

FY2011 First Half Results Meeting

Results for the six months ended September 30, 2011

FY2011 : Year ending March 31, 2012

November 15, 2011

Ryosan Company, Limited

Code : 8140 / Stock listings: Tokyo Stock Exchange (First Section)

URL : <http://www.ryosan.co.jp/eng/>

RYOSAN

Results for FY2011 First Half and Forecasts for Whole Financial Year

Measures for Management Issues in Second Half of FY2011

Topics for 8th Medium-Term Management Plan

Changes in Net Sales by Segment

Supplementary Material

Notice

Business forecasts and all statement related to the future contained in this presentation are based on information currently possessed by our company and on certain assumptions which we judge to be rational. Actual business performance may differ greatly depending on a variety of factors. The following is a list of major factors:

- Economic conditions in key markets (Japan and the rest of Asia), rapid changes in consumption patterns and supply-demand balance for products
- Sharp fluctuations in the ¥/\$ etc. exchange rate
- Substantial fluctuation in prices in capital markets

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Major Points of Results for FY2011 First Half

Steady advancements despite increased sales and decreased profit

- Despite the effect of the Great East Japan Earthquake, expansion of trade rights for the Renesas Electronics business contributed to net sales of 106.9 billion yen (YOY increase of 0.4%).
- In terms of profit, business costs increased due to strengthening of sales capability for the Renesas Electronics business and we recorded increased sales and decreased profit. Operating income was 1.5 billion yen (YOY decrease of 55.9%) and net income was 1.1 billion yen (YOY decrease of 55.4%).
- Compared to initial forecasts made at the beginning of the financial year for the first half, net sales exceeded the forecast by 1.9 billion yen (+1.9%), operating income exceeded by 400 million yen (+43.1%) and net income exceeded by 300 million yen (+41.5%).

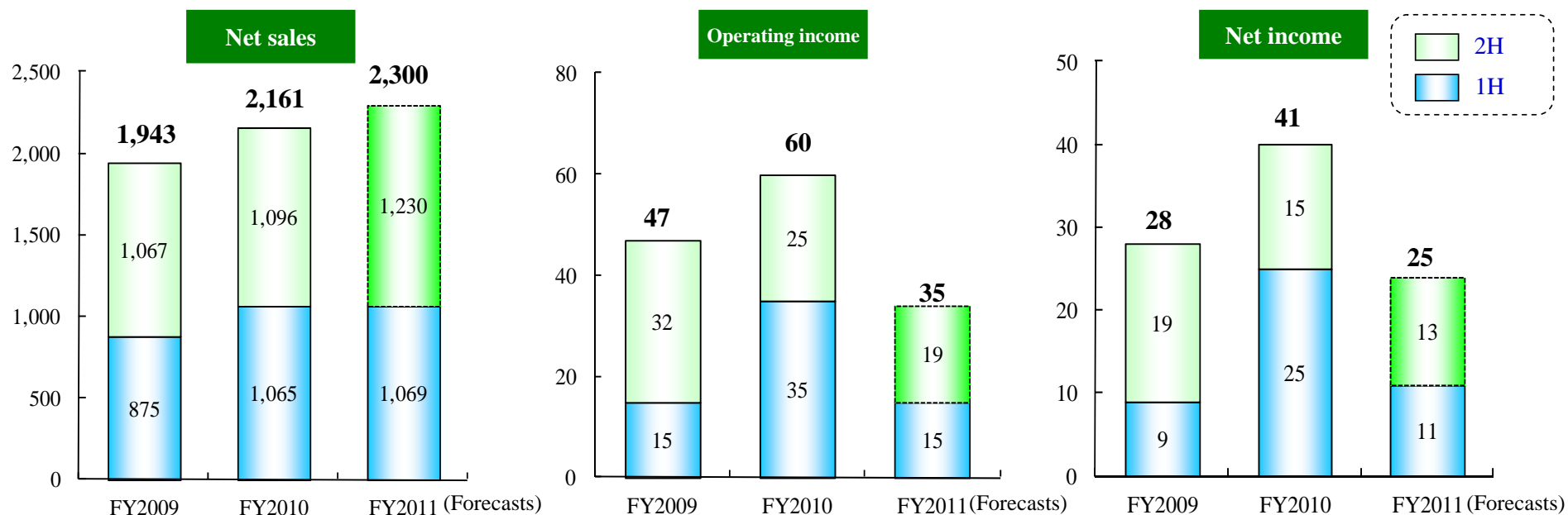
There is uncertainty regarding the effect of flooding in Thailand and the unclear financial prospects for the global economy. Therefore, the consolidated business forecast for the whole financial year remains unchanged.

*Reviews will be conducted regarding future changes to business performance. Any changes will be announced as appropriate.

Overview of Consolidated Results

Unit: ¥ 100 million

	FY2010				FY2011						
	IH	2H	Of Total	%	1H (Results)		2H (Forecasts)		Of Total	% Chg. YoY	
						% Chg. YoY		% Chg. YoY			
Net sales	1,065	1,096	2,161	%	1,069	+0.4%	1,230	+12.2%	2,300	%	+6.4%
Gross margin	99	90	190	8.8	82	(17.3)	88	(2.2)	171	7.4	(10.1)
SG&A expenses	64	65	129	6.0	66	+4.1	69	+6.0	136	5.9	+5.0
Operating income	35	25	60	2.8	15	(55.9)	19	(23.3)	35	1.5	(42.4)
Ordinary income	39	29	68	3.2	20	(47.2)	21	(27.8)	42	1.8	(39.0)
Net income	25	15	41	1.9	11	(55.4)	13	(13.9)	25	1.1	(39.5)
Earnings per share	¥73.74	¥46.11	¥119.85		¥32.94		¥39.60		¥72.54		(39.5)



Segment Information by Business Type

Unit: ¥ 100 million

		FY2010			FY2011					
		1H	2H		1H (Results)		2H (Forecasts)			
						% Chg. YoY		% Chg. YoY	% Chg. YoY	
Semiconductors	Sales	617	620	1,237	649	+5.1%	770	+24.2%	1,420	+14.7%
	Operating income	27	18	45	11	(58.8)	16	(10.3)	28	(39.0)
Electronic Components	Sales	301	298	600	278	(7.6)	301	+0.9	580	(3.4)
	Operating income	12	9	22	10	(14.3)	7	(27.2)	18	(19.9)
Electronic Equipment	Sales	113	144	258	111	(2.1)	128	(11.2)	240	(7.2)
	Operating income	3	5	9	2	(21.5)	2	(60.9)	5	(44.9)
Ryosan Products (Heat sinks)	Sales	32	32	64	30	(6.1)	29	(8.6)	60	(7.3)
	Operating income	2	1	4	1	(32.9)	2	+5.7	4	(17.7)
Unallocable Operating expenses		▲10	▲10	▲21	▲11	-	▲8	-	▲20	-
Consolidated	Sales	1,065	1,096	2,161	1,069	+0.4%	1,230	+12.2%	2,300	+6.4%
	Operating income	35	25	60	15	(55.9)	19	(23.3)	35	(42.4)

