

First Quarter Earnings Report for Fiscal 2011, Ending March 31, 2012 [Japanese Standards] (Consolidated)

Company name: Ryosan Company, Limited	Stock listing: First Section, Tokyo Stock Exchange
Securities code: 8140	(URL http://www.ryosan.co.jp)
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Scheduled filing date of quarterly earnings report	August 12, 2011
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 quarter of fiscal 2011 (April 1, 2011 to June 30, 2011)

(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 2011	48,306	(4.5)	540	(65.9)	852	(55.1)	535	(57.7)
First Quarter, Fiscal 2010	50,580	31.8	1,584	373.0	1,901	270.0	1,264	538.7

(Note) Comprehensive income

First Quarter, Fiscal 2011: 125 million yen ((76.3)%)

First Quarter, Fiscal 2010: 529 million yen (- %)

	Net income per share	Net income per share after dilution
	Yen	Yen
First Quarter, Fiscal 2011	15.54	—
First Quarter, Fiscal 2010	36.70	—

(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, 2011	157,237	116,520	74.0	3,377.59
March 31, 2011	163,479	117,780	72.0	3,413.87

(Reference) Shareholders equity:

June 30, 2011: 116,409 million yen,

March 31, 2011: 117,660 million yen

2. Dividends

(Record date)	Dividends per share (Yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
Fiscal 2010	—	40.00	—	40.00	80.00
Fiscal 2011	—	—	—	—	—
Fiscal 2011 (Forecast)	—	20.00	—	40.00	60.00

(Note) Revision of dividend forecasts: No

3. Forecast of results for the fiscal year ending March 31, 2012 (April 1, 2011 to March 31, 2012)

(% 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	(1.4)	1,100	(69.2)	1,500	(62.2)	800	(68.5)	23.21
Full Fiscal Year	230,000	6.4	3,500	(42.4)	4,200	(39.0)	2,500	(39.5)	72.54

(Note) Revision of financial results forecasts: No

4. Other

(1) Transfer of major subsidiaries during the scope of consolidation of this quarter (transfer of specified subsidiaries in line with changes in the consolidated range): No

(2) Applying accounting procedures specific to preparing quarterly financial statements: Yes

(3) Restatement of changes in accounting principles/changes and revisions in accounting estimate

1. Changes in accordance with revisions to accounting standards and related practices of accounting principles: No

2. Changes in items of accounting principles other than 1. above: No

3. Changes in accounting estimate: No

4. Restatement of revisions: No

(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, 2011: 34,500,000 shares

March 31, 2011: 34,500,000 shares

2. Total number of treasury stock as of the period-end:

June 30, 2011: 34,752 shares

March 31, 2011: 34,704 shares

3. Average number of shares outstanding during the period (Cumulative total for the quarterly consolidated period)

June 30, 2011: 34,465,253 shares

June 30, 2010: 34,465,971 shares

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:

Please refer to “(3) Qualitative information and Other Matters Concerning Consolidated Forecasts for the Fiscal Year Ending March 31, 2012” on page 3 of this document for outlook for the next fiscal period.

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1. Qualitative Information Regarding this Quarterly Statement

(1) Qualitative Information and Other Matters Concerning Consolidated Operating Results for the First Quarter of Fiscal 2011

1) Overview

The global economy in the first quarter (April 1-June 30, 2011) experienced a temporary slowdown of production activity in various countries due to the Great East Japan Earthquake in March. However, assisted by the strong economic growth of emerging countries such as China, a trend towards gradual recovery was generally maintained. Moreover, the electronics industry, in which we are engaged, maintained growth due to the rapid expansion of new product groups such as smartphones and tablet PCs and the steady movement of the FA market in addition to market expansion in emerging countries .

To increase sales under such circumstances, the Ryosan Group has powerfully promoted “strengthening our approach to developing countries with rapid growth (China and India)”, “strengthening our business with globalizing Japanese customers” and “strengthening our presence in growth fields (car electronics, social infrastructure, etc.)”, and has also strived towards “improving profitability.”

