

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

[Japanese standards] (Consolidated)

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Scheduled filing date of quarterly earnings report:	November 12, 2010
Scheduled payment date of dividend:	December 1, 2010
Supplementary materials for the quarterly financial results:	Yes
Investor conference for the quarterly financial results:	Yes

(Millions of yen rounded down)

1. Consolidated results for the first half of fiscal 2010 (April 1, 2010 to September 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 Half, Fiscal 2010	106,543	21.6	3,567	131.4	3,970	111.9	2,541	174.9
First Half, Fiscal 2009	87,587	(33.3)	1,541	(67.5)	1,873	(65.7)	924	(72.2)

	Net income per share	Net income per share after dilution
	Yen	Yen
First Half, Fiscal 2010	73.74	—
First Half, Fiscal 2009	26.82	—

(2) Consolidated financial position

	Total assets	Net assets	Net assets to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2010	161,758	117,332	72.5	3,401.00
March 31, 2010	161,593	117,263	72.5	3,398.82

(Reference) Shareholders' equity:

September 30, 2010: 117,217 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	—	40.00	—	—	—
Fiscal 2010 (Forecast)	—	—	—	40.00	80.00

Note: Revision to dividend forecast for the first half 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
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 half 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: No

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:

September 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:

September 30, 2010: 34,216 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 half fiscal 2010: 34,465,885 shares	First half fiscal 2009: 34,466,377 shares
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Indication regarding the implementation status of the quarterly review procedure

Earnings report for this first half period 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 Half of Fiscal 2010

1) Overview

In this first half period (April 1– September 30, 2010), despite uncertainty about the financial situation in the Euro area, the global economy experienced gradual recovery, led by emerging countries including China. Amid this economic situation, the performance of Japanese firms recovered, but the steep yen appreciation from the middle to end of the current period decreased the rate of recovery in business performance.

On the other hand, the electronics industry to which Ryosan Group belongs was healthy, 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 etc.

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 DRAMs for PCs and system LSIs for flat TVs etc. increased, Ryosan Group achieved increases in both revenue and earnings with net sales of 106,543 million yen (up 21.6% from the same period previous year), operating income of 3,567 million yen (up 131.4%), ordinary income of 3,970 million yen (up 111.9%), and net income of 2,541 million yen (up 174.9%).

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 half period, sales of DRAMs for PCs and system LSIs for flat TVs etc. increased, with net sales of 61,743 million yen (up 38.5% from the same period previous year), and operating income came to 2,709 million yen (up 135.0%).

b. Electronic Components

At Ryosan Group, we sell display devices, power supplies and electromechanical components. In this consolidated first half period, sales of LCDs for DSCs and FA equipment etc. increased, with net sales of 30,138 million yen (up 2.5% from the same period previous year) and operating income of 1,274 million yen (up 29.4%).

c. Electronic Equipment

At Ryosan Group, we sell systems equipment and facilities equipment. In this consolidated first half period, sales of systems equipment for MFP etc. decreased, with net sales of 11,391 million yen (down 1.3% from the same period previous year) and operating income of 368 million yen (up 39.2%).

d. Ryosan Products

At Ryosan Group, we produce and sell heat sinks (devices that dissipate the heat generated by semiconductors). In this consolidated first half period, sales of heat sinks for FA equipment etc. increased, with net sales of 3,269 million yen (up 56.5% from the same period previous year) and operating income of 293 million yen (up 79.7%).

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

1) An Overview of Financial Position

At the end of this first half period, total assets had increased by 165 million yen, as compared with the level at the end of the previous fiscal year, and came to 161,758 million yen.

Also, net assets increased by 69 million yen, as compared with the level at the end of the previous fiscal year, and came to 117,332 million yen, with our net assets to total assets being 72.5%.

2) An Overview of Cash Flows

At the end of this first half period, cash and cash equivalents had decreased by 3,377 million yen, as compared with the level at the end of the previous fiscal year, and came to 47,080 million yen.

(Cash flow from operating activities)

Regarding cash flow from operating activities in this consolidated first half period, funds decreased by 4,869 million yen, due to inventories increased 3,740 million yen, accounts payable decreased 2,998 million yen, and the income taxes paid was 1,211 million yen, although income before income taxes and minority interests was 4,100 million yen. Cash flow from operating activities increased by 6,713 million yen from the same period previous year.

(Cash flow from investing activities)

Regarding cash flow from investing activities in this consolidated first half period, funds decreased by 106 million yen, due to purchases of property, plant and equipment. Cash flow from investing activities decreased by 463 million yen from the same period previous year.

(Cash flow from financing activities)

Regarding cash flow from financial activities in this consolidated first half period, funds increased by 1,494 million yen, although short-term borrowings increased 2,944 million yen and so cash dividends paid was 1,378 million yen. Cash flow from financial activities decreased 2,702 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

The future outlook is the rapid growth of emerging countries will continue, but the rate of global economic recovery will decline as the economic measures of developed countries will become ineffective.