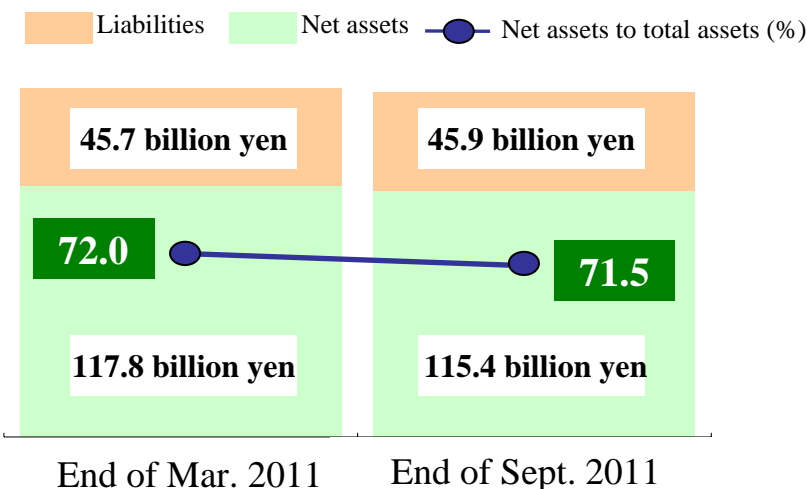
Consolidated Balance Sheet & Consolidated Statement of Cash Flows

Financial standing

End of Sept., 2011

Assets	45.9 billion yen (Including current Liabilities of 43.3 billion yen (94%))	Liabilities
161.3 billion yen (Including current assets of 138.2 billion yen (86%))	115.4 billion yen	Net assets

Net assets/liabilities/net assets to total assets



Cash flow

(Unit: millions of yen)

	FY2010 First Half	FY2011 First Half
Operating CF	(4,869)	(4,712)
Investment CF	(106)	(382)
Financial CF	1,494	407
Free CF	(4,975)	(5,094)
Balance of cash and cash equivalents	47,080	38,183

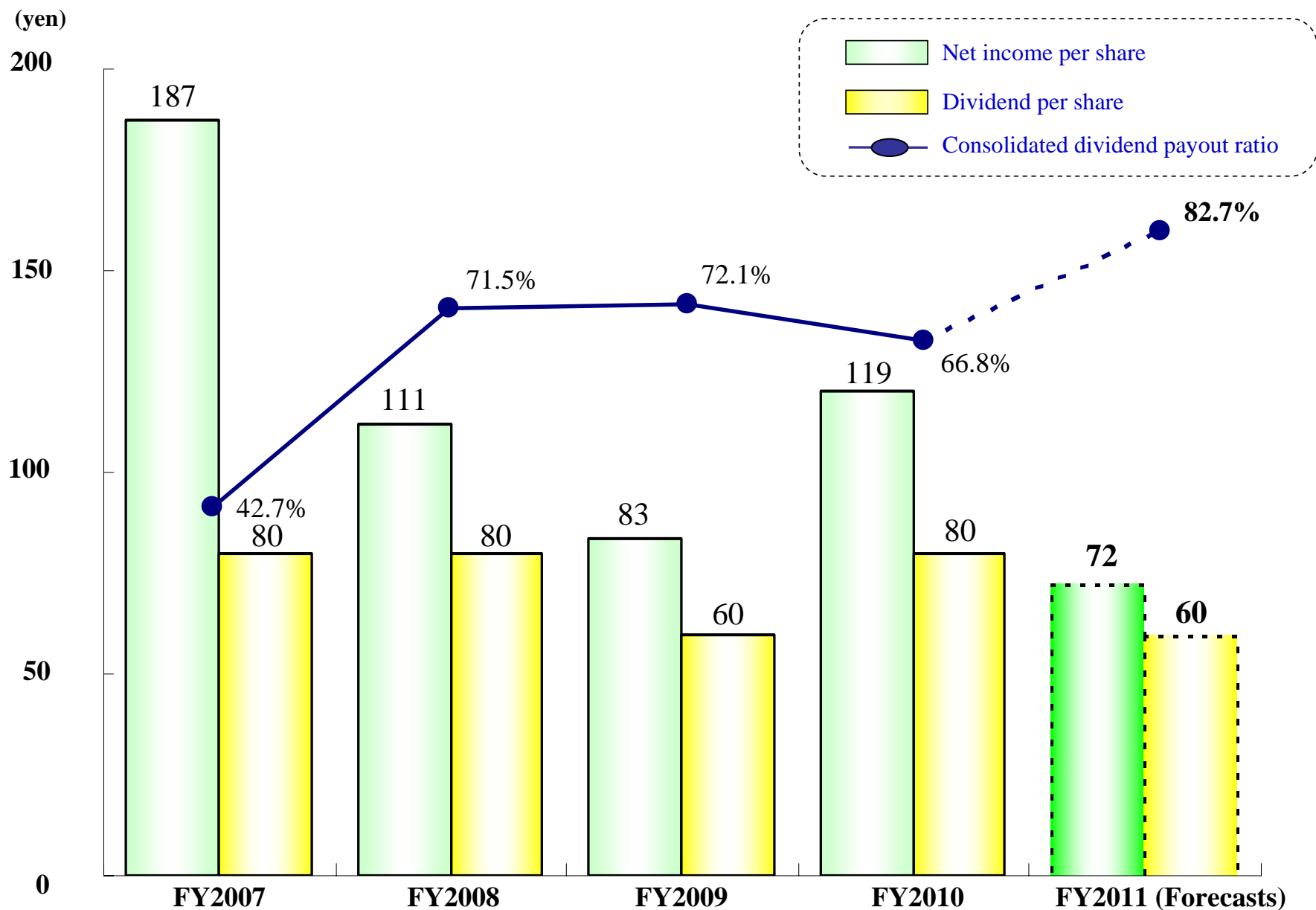
Major causes for increases/decreases

▪ Income before income taxes and minority interests :	1,940 million yen
▪ Increase in notes and accounts receivable-trade :	(3,416 million yen)
▪ Increase in inventories:	(3,236 million yen)