However, the Ryosan Group reported decreases in both revenues and earnings, with net sales of 48,306 million yen (down 4.5% from the same period previous year), operating income of 540 million yen (down 65.9%), ordinary income of 852 million yen (down 55.1%) and net income of 535 million yen (down 57.7%) for results of the first quarter under review because, in addition to the Great East Japan Earthquake, sales of DRAMs for PCs and electromechanical components for game consoles, etc. decreased.

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 DRAMs for PCs and system LSIs for flat screen TVs, etc. decreased, with net sales of 29,081 million yen (down 2.2% from the same period previous year), and operating income came to 453 million yen (down 63.8%).

b. Electronic Components

At Ryosan Group, we sell display devices, power supplies and electromechanical components. In this consolidated first quarter, sales of electromechanical components for game console, etc. decreased, with net sales of 12,971 million yen (down 10.0% from the same period previous year) and operating income of 453 million yen (down 26.4%).

c. Electronic Equipment

At Ryosan Group, we sell systems equipment and facilities equipment. In this consolidated first quarter, sales of system equipment for in-vehicle electrical components, etc. decreased, with net sales of 4,730 million yen (down 2.6% from the same period previous year) and operating income of 91 million yen (down 24.8%).

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 flat screen TVs etc. decreased, with net sales of 1,522 million yen (down 3.7% from the same period previous year) and operating income of 131 million yen (down 27.0%).

(2) Qualitative Information and Other Matters Concerning Consolidated Financial Position for the End of the First Quarter of Fiscal 2011

At the end of this first quarter, total assets had decreased by 6,241 million yen, as compared with the level at the end of the previous fiscal year, and came to 157,237 million yen.

Also, net assets decreased by 1,259 million yen, as compared with the level at the end of the previous fiscal year, and came to 116,520 million yen, with the ratio of net assets to total assets being 74.0%.

**(3) Qualitative Information and Other Matters Concerning Consolidated Forecasts for the Fiscal Year Ending
March 31, 2012**

1) Overall Business Performance Forecast

Looking ahead, the global economy will likely continue to experience a gradual recovery trend supported by the expansion of domestic demand in emerging countries. In addition, the Japanese economy is expected to recover from the devastating effects of the Great East Japan Earthquake in the latter half of the year.

Against the backdrop of this forecast operating environment, Ryosan Group will promote and pursue two key initiatives: "Construction of a management structure strong enough to survive in the global age" and "Exploitation of emerging markets to support future growth."

In terms of performance, an increase in sales is expected from the "commercial right transfer of Renesas Electronics' business", etc. despite "the influence of the temporary slowdown in production due to the Great East Japan Earthquake." However, a revenue increase and an earnings decrease are expected on the profit front because of business cost increases from "strengthening sales and marketing to smoothly launch the business to be transferred", etc.

Full-year business performance forecasts are as follows.

Net sales 230,000 million yen (up 6.4% from the previous period)

Operating income 3,500 million yen (down 42.4% from the previous period)

Ordinary income 4,200 million yen (down 39.0% from the previous period)

Net income 2,500 million yen (down 39.5% from the previous period)

2) Business Segment Performance Forecast

a. Semiconductors

In the semiconductor business, sales of system LSIs for in-vehicle electrical components and drivers ICs for liquid crystal displays, etc. are expected to increase, net sales are forecast to be 142,000 million yen (up 14.7% from the previous period), and operating income is expected to be 2,800 million yen (down 39.0% from the previous period) due to increases, etc. in sales and administrative expenses.

b. Electronic Components

In the electronic components business, sales of electromechanical components for in-vehicle electrical components and mobile phones, etc. are expected to decrease, net sales are forecast to be 58,000 million yen (down 3.4% from the previous period), and operating income is expected to be 1,800 million yen (down 19.9% from the previous period).

c. Electronic Equipment

In the electronic equipment business, sales of system equipment for in-vehicle electrical components, etc. are expected to decrease, net sales are forecast to be 24,000 million yen (down 7.2% from the previous period), and operating income is expected to be 500 million yen (down 44.9% from the previous period).

d. Ryosan Products

In Ryosan products, sales of heat sinks for flat screen TVs, etc. are expected to decrease, net sales are forecast to be 6,000 million yen (down 7.3% from the previous period), and operating income is expected to be 400 million yen (down 17.8% from the previous period).

