on the conditions that form the assumptions used for earnings forecasts, and notes on using earnings forecasts, please refer to appendix page 3, “(3) Qualitative information and Other Matters Concerning Consolidated Forecasts for the Fiscal Year Ending March 31, 2011”.

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## **1. Qualitative Information Regarding the Financial Performance for the Current Quarter**

### **(1) Qualitative Information and Other Matters Concerning Consolidated Operating Results for the first quarter of Fiscal 2010**

#### **1) Overview**

In this first quarter (April 1– June 30, 2010), despite uncertainty about the financial situation in the Euro area, the global economy experienced gradual recovery, led by emerging countries including China. Also, in the electronics industry to which Ryosan Group belongs, in addition to market expansions in emerging countries and a recovery in demand for digital equipment in developed countries, with new markets rising for products such as smartphones and tablet PCs, the outlook appeared bright.

Under such conditions, in order to achieve increased sales, Ryosan Group has boldly promoted “expansion of our Renesas Electronics’s business” – our core initiative – as well as “expansion of our overseas semiconductor resource business” and “expansion of our business within China Bloc,” and has also strive towards “improving profitability.”

As a result, because sales of system LSIs for car audio equipment and DRAMs for PCs, etc. increased, Ryosan Group achieved increases in both revenue and earnings with net sales of 50,580 million yen (up 31.8% from the same period previous year), operating income of 1,584 million yen (up 373.0%), ordinary income of 1,901 million yen (up 270.0%), and net income of 1,264 million yen (up 538.7%).

#### **2) Business Segment Information**

##### ***a. Semiconductors***

At Ryosan Group, we sell memories, system LSIs and discrete semiconductors, and develop system LSIs. In this consolidated first quarter, sales of system LSIs for car audio equipment and DRAMs for PCs etc. increased, with net sales of 29,723 million yen (up 49.6% from the same period previous year), and operating income came to 1,251 million yen (up 250.8%).

##### ***b. Electronic Components***

At Ryosan Group, we sell display devices, power supplies and electromechanical parts. In this consolidated first quarter, sales of LCDs for FA equipment and electromechanical parts for mobile phones etc. increased, with net sales of 14,417 million yen (up 10.0% from the same period previous year) and operating income of 615 million yen (up 65.6%).

##### ***c. Electronic Equipment***

At Ryosan Group, we sell systems equipment and facilities equipment. In this consolidated first quarter, sales of systems equipment for POS etc. increased, with net sales of 4,859 million yen (up 9.8% from the same period previous year) and operating income of 121 million yen (up 28.6%).

##### ***d. Ryosan Products***

At Ryosan Group, we produce and sell heat sinks (devices that dissipate the heat generated by semiconductors). In this consolidated first quarter, sales of heat sinks for FA equipment etc. increased, with net sales of 1,580 million yen (up 60.4% from the same period previous year) and operating income of 179million yen (up 195.6%).

### **(2) Qualitative Information and Other Matters Concerning Consolidated Financial Position for the End of the First Quarter of Fiscal 2010**

#### **1) An Overview of Financial Position**

At the end of this first quarter, total assets had decreased by 4,925 million yen, as compared with the level at the end of the previous fiscal year, and came to 156,667 million yen.

Also, net assets decreased by 851 million yen, as compared with the level at the end of the previous fiscal year, and came to 116,412 million yen, with our equity ratio being 74.2%.

#### **2) An Overview of Cash Flows**

At the end of this first quarter, cash and cash equivalents had decreased by 1,307 million yen, as compared with the level at the end of the previous fiscal year, and came to 49,151 million yen.

*(Cash flow from operating activities)*

Regarding cash flow from operating activities in this consolidated first quarter, funds decreased by 322 million yen, due to 1,979 million yen in net income before income taxes and minority interests, and 3,724 million yen decrease in accounts receivables, while 2,972 million yen decrease in accounts payable, 1,953 million yen increase in inventories, and 1,047 million yen in income taxes paid. Cash flow from operating activities increased by 9,817 million yen from the same period previous year.

*(Cash flow from investing activities)*

Regarding cash flow from investing activities in this consolidated first quarter, funds decreased by 56 million yen, due to purchase of property, plant and equipment. Cash flow from investing activities decreased by 414 million yen from the same period previous year.