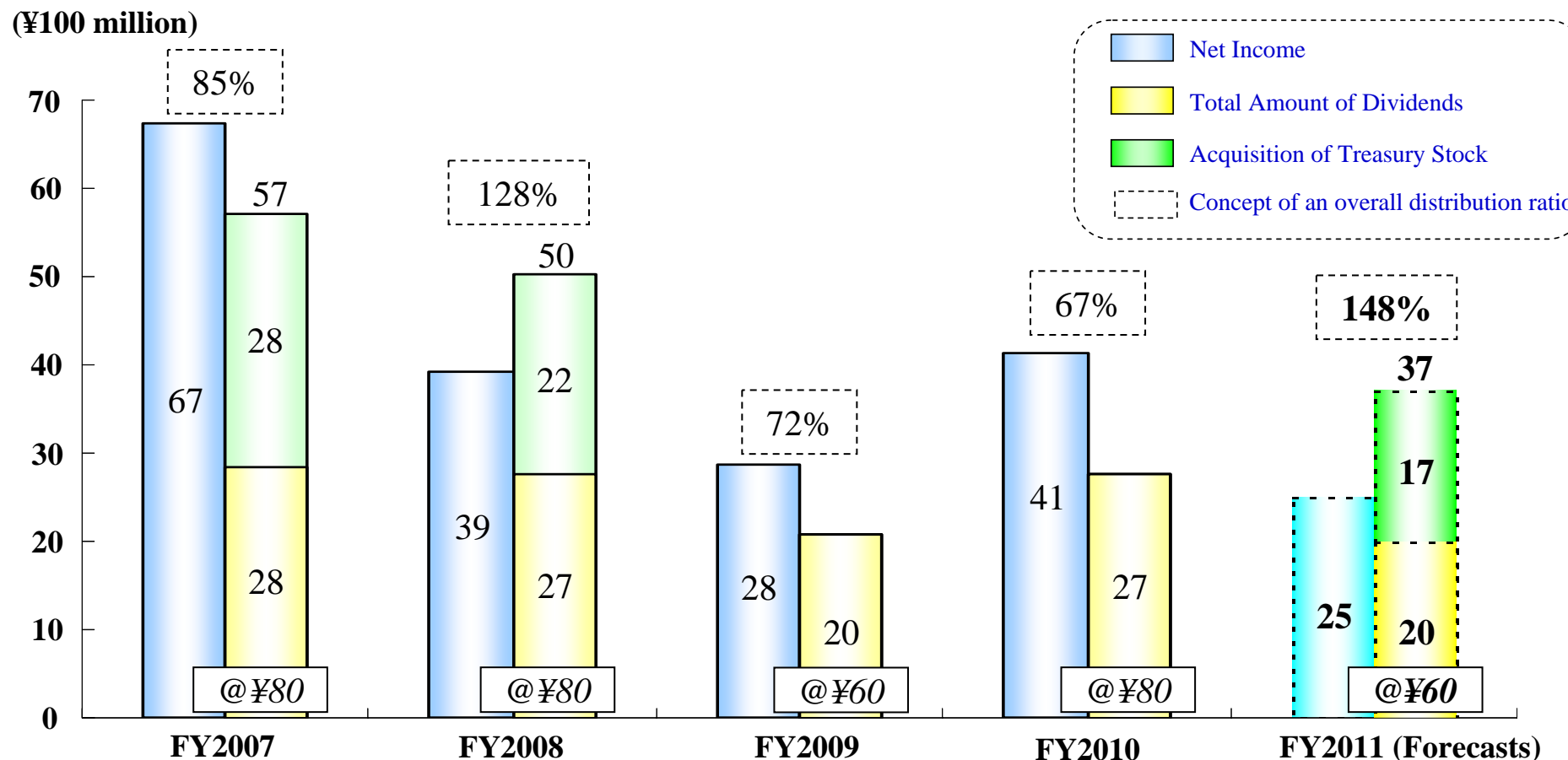
▪ Purchase of intangible assets:	(219 million yen)
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▪ Increase in short-term loans in foreign currency:	2,798 million yen
▪ Payment of year-end dividends:	(1,378 million yen)
▪ Repurchase of treasury stock:	(955 million yen)

Trends in Net Income and Dividend per Share



Trends in Net Income, Total Amount of Dividends, and Acquisition of Treasury Stock



《Trends in Acquisition of Treasury Stock》

	FY2007	FY2008	FY2009	FY2010	FY2011 (Forecasts)
Amount (¥ 100 million)	28.8	22.5	-	-	17.0
Number of stocks (10,000 shares)	100.0	100.0	-	-	100.0

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Measures for Management Issues in Second Half of FY2011

Topics for 8th Medium-Term Management Plan

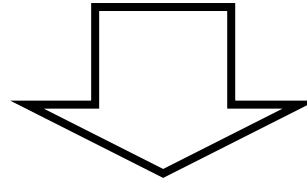
Changes in Net Sales by Segment

Supplementary Material

Measures for Management Issues in Second Half of FY2011 (1)

1. For reform of profitability system

- Despite increased net sales due to expansion of trade rights for the Renesas Electronics business, profit decreased significantly due to a decrease in the gross margin ratio and an increase in SG&A expenses.



- ⇒ Enlarge new businesses for new customers
- ⇒ Secure trade rights for customers for whom commercial distribution is undecided
- ⇒ Construct sales systems for individual customers (sales, inventory, logistics, etc.)

▪ Seek a operating income margin of 3% in FY2013

Measures for Management Issues in Second Half of FY2011 (2)

2. Execution of growth strategy themes

(1) Enlarge business in growth markets

- China ⇒ Enlarge business with local customers (utilize M&A)
- India ⇒ Attract local customers (set-top box, automobiles)

(2) Enlarge business in growth fields

- In-vehicle electrical components ⇒ Strengthen system for sales promotion to Japanese manufacturers, Korean manufacturers and Chinese manufacturers
- Social infrastructure ⇒ Grope enlargement of business for major Japanese manufacturers

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Topics for 8th Medium-Term Management Plan (1)

Strategy to expand semiconductor business to Chinese corporations

1. Sales, solutions

(1) Strengthen partnership with local design houses*

(2) Expand solutions for inverters (micro-computer, etc.) to other application products

(Air conditioning ⇒ Refrigerator, condenser, automobile air conditioning, electric vehicles)

(3) Active expansion of kit business (semiconductor + electrical components, etc.)

2. Customers, fields

(1) Automotive manufacturers

⇒ Strategy to utilize design houses* that possess advanced technology

Attract customers by proposing solutions for electric vehicles

(2) PC/mobile phone manufacturers

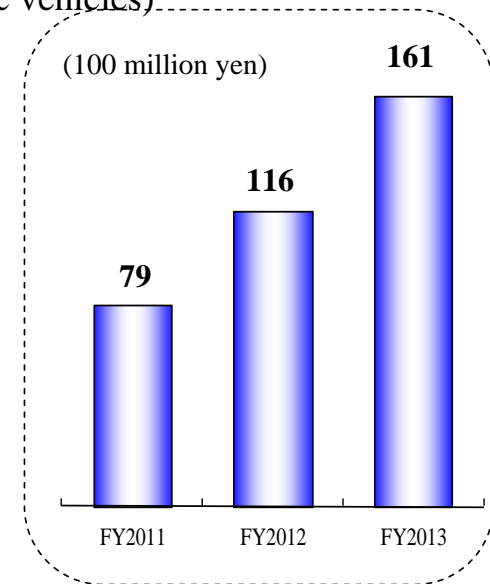
⇒ Attract customers through camera engines for smartphones and tablet PCs

(3) Actively enter new business fields

(smart grids, security, LED lighting, welding equipment)

⇒ Implement caravans for individual regions, uncover new design houses*;

currently negotiating solution development and collaboration with other companies



*Design house: Company specializing in the design of semiconductors etc.