2. Items Regarding Summary Information (Others)

(1) Transfer of major subsidiaries during the scope of consolidation of this quarter

None

(2) Applying accounting procedures specific to preparing quarterly financial statements

Simplified procedure partially applied for items with little effect.

(3) Restatement of changes in accounting principles/changes and revisions in accounting estimate

None

4. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2011 (As of March 31, 2011)	Fiscal Year Ending March 31, 2012 (As of June 30, 2011)
ASSETS		
Current assets		
Cash and deposits	43,240	28,377
Trade notes and accounts receivable	68,709	65,062
Marketable securities	—	9,999
Inventories	22,963	26,666
Accrued income	4,472	3,223
Income tax refund receivable	10	—
Deferred tax assets	400	231
Other current assets	288	457
Allowance for doubtful accounts	(63)	(111)
Total current assets	140,021	133,907
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	4,645	4,592
Land	8,126	8,125
Lease assets (net)	255	229
Other fixed assets (net)	654	602
Total property, plant and equipment	13,682	13,549
Intangible fixed assets	701	758
Investments and other assets		
Investment securities	3,156	3,078
Long-term deposits	3,000	3,000
Deferred tax assets	1,571	1,600
Other	2,447	2,420
Allowance for doubtful accounts	(975)	(949)
Allowance for loss on investments	(127)	(127)
Total Investments and other assets	9,072	9,022
Total fixed assets	23,457	23,330
Total assets	163,479	157,237

(Millions of yen)

	Fiscal Year Ended March 31, 2011 (As of March 31, 2011)	Fiscal Year Ending March 31, 2012 (As of June 30, 2011)
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	31,219	26,474
Short-term bank loans	7,621	8,902
Lease obligations	116	110
Accrued expenses	995	459
Reserve for bonuses	—	338
Accrued income taxes	1,402	129
Other current liabilities	1,745	1,715
Total current liabilities	43,100	38,130
Long-term liabilities		
Lease obligations	194	169
Employees' retirement benefits	2,327	2,357
Other long-term liabilities	76	59
Total long-term liabilities	2,597	2,585
Total liabilities	45,698	40,716
NET ASSETS		
Shareholder's equity		
Common stock	17,690	17,690
Additional paid-in capital	19,114	19,114
Retained earnings	83,606	82,763
Treasury stock	(85)	(85)
Total shareholders' equity	120,325	119,482
Other accumulated comprehensive incomes		
Net unrealized gain on other marketable securities	295	249
Gain (loss) on deferred hedges	(6)	3
Foreign currency translation adjustments	(2,954)	(3,326)
Total other accumulated comprehensive incomes	(2,665)	(3,073)
Minority interests	120	111
Total net assets	117,780	116,520
Total liabilities and net assets	163,479	157,237

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Comprehensive Statements of Income

(Consolidated Quarterly Statements of Income)

(Scope of Consolidation of this First Quarter)

(Millions of yen)

	First Quarter of the Fiscal Year Ended Mar. 31, 2011 (Apr. 1, 2010 to Jun. 30, 2010)	First Quarter of the Fiscal Year Ending Mar. 31, 2012 (Apr. 1, 2011 to Jun. 30, 2011)
Net sales	50,580	48,306
Cost of Sales	45,917	44,378
Gross Profit	4,663	3,927
Selling, general and administrative expenses	3,079	3,387
Operating income	1,584	540
Non-operating income		
Interest income	26	22
Dividend income	125	133
Gain on foreign exchange	78	91
Management consultation fee	13	—
Miscellaneous income	89	105
Total non-operating income	333	352
Non-operating expenses		
Interest expense	11	38
Miscellaneous expenses	4	1
Total non-operating expenses	16	39
Ordinary income	1,901	852
Extraordinary gains		
Gain on reversal of allowance for doubtful accounts	79	—
Total extraordinary gains	79	—
Extraordinary losses		
Loss on sales and disposal of property, plant and equipment	1	1
Total extraordinary losses	1	1
Income before income taxes and minority interests	1,979	851
Income taxes	713	315
Income before Minority interest in income	1,265	536
Minority interests in income	0	1
Net income	1,264	535

