

Shareholders Social Meeting

June 22nd, 2012

Ryosan Company, Limited

Today's report

- 1. Introduction of the New Board Structure**
- 2. Business Management Effort for Fiscal 2012**
- 3. Forecasts of Results for Fiscal 2012**

Introduction of the New Board Structure

New board structure

Representative Director	President (Concurrent position held) General Manager, Corporate Planning Headquarters	Naoto Mimatsu	Director	General Manager, Electronic Equipment Business Headquarters	Yasuo Yoshiizumi
Director	General Manager, 2nd Domestic Marketing and Sales Headquarters	Hiroshi Shibuya	Director	General Manager, 1st Semiconductor Business Headquarters (Concurrent position held) General Manager, Sales Administration Headquarters	Hiroyuku Kurihara
Director	General Manager, Engineering Headquarters	Toshifumi Sakata			
Director	General Manager, Electronic Components Business Headquarters	Tsuyoshi Koyama	Director	General Manager, 2nd Semiconductor Business Headquarters (Concurrent position held) Deputy General Manager, Corporate Planning Headquarters	Kazunori Sato
Director	General Manager, Production Headquarters	Satoshi Takabayashi			
Director	General Manager, 1st Domestic Marketing and Sales Headquarters	Koji Honma	Outside Director		Masaaki Komatsu
Director	General Manager, International Marketing and Sales Headquarters	Tetsuro Kanai	Full-time Auditor		Harumitsu Seki
			Full-time Auditor		Takeshi Honda
Director	General Manager, Finance and Accounting Headquarters (Concurrent position held) In charge of Administration	Hidekazu Sano	Outside Auditor		Kotaro Nakano
			Outside Auditor		Toshiyuku Fujino

Business Management Effort for Fiscal 2012

Partial Amendment of "8th Medium-Term Management Plan"

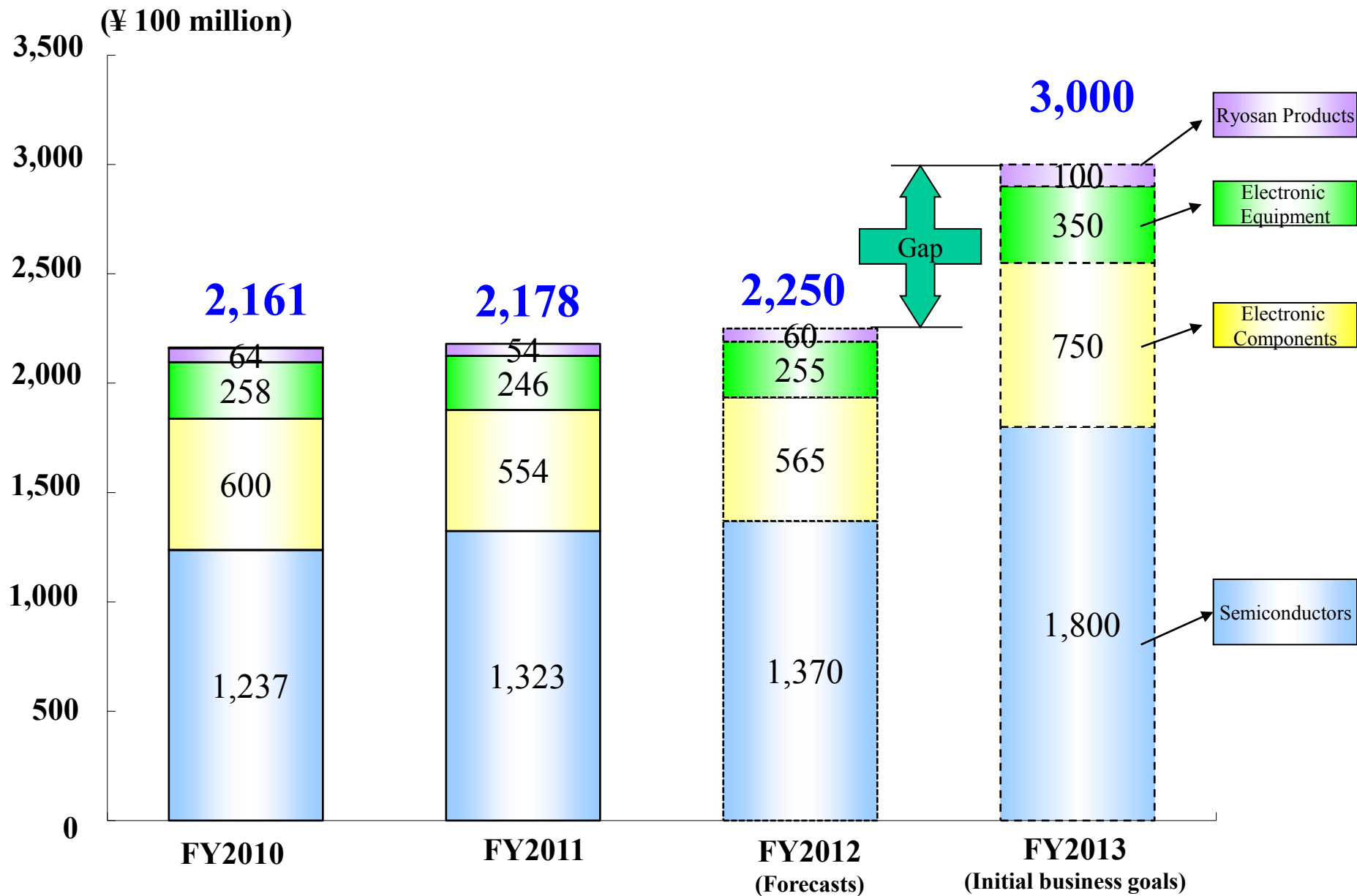
Withdrawal of "Business Goals of Achieving 300,000 million yen of Net Sales in FY2013"