Seek 16 billion yen in FY2013

Topics for 8th Medium-Term Management Plan (2)

Intensive strategy for Korean automotive manufacturers

■ Promote projects for entire customers groups (projects include suppliers)

1. Body

(1) Implement detailed technical support through close contact with technical staff

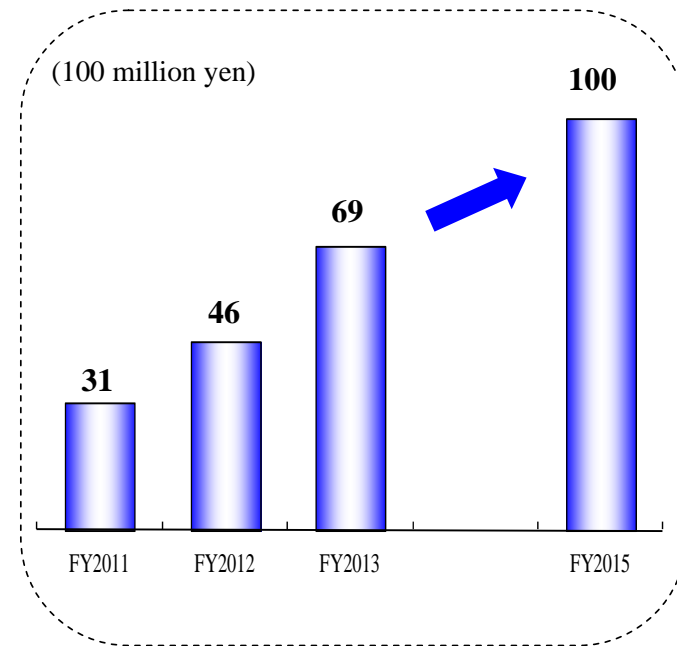
(2) Expand kit sales for analog and power products

2. Chassis

- Construct global technical support system for each project and provide total solutions

3. Car multi media

- Construct support system include support for Android OS

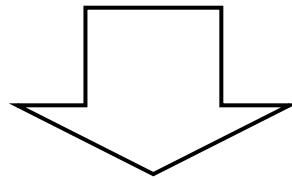


Seek 10 billion yen in FY2015

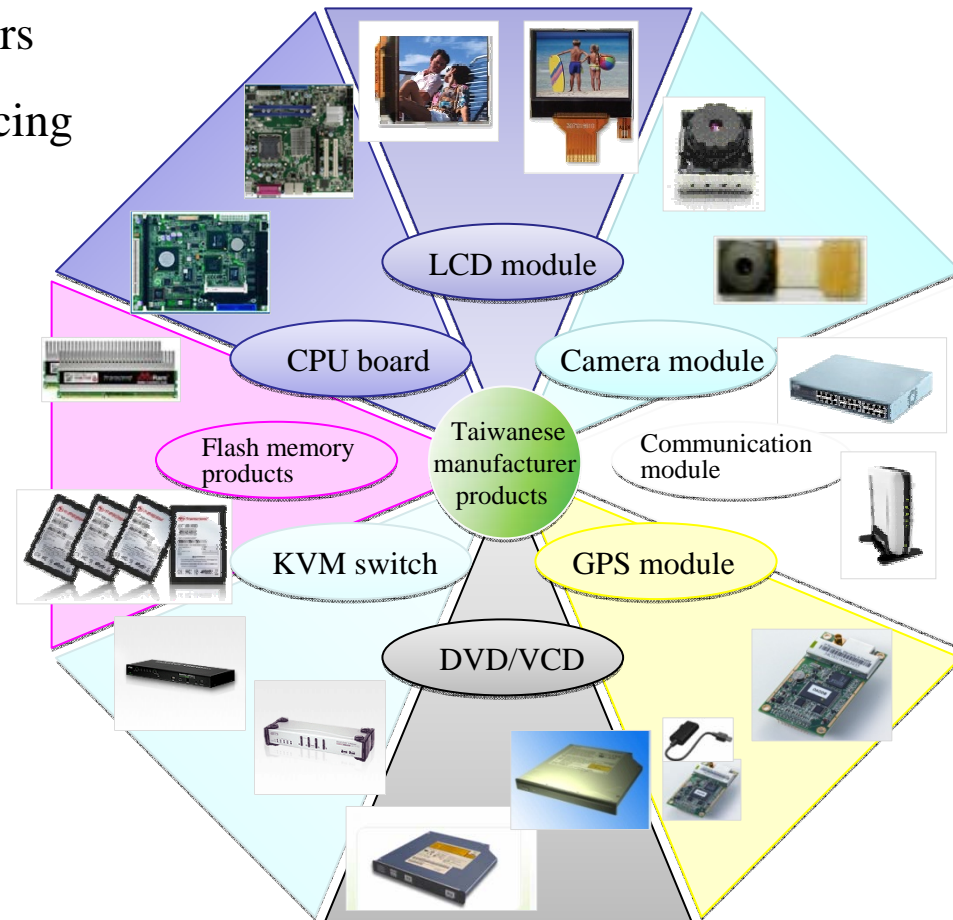
Topics for 8th Medium-Term Management Plan (3)

Uncover resources in Taiwan

- Support of low-cost needs of customers
- Increase sales opportunities by enhancing product lineup
- Develop new markets



Begin handling of Taiwanese manufacturer products focused on 8 product groups. Enable supply from each module to finished products, including customization