(Consolidated Quarterly Comprehensive Statements of Income)

(Scope of Consolidation of this First Quarter)

(Millions of yen)

	First Quarter of the Fiscal Year Ended Mar. 31, 2011 (Apr. 1, 2010 to Jun. 30, 2010)	First Quarter of the Fiscal Year Ending Mar. 31, 2012 (Apr. 1, 2011 to Jun. 30, 2011)
Income before Minority interest in income	1,265	536
Other comprehensive income		
Net unrealized gain on other marketable securities	(211)	(46)
Gain (loss) on deferred hedges	(21)	10
Foreign currency translation adjustments	(503)	(375)
Total other comprehensive income	(735)	(411)
Comprehensive Incomes	529	125
(Details)		
Comprehensive incomes relating to shareholders of parental company	534	127
Comprehensive incomes relating to minority shareholders	(5)	(2)

(3) Notes Regarding Going Concern

Not applicable.

(4) Segment Information

I. For the consolidated first quarter of the fiscal year ended March 31, 2011
(April 1, 2010 to June 30, 2010)

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 headquarter formulates 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 as follows:

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

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

	Reportable Segment					Adjusted amount	Consolidated quarterly income statement amount
	Semi-conductors	Electronic components	Electronic equipment	Ryosan products	Total		
Sales and operating income							
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 (loss)	1,251	615	121	179	2,168	(584)	1,584

(Notes)

1. The adjustment of -584 million yen to segment earnings represents corporate expenses that are not allocated to each reportable segment.

2. Segment income has been adjusted with operating income in consolidated quarterly statements of income.

II. For the consolidated first quarter of the fiscal year ending March 31, 2012
(April 1, 2011 to June 30, 2011)

1. Overview of our Reporting Segments

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

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

	Reportable Segment					Adjusted amount	Consolidated quarterly income statement amount
	Semi-conductors	Electronic components	Electronic equipment	Ryosan products	Total		
Sales and operating income							
Sales:							
Sales to external Customers	29,081	12,971	4,730	1,522	48,306	—	48,306
Internal sales between segments, or exchange	—	—	—	—	—	—	—
Total	29,081	12,971	4,730	1,522	48,306	—	48,306
Segment income (loss)	453	453	91	131	1,128	(588)	540

(Notes)

1. The adjustment of -588 million yen to segment earnings represents corporate expenses that are not allocated to each reportable segment.
2. Segment income has been adjusted with operating income in consolidated quarterly statements of income.

(5) Notes Regarding Substantial Changes in Shareholders' Equity

Not applicable.

4. Supplementary Information

(1) Geographical Segment Information

Fiscal 2011, first quarter of the fiscal year ending March 31, 2012

(April 1, 2011 to June 30, 2011)

(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	32,522	15,783	48,306	—	48,306
(2) Internal sales between segments, or exchange	2,239	152	2,392	(2,392)	—
Total	34,762	15,935	50,698	(2,392)	48,306
Operating income	326	162	488	52	540

Notes:

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

2. Principal countries and regions:

Asia : Hong Kong, China, Taiwan, Thailand , Singapore and others

(2) Overseas Sales

Fiscal 2011, first quarter of the fiscal year ending March 31, 2012

(April 1, 2011 to June 30, 2011)

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

	Asia	Total
Overseas sales	16,691	16,691
Consolidated net sales	—	48,306
Ratio of overseas sales to consolidated net sales (%)	34.6	34.6

Notes:

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

2. Principal countries and regions:

Asia: China, Hong Kong, Korea, and Thailand 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).