[Reason] A lack of awareness of changes in the business environment

- ◆ **The domestic business environment has undergone major structural changes since planning**
 - **Diminishing competitiveness of Japanese companies due to the extreme appreciation of the yen**
 - **The Great East Japan Earthquake and the floods in Thailand**
- ◆ **Uncertainties are growing in an increasingly unpredictable global economy**
 - **European sovereign crisis**
 - **The slowdown in the Chinese economy**
 - **The delay in the recovery of the US economy**

Since the business environment is expected to change significantly in and after FY2012, the Company gives the highest priority to rebuild the "sound business structure" aiming to restore 3% of operating income to net sales in FY2013, the last fiscal year of the plan.

Business Goals and Actual Results



Our Basic Stance

The Company addresses "Renovation of Management Structure" to survive in a changing external environment.

- Rebuilding the sound business structure
- Building a far-sighted management system

Measures for this Financial Year

Laying the foundation

- ◇ Improvement in the profit structure
- ◇ Improvement in the financial structure

Reform of the management system

- ◇ Rejuvenation of Directors
- ◇ Enhancement in corporate governance

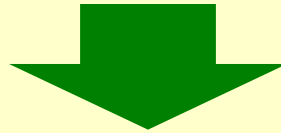
Measures for this Financial Year

Laying the foundation

~ Restructuring of the profit and financial structure

◇ Improvement in the profit structure

- The businesses transferred due to changes in business flows of suppliers are highly unprofitable since the Company did not conduct sales activities with its own added value (technical support) for them.



- The Company will improve future profitability by conducting sales activities with technical support to the new commercial rights.

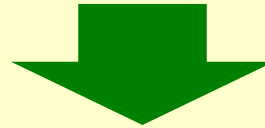
Measures for this Financial Year

Laying the foundation

~ Restructuring of the profit and financial structure

◇ Improvement in the financial structure

- Worsening of the financial structure due to increasing inventories (due to the slowdown in the Chinese economy and the launch of newly transferred businesses)



- The Company will improve months sales in inventory and cash flows by reducing inventories to an adequate level through strict control of delivery time.

Measures for this Financial Year

Reform of the management system

◇ Rejuvenation of Directors

- Active promotion of potential younger members

◇ Enhancement in corporate governance

- Appointment of independent outside directors

(Supplementary information) "Renewal of the Board of Directors"

- ◇ The Company implemented "Renewal of the Board of Directors" in consideration of "worsening business performance" and "reduction in the year-end dividend."

- The remuneration for officers (January-March 2012) was reduced.
- No Directors with title (Senior Managing Directors or Managing Directors) were placed this time.

Progress of Growth Strategies

◇ Strengthening our approach to developing countries with rapid growth

(1) Strengthening of measures to promote sales in the Chinese market

- **Establishment of the integrated sales promotion system in China centering on the Shanghai office**

[Progress] Business, legal and tax matters have been considered and verified.
The optimum sales promotion system is under consideration.

(2) Making inroads into the Indian market

- **Sales promotion activities, particularly to Indian local clients**

[Progress] Bangalore office (affiliated with Singapore RS) was established in June 2012.
It began full-scale operation.

Progress of Growth Strategies

◇ Strengthening our business with globalizing Japanese customers

Making inroads into the European market

- **Construction of a service/support system for Japanese companies making inroads to Europe**

**[Progress] Ryosan Europe GmbH (Munich) was established in March 2012.
It began operation.**

Progress of Growth Strategies

◇ Strengthening our presence in growth fields (car electronics, social infrastructure, etc.)

(1) Car electronics

<Domestic>

- Expand sales to car navigation systems, car audio systems, in-vehicle LAN (vehicle body control/information), car-mounted cameras

<Overseas>

- Expand sales to major Chinese automotive manufacturers, Chinese manufacturers of in-vehicle electronic components, and major Korean automotive manufacturers

(2) Social infrastructure/Smart community