Seek 4 billion yen in FY2013

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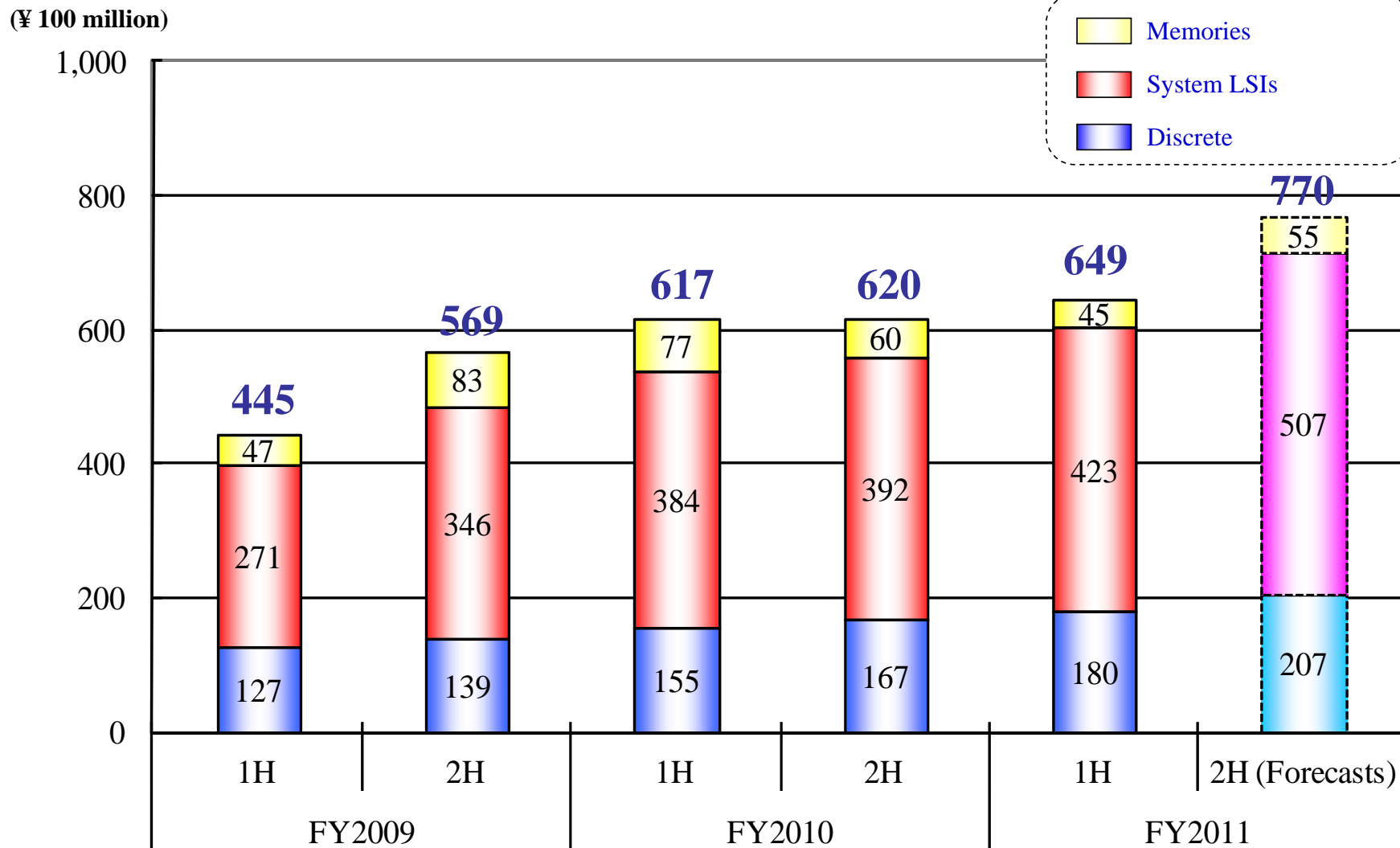
Topics for 8th Medium-Term Management Plan

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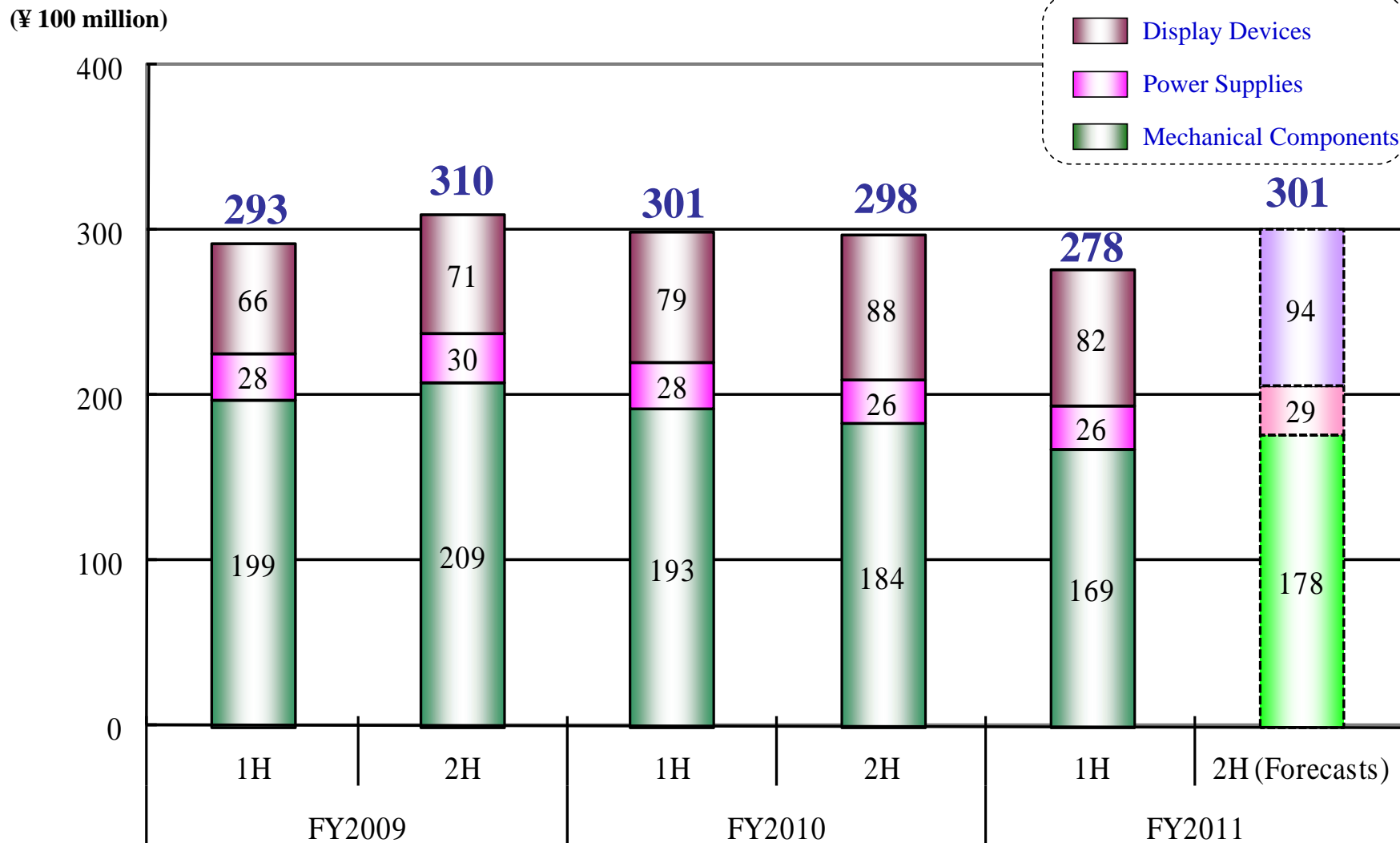
Change in Net Sales for Semiconductors (By product)

First half of FY2011: Despite a decrease in DRAM for PCs as well as related products, there was an increase in system LSIs for in-vehicle electrical components as well as related products.
Second half of FY2011: We forecast a continued increase in system LSIs for in-vehicle electrical components as well as related products.