As for the consolidated operating results forecasts for the fiscal year ending March 2011 announced on May 12, 2010, there have been no revisions as of now. 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: None

(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 the 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 Half of the Fiscal Year Ending March 31, 2011 (As of September 30, 2010)	Fiscal Year Ended March 31, 2010 (As of March 31, 2010)
ASSETS		
Current assets		
Cash and deposits	39,082	50,459
Trade notes and accounts receivable	67,835	67,427
Marketable securities	7,999	—
Merchandise and finished products	18,047	14,135
Work in process	101	116
Raw materials and stored goods	192	196
Accrued income	3,778	3,745
Income tax refund receivable	14	20
Deferred tax assets	528	522
Other current assets	269	341
Allowance for doubtful accounts	(58)	(125)
Total current assets	137,791	136,840
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	4,758	4,876
Land	8,130	8,132
Lease assets (net)	271	327
Other fixed assets (net)	758	867
Total property, plant and equipment	13,918	14,203
Intangible fixed assets	553	610
Investments and other assets		
Investment securities	2,962	3,492
Long-term deposits	3,500	3,500
Deferred tax assets	1,705	1,597
Other	2,432	2,530
Allowance for doubtful accounts	(992)	(1,093)
Allowance for loss on investments	(112)	(89)
Total Investments and other assets	9,495	9,938
Total fixed assets	23,967	24,752
Total assets	161,758	161,593

(Millions of yen)

	First Half of the Fiscal Year Ending March 31, 2011 (As of September 30, 2010)	Fiscal Year Ended March 31, 2010 (As of March 31, 2010)
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	30,550	33,521
Short-term bank loans	6,833	3,748
Lease obligations	123	139
Accrued expenses	1,184	1,104
Accrued income taxes	1,432	1,219
Other current liabilities	1,744	1,821
Total current liabilities	41,868	41,554
Long-term liabilities		
Lease obligations	209	261
Employees' retirement benefits	2,292	2,236
Other long-term liabilities	54	276
Total long-term liabilities	2,556	2,775
Total liabilities	44,425	44,329
NET ASSETS		
Shareholders' equity		
Common stock	17,690	17,690
Additional paid-in capital	19,114	19,114
Retained earnings	83,395	82,136
Treasury stock	(84)	(83)
Total shareholders' equity	120,116	118,857
Valuation and conversions		
Net unrealized gain on other marketable securities	132	439
Gain (loss) on deferred hedges	(46)	7
Foreign currency translation adjustments	(2,984)	(2,160)
Total valuation and conversions	(2,898)	(1,713)
Minority interests	114	120
Total net assets	117,332	117,263
Total liabilities and net assets	161,758	161,593

(2) Consolidated Quarterly Statements of Income (Cumulative)

(Millions of yen)

	First Half of the Fiscal Year Ended March 31, 2010 (April 1, 2009 to September 30, 2009)	First Half of the Fiscal Year Ending March 31, 2011 (April 1, 2010 to September 30, 2010)
Net sales	87,587	106,543
Cost of Sales	80,115	96,548
Gross Profit	7,472	9,994
Selling, general and administrative expenses		
Packing and freight expenses	270	351
Provision of allowance for doubtful accounts	35	—
Directors' remuneration	208	242
Employees' salaries	1,601	1,676
Bonuses	436	675
Retirement benefit expenses	223	186
Employee benefits	328	353
Depreciation and amortization	391	317
Others	2,433	2,623
Total selling, general and administrative expenses	5,931	6,427
Operating income	1,541	3,567
Non-operating income		
Interest income	48	56
Dividend income	103	135
Gain on foreign exchange	1	116
Management consultation fee	53	—
Miscellaneous income	156	134
Total non-operating income	364	443
Non-operating expenses		
Interest expense	23	33
Miscellaneous expenses	9	6
Total non-operating expenses	33	40
Ordinary income	1,873	3,970
Extraordinary gains		
Gain on sales of property, plant and equipment	1	0
Gain on sales of investment securities	12	—
Gain on reversal of allowance for doubtful accounts	—	157
Reversal of allowance for investment loss	10	—
Total extraordinary gains	24	157
Extraordinary losses		
Loss on sales and disposal of property, plant and equipment	2	3
Impairment loss	50	—
Loss on sales of investment securities	14	—
Loss on devaluation of investment securities	6	—
Provision of allowance for investment loss	—	23
Loss on devaluation of golf membership rights	4	—
Total extraordinary losses	78	27
Income before income taxes and minority interests	1,818	4,100
Income taxes-current	666	1,430
Income taxes-deferred	225	126
Total income taxes	892	1,556
Net income (loss) before minority interests	—	2,543
Minority interests in income	2	2
Net income	924	2,541