*(Cash flow from financing activities)*

Regarding cash flow from financing activities in this consolidated first quarter, funds decreased by 618 million yen, due to 795 million yen increase in short-term borrowings and 1,378 million yen in cash dividends paid. Cash flow from financing activities decreased by 3,246 million yen from the same period previous year.

**(3) Qualitative information and Other Matters Concerning Consolidated Forecasts for the Fiscal Year Ending March 31, 2011**

At the present point in time, there are no particular changes from the consolidated operating results forecasts announced on May 12, 2010. We will disclose future performance results in a timely manner, once they have been verified.

**2. Other Information**

(1) Outline of transfer of major subsidiaries: None.

(2) Outline of simple accounting procedures and specific accounting procedures.

Simple procedures were partly employed for these effects were negligible.

(3) Outline of changes to principles, procedures and display methods for accounting procedures.

(Application of Accounting Standard for Assets Retirement Obligations)

“Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) are applied from this consolidated first quarter under review.

There is no effect on operating income, ordinary income, and income before income and taxes and minority interests due to this.

### 3. Consolidated Quarterly Financial Statements

#### (1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	First Quarter of the Fiscal Year Ending March 31, 2011 (As of June 30, 2010)	Fiscal Year Ended March 31, 2010 (As of March 31, 2010)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	39,153	50,459
Trade notes and accounts receivable	63,268	67,427
Marketable securities	9,998	—
Merchandise and finished products	15,848	14,135
Work in process	180	116
Raw materials and stored goods	229	196
Accrued income	3,179	3,745
Income tax refund receivable	15	20
Deferred tax assets	256	522
Other current assets	322	341
Allowance for doubtful accounts	(88)	(125)
Total current assets	132,365	136,840
<b>Fixed assets</b>		
Property, plant and equipment		
Buildings and structures (net)	4,819	4,876
Land	8,132	8,132
Lease assets (net)	300	327
Other fixed assets (net)	829	867
Total property, plant and equipment	14,082	14,203
Intangible fixed assets	576	610
Investments and other assets		
Investment securities	3,135	3,492
Long-term deposits	3,500	3,500
Deferred tax assets	1,665	1,597
Other	2,475	2,530
Allowance for doubtful accounts	(1,044)	(1,093)
Allowance for loss on investments	(89)	(89)
Total Investments and other assets	9,643	9,938
Total fixed assets	24,302	24,752
<b>Total assets</b>	<b>156,667</b>	<b>161,593</b>

(Millions of yen)

	First Quarter of the Fiscal Year Ending March 31, 2011 (As of June 30, 2010)	Fiscal Year Ended March 31, 2010 (As of March 31, 2010)
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade notes and accounts payable	30,186	33,521
Short-term bank loans	4,295	3,748
Lease obligations	132	139
Accrued expenses	393	1,104
Reserve for bonuses	302	—
Accrued income taxes	474	1,219
Other current liabilities	1,927	1,821
<b>Total current liabilities</b>	<b>37,712</b>	<b>41,554</b>
<b>Long-term liabilities</b>		
Lease obligations	236	261
Employees' retirement benefits	2,249	2,236
Other long-term liabilities	56	276
<b>Total long-term liabilities</b>	<b>2,543</b>	<b>2,775</b>
<b>Total liabilities</b>	<b>40,255</b>	<b>44,329</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Common stock	17,690	17,690
Additional paid-in capital	19,114	19,114
Retained earnings	82,022	82,136
Treasury stock	(84)	(83)
<b>Total shareholders' equity</b>	<b>118,743</b>	<b>118,857</b>
<b>Valuation and conversions</b>		
Net unrealized gain on other marketable securities	228	439
Gain (loss) on deferred hedges	(14)	7
Foreign currency translation adjustments	(2,657)	(2,160)
<b>Total valuation and conversions</b>	<b>(2,443)</b>	<b>(1,713)</b>
<b>Minority interests</b>	<b>112</b>	<b>120</b>
<b>Total net assets</b>	<b>116,412</b>	<b>117,263</b>
<b>Total liabilities and net assets</b>	<b>156,667</b>	<b>161,593</b>

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

(Millions of yen)

	First Quarter of the Fiscal Year Ended March 31, 2010 (April 1, 2009 to June 30, 2009)	First Quarter of the Fiscal Year Ending March 31, 2011 (April 1, 2010 to June 30, 2010)
<b>Net sales</b>	38,384	50,580
<b>Cost of Sales</b>	35,092	45,917
Gross Profit	3,291	4,663
<b>Selling, general and administrative expenses</b>		
Packing and freight expenses	121	166
Directors' remuneration	94	116
Employees' salaries	794	826
Bonuses	225	240
Retirement benefit expenses	115	92
Employee benefits	159	153
Depreciation and amortization	169	156
Others	1,276	1,327
Total selling, general and administrative expenses	2,957	3,079
<b>Operating income</b>	334	1,584
<b>Non-operating income</b>		
Interest income	24	26
Dividend income	101	125
Gain on foreign exchange	—	78
Management consultation fee	27	13
Miscellaneous income	79	89
Total non-operating income	232	333
<b>Non-operating expenses</b>		
Interest expense	13	11
Loss on foreign exchange	33	—
Miscellaneous expenses	6	4
Total non-operating expenses	53	16
<b>Ordinary income</b>	513	1,901
<b>Extraordinary gains</b>		
Gain on sales of property, plant and equipment	1	—
Gain on reversal of allowance for doubtful accounts	19	79
Total extraordinary gains	21	79
<b>Extraordinary losses</b>		
Loss on sales and disposal of property, plant and equipment	1	1
Loss on devaluation of investment securities	1	—
Loss on devaluation of golf membership rights	0	—
Total extraordinary losses	3	1
<b>Income before income taxes and minority interests</b>	531	1,979
Income taxes-current	196	357
Income taxes-deferred	136	356
Total income taxes	332	713
Net income (loss) before minority interests	—	1,265
Minority interests in income	1	0
<b>Net income</b>	198	1,264



**(3) Consolidated Quarterly Statements of Cash Flows**

(Millions of yen)

	First Quarter of the Fiscal Year Ended March 31, 2010 (April 1, 2009 to June 30, 2009)	First Quarter of the Fiscal Year Ending March 31, 2011 (April 1, 2010 to June 30, 2010)
<b>Operating activities</b>		
Income before income taxes	531	1,979
Depreciation and amortization	204	190
Increase (decrease) in allowance for doubtful accounts	(23)	(79)
Increase (decrease) in employees' retirement benefits	(24)	17
Interest and dividend income	(125)	(151)
Interest expense	13	11
(Gain) loss on sales and disposal of property, plant and equipment	0	1
(Gain) loss on devaluation of investment securities	1	—
(Increase) decrease in accounts receivable	7,095	3,724
(Increase) decrease in inventories	815	(1,953)
Increase (decrease) in accounts payable	2,110	(2,972)
Other	(785)	(168)
Subtotal	9,813	599
Interest and dividends received	114	136
Interest paid	(13)	(11)
Income taxes (paid) refund	(97)	(1,047)
Net cash provided by (used in) operating activities	9,817	(322)
<b>Investing activities</b>		
Purchases of property, plant and equipment	(467)	(56)
Proceeds from sale of property, plant and equipment	3	—
Proceeds from sale of intangible fixed assets	9	—
Proceeds from collection of loans	40	0
Net cash used in investing activities	(414)	(56)
<b>Financing activities</b>		
Increase (decrease) in short-term borrowings, net	(1,824)	795
Payment of refund of lease obligations	(40)	(32)
Repurchase of treasury stock	(0)	(0)
Cash dividends paid	(1,378)	(1,378)
Cash dividends paid to minority shareholders	(1)	(2)
Net cash used in financing activities	(3,246)	(618)
Effect of foreign currency translation adjustments on cash and cash equivalents	(151)	(309)
Net increase (decrease) in cash and cash equivalents	6,004	(1,307)
Cash and cash equivalents at the beginning of the period	50,003	50,458
Cash and cash equivalents at the end of the period	56,007	49,151

**(4) Notes Regarding Going Concern Assumptions**

None.

**(5) Segment Information****[Segment information by business type]**

For the consolidated first quarter of the fiscal year ended March 31, 2010

(April 1, 2009 to June 30, 2009)

(Millions of yen)

	Semiconductors	Electronic components	Electronic equipment	Ryosan products	Total	Eliminations or corporate	Consolidated
Sales and operating income							
Sales:							
(1) Sales to external Customers	19,872	13,102	4,423	985	38,384	—	38,384
(2) Internal sales between segments, or exchange	—	—	—	—	—	—	—
Total sales	19,872	13,102	4,423	985	38,384	—	38,384
Operating income	356	371	94	60	883	(548)	334

## Notes:

1. Methods of determining business segments and main products classified under each business segment

(1) Business segments are classified on the basis of organization, product type and sales structure.

(2) Main products of each business segment:

Semiconductors: Memories, system LSIs, discrete semiconductors

Electronic components: Display devices, power supplies, electromechanical parts

Electronic equipment: Systems equipment, facilities equipment

Ryosan products: Heat sinks (devices that dissipate the heat generated by semiconductors)

2. Unallocated operating expenses included in "Eliminations or corporate" totaled ¥548 million in first quarter of the fiscal year ended March 2010. This consisted mainly of costs incurred by Ryosan's corporate planning, administrative, and finance and accounting headquarters.

**[Geographical segment information]**

For the consolidated first quarter of the fiscal year ended March 31, 2010  
(April 1, 2009 to June 30, 2009)

(Millions of yen)

	Japan	Asia	Total	Eliminations or corporate	Consolidated
Sales and operating income					
Sales:					
(1) Sales to external Customers	27,497	10,886	38,384	—	38,384
(2) Internal sales between segments, or exchange	1,559	83	1,643	(1,643)	—
Total sales	29,057	10,969	40,027	(1,643)	38,384
Operating income	83	141	225	109	334

Notes:

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

**[Overseas sales]**

For the consolidated first quarter of the fiscal year ended March 31, 2010  
(April 1, 2009 to June 30, 2009)

(Millions of yen)

	Asia	Total
Overseas sales	13,325	13,325
Consolidated net sales	—	38,384
Ratio of overseas sales to consolidated net sales (%)	34.7	34.7

Notes:

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

## [Segment information]

### 1. Overview of our Reporting Segments

Ryosan Group's reporting segments are created from financial information sorted by business segment, and the Chief Executive Officer periodically conducts performance evaluations.

Ryosan Group has set up business headquarters at our head office for each merchandises and products, and we expand our business activities by having each business headquarters formulate comprehensive strategies for the products that they handle, for both within Japan and overseas.

Therefore, with our business headquarters serving as our foundation, Ryosan Group has four reporting segments: "Semiconductors," "Electronic Components," "Electronic Equipment," and "Ryosan products."

Main products of each business segment are following.

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. Information Concerning Sales and Income or Loss Amount by Reporting Segment

For the consolidated first quarter of the fiscal year ending March 31, 2011

(April 1, 2010 to June 30, 2010)

(Millions of yen)

	Reportable segment					Adjustment amount (Note)	Quarterly consolidated income statement amount
	Semiconductors	Electronic components	Electronic equipment	Ryosan products	Total		
Sales							
Sales to external Customers	29,723	14,417	4,859	1,580	50,580	—	50,580
Internal sales between segments, or exchange	—	—	—	—	—	—	—
Total	29,723	14,417	4,859	1,580	50,580	—	50,580
Segment income	1,251	615	121	179	2,168	(584)	1,584

(Note) The adjustment of -584 to segment earnings represents corporate expenses that are not allocated to each reportable segment.

#### (Additional information)

As of this first fiscal quarter, we are applying "Accounting Standards Concerning Disclosure of Segment Information" (Corporate Accounting Standards, No. 17, March 27, 2009) and "Application Guide for Accounting Standards Concerning Disclosure of Segment Information" (Corporate Accounting Standards Application Guide, No. 20, March 21, 2008).

#### (6) Notes Regarding Substantial Changes in Shareholders' Equity

None.

(This notice has been translated from the original notice in Japanese. In the event of any discrepancy between this translation and Japanese original, Japanese version shall prevail.)