Change in Net Sales for Electronic Components (By product)

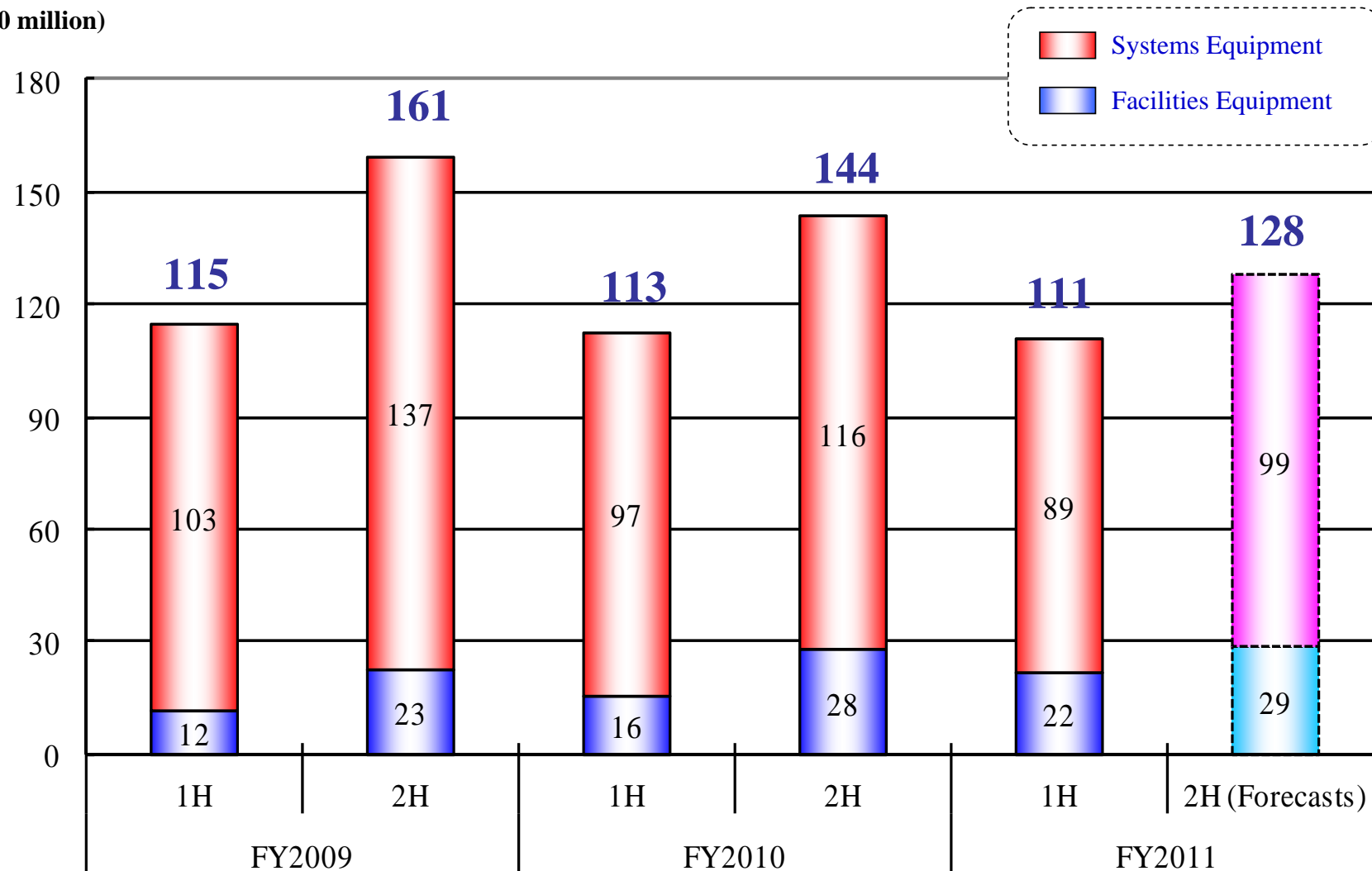
First half of FY2011 : Decrease in mechanical components for game consoles as well as related products.
 Second half of FY2011 : We forecast an increase in display devices for DSCs, mechanical components for cell phones/in-vehicle electrical components as well as related products.



Change in Net Sales for Electronic Equipment (By product)

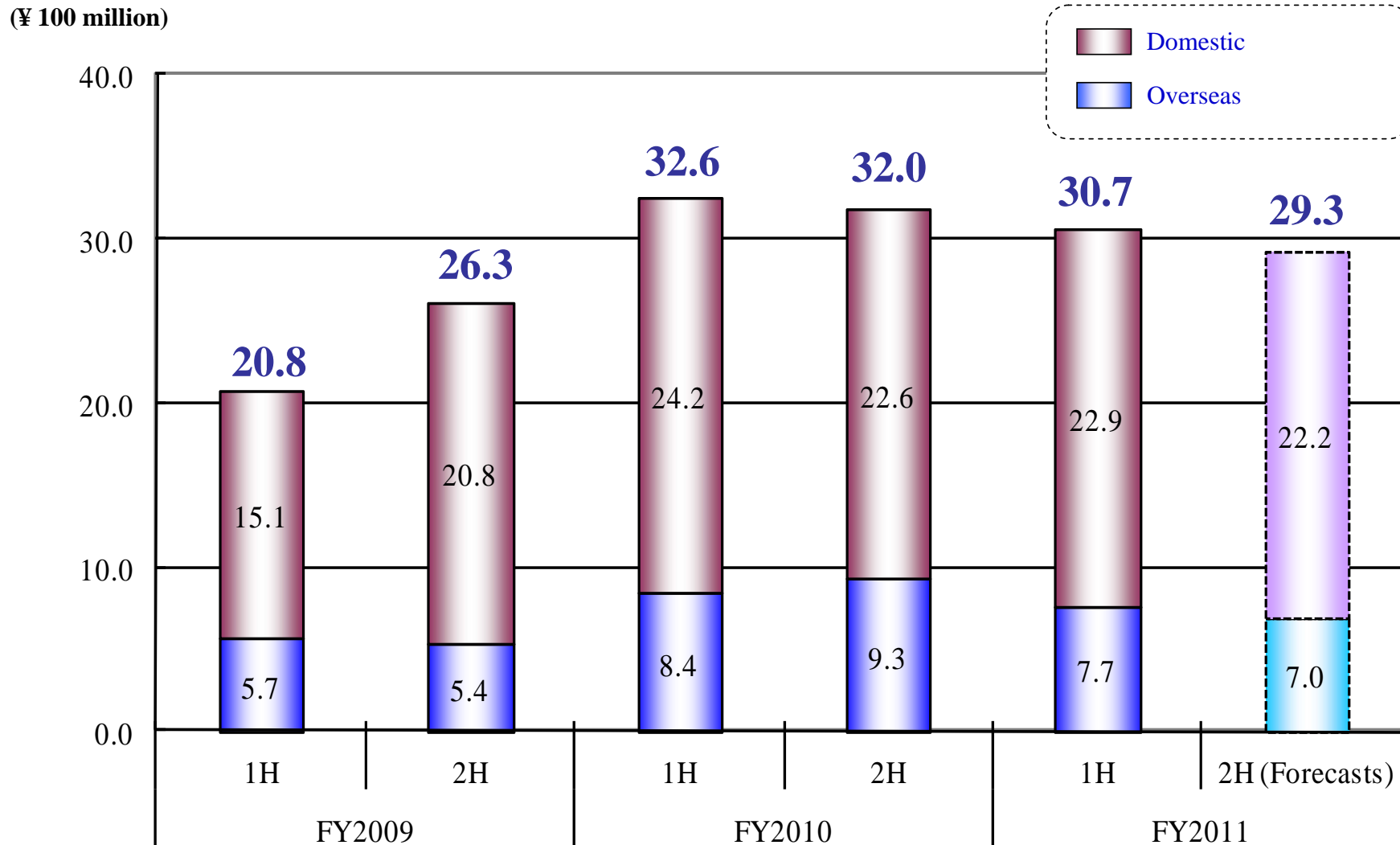
First half of FY2011: Decrease in systems equipment for in-vehicle electrical components as well as related products.
 Second half of FY2011: We forecast an increase in system equipment for multi-functional printers as well as related products.