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	First Half of the Fiscal Year Ended March 31, 2010 (April 1, 2009 to September 30, 2009)	First Half of the Fiscal Year Ending March 31, 2011 (April 1, 2010 to September 30, 2010)
Operating activities		
Income before income taxes and minority interests	1,818	4,100
Depreciation and amortization	462	387
Impairment loss	50	—
Increase (decrease) in allowance for doubtful accounts	(18)	(158)
Increase (decrease) in employees' retirement benefits	33	59
Interest and dividend income	(152)	(191)
Interest expense	23	33
(Gain) loss on devaluation of investment securities	6	—
(Gain) loss on sales and disposal of property, plant and equipment	1	3
(Increase) decrease in accounts receivable	(2,526)	(611)
(Increase) decrease in inventories	1,515	(3,740)
Increase (decrease) in accounts payable	7,265	(2,998)
Other	(1,972)	(703)
Subtotal	6,506	(3,819)
Interest and dividends received	154	195
Interest paid	(23)	(33)
Income taxes (paid) refund	76	(1,211)
Net cash provided by (used in) operating activities	6,713	(4,869)
Investing activities		
Payment for time deposits	(1)	—
Purchases of property, plant and equipment	(550)	(95)
Proceeds from sale of property, plant and equipment	3	0
Purchases of intangible fixed assets	—	(11)
Proceeds from sale of intangible fixed assets	9	—
Purchases of investment securities	(23)	—
Proceeds from sale of investment securities	58	—
Payments of loans receivable	—	(0)
Proceeds from collection of loans	40	1
Net cash used in investing activities	(463)	(106)
Financing activities		
Increase (decrease) in short-term borrowings, net	(1,240)	2,944
Payment of refund of lease obligations	(81)	(68)
Repurchase of treasury stock	(1)	(0)
Cash dividends paid	(1,378)	(1,378)
Cash dividends paid to minority shareholders	(1)	(2)
Net cash provided by (used in) financing activities	(2,702)	1,494
Effect of foreign currency translation adjustments on cash and cash equivalents	(395)	(311)
Net increase (decrease) in cash and cash equivalents	3,152	(3,792)
Cash and cash equivalents at the beginning of the period	50,003	50,458
Increase in cash and cash equivalents from newly consolidated subsidiary	8	414
Cash and cash equivalents at the end of the period	53,163	47,080

(4) Notes Regarding Going Concern Assumptions

None.

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

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

(April 1, 2009 to September 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	44,565	29,394	11,539	2,088	87,587	—	87,587
(2) Internal sales between segments, or exchange	—	—	—	—	—	—	—
Total sales	44,565	29,394	11,539	2,088	87,587	—	87,587
Operating income	1,152	985	265	163	2,566	(1,024)	1,541

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 components
Electronic equipment:	Systems equipment, facilities equipment
Ryosan products:	Heat sinks (devices that dissipate the heat generated by semiconductors)

[Geographical segment information]

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

(Millions of yen)

	Japan	Asia	Total	Eliminations or corporate	Consolidated
Sales and operating income					
Sales:					
(1) Sales to external Customers	64,254	23,333	87,587	—	87,587
(2) Internal sales between segments, or exchange	3,624	324	3,948	(3,948)	—
Total sales	67,878	23,657	91,536	(3,948)	87,587
Operating income	957	392	1,349	192	1,541

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

[Overseas sales]

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

(Millions of yen)

	Asia	Total
Overseas sales	29,997	29,997
Consolidated net sales	—	87,587
Ratio of overseas sales to consolidated net sales (%)	34.3	34.3

Notes:

- Country and regional segments are classified on the basis of geographic proximity.
- Principal countries and regions:
Asia: Hong Kong, Korea, 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 components
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 half of the fiscal year ending March 31, 2011

(April 1, 2010 to September 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	61,743	30,138	11,391	3,269	106,543	—	106,543
Internal sales between segments, or exchange	—	—	—	—	—	—	—
Total	61,743	30,138	11,391	3,269	106,543	—	106,543
Segment income	2,709	1,274	368	293	4,646	(1,079)	3,567

(Note)

- The adjustment of -1,079 to segment earnings represents corporate expenses that are not allocated to each reportable segment. The entire-company costs are selling, general and administrative expenses not included in the reported segments.
- Segment income has been adjusted with operating income in consolidated quarterly statements of income.

(Additional information)

As of the first quarter under review, 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.

4. Supplementary information

(1) Geographical segment information

For the consolidated first half of the fiscal year ending March 31, 2011
(April 1, 2010 to September 30, 2010)

(Millions of yen)

	Japan	Asia	Total	Eliminations or corporate	Consolidated
Sales and operating income					
Sales:					
(1) Sales to external Customers	74,704	31,838	106,543	—	106,543
(2) Internal sales between segments, or exchange	6,846	156	7,003	(7,003)	—
Total sales	81,550	31,995	113,546	(7,003)	106,543
Operating income	2,527	954	3,482	85	3,567

Notes:

- Country and regional segments are classified on the basis of geographic proximity.
- Principal countries and regions:
Asia: Hong Kong, China, Taiwan, Thailand, Singapore and others

(2) Overseas sales

For the consolidated first half of the fiscal year ending March 31, 2011
(April 1, 2010 to September 30, 2010)

(Millions of yen)

	Asia	Total
Overseas sales	37,215	37,215
Consolidated net sales	—	106,543
Ratio of overseas sales to consolidated net sales (%)	34.9	34.9

Notes:

- Country and regional segments are classified on the basis of geographic proximity.
- Principal countries and regions:
Asia: China, Hong Kong, Korea, Thailand 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).