(¥ 100 million)



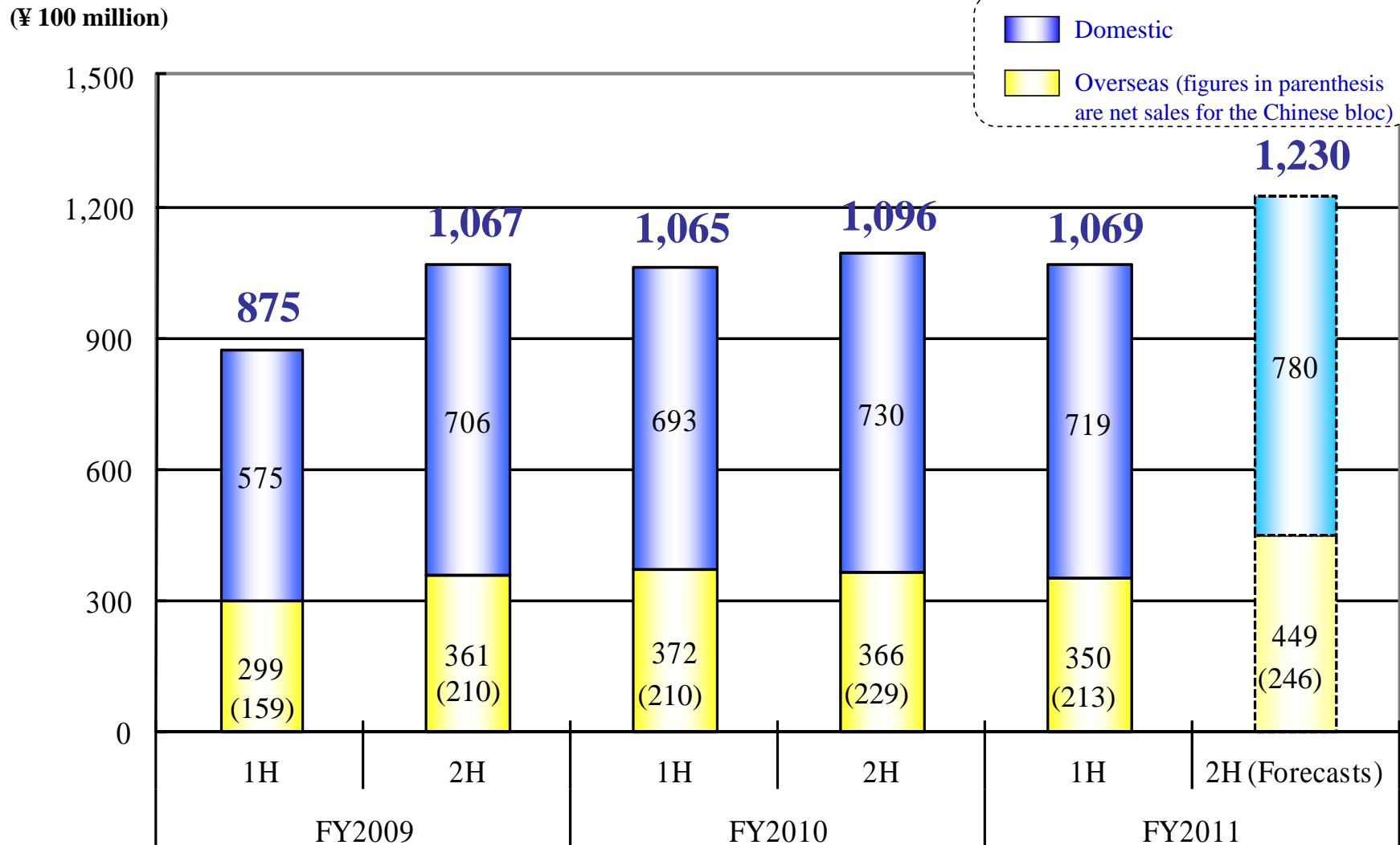
Change in Net Sales for Ryosan Products (By area)

First half of FY2011: Decrease in heat sinks for flat TVs as well as related products.
 Second half of FY2011: We forecast a continued decrease in heat sinks for flat TVs as well as related products.



Change in Net Sales for Domestic/Overseas

**First half of FY2011: Decrease in DRAM for PCs as well as related products.
 Second half of FY2011: We forecast an increase in DRAM for PCs and display devices for DSC as well as related products.**



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Key Clients

《Top 40》

	Top 1-10	Top 11-20	Top 21-30	Top 31-40
Clients (alphabetical order)	Calsonic Kansei CASIO COMPUTER DENSO HITACHI Mitsubishi Electric NEC NIKON OMRON Panasonic PIONEER	ADVANTEST ALPINE ALPS Electric Brother Industries Fuji Film Fuji Xerox Mamiya-OP NINTENDO Sumitomo Wiring Systems Sumitomo Electric Industries	Clarion Fujitsu Furuno Electric JVC KENWOOD SHARP TDK TOSHIBA TOSHIBA TEC YAMAHA YAZAKI meter	JRC KONICA MINOLTA HOLDINGS MiTAC (T) Panasonic Electric Works SAMSUNG Group (K) SANYO Electric Stanley Electric Taiyo Yuden TAKATA YASKAWA Electric
	(Top 10) 50%	(Top 20) 63%	(Top 30) 69%	(Top 40) 72%
Percentage Sales of all clients				

《Top 5 (by business)》

Semiconductor	Electronic Equipment
HITACHI Mitsubishi Electric NEC NIKON PIONEER	DENSO Fuji Xerox NEC NIKON Panasonic
(Top 5) 50%	(Top 5) 55%
Electronic Components	Ryosan Product
Calsonic Kansei Mitsubishi Electric NEC NINTENDO Panasonic	DENSO FANUC HITACHI Mitsubishi Electric Panasonic
(Top 5) 26%	(Top 5) 43%

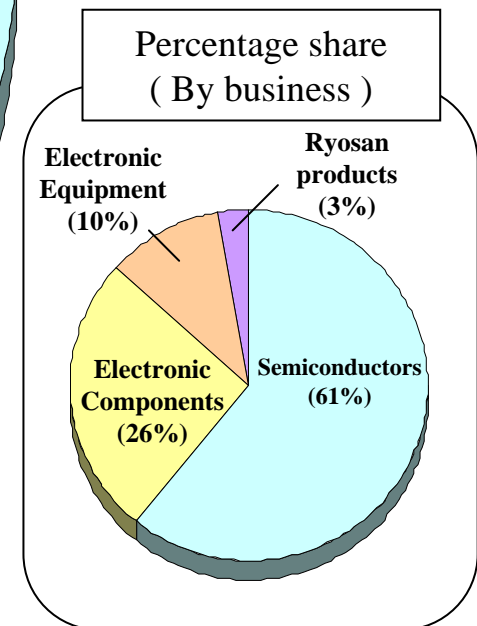
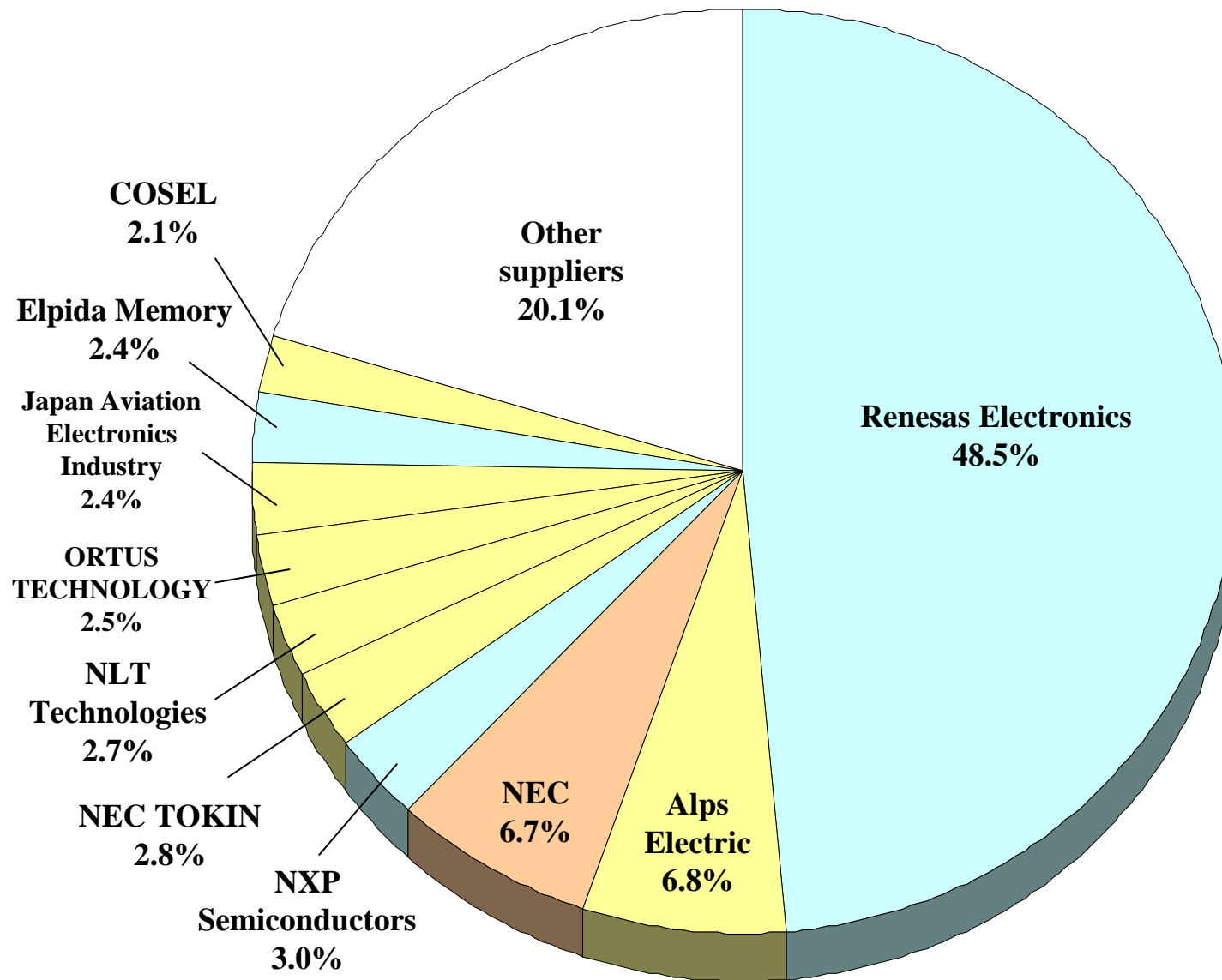
(alphabetical order)

* Rank and percentage share are based on results for the first half of FY2011.

* T: Customer in Taiwan, K: Customer in Korea

* The blue characters represent the clients for which our sales increased by over 20% from the same period last year.

Main Suppliers



* Percentage share is based on sales of supplier's products for the first half of fiscal 2011.

Current Conditions of Flood Damage in Thailand

1. Internal response

- Maintain close contact with offices in Thailand. Establish an emergency headquarters at our head office in order to enable rapid response to any changes.

2. Subsidiaries in Thailand

(1) Trading: Ryosan (Thailand) Co.,Ltd. (located in Bangkok)

- No flooding as of November 14th.
- Office is located on upper floor of building. No concern regarding flooding in the future.

(2) Production: Ryosan Engineering (Thailand) Co., Ltd. (located in Chonburi)

- No flooding as of November 14th.
- Located 60 kilometers east of Bangkok. No concern regarding flooding in the future.

3. Business partners

(1) Suppliers

- Manufacturing has stopped at some factories which produce electric parts. We forecast that a supply shortage from the end of this year and later.

(2) Customers

- Car navigation and DSC customers have experienced direct flooding and face a supply shortage for various components. There is concern regarding the effect on production.

4. Forecast

- Even if water recedes by the end of this year, the majority of forecasts predict that production will restart from February 2012 at the earliest.
- There is the risk of further flooding and infectious disease. Some manufacturers are considering relocation of factories, including relocation to other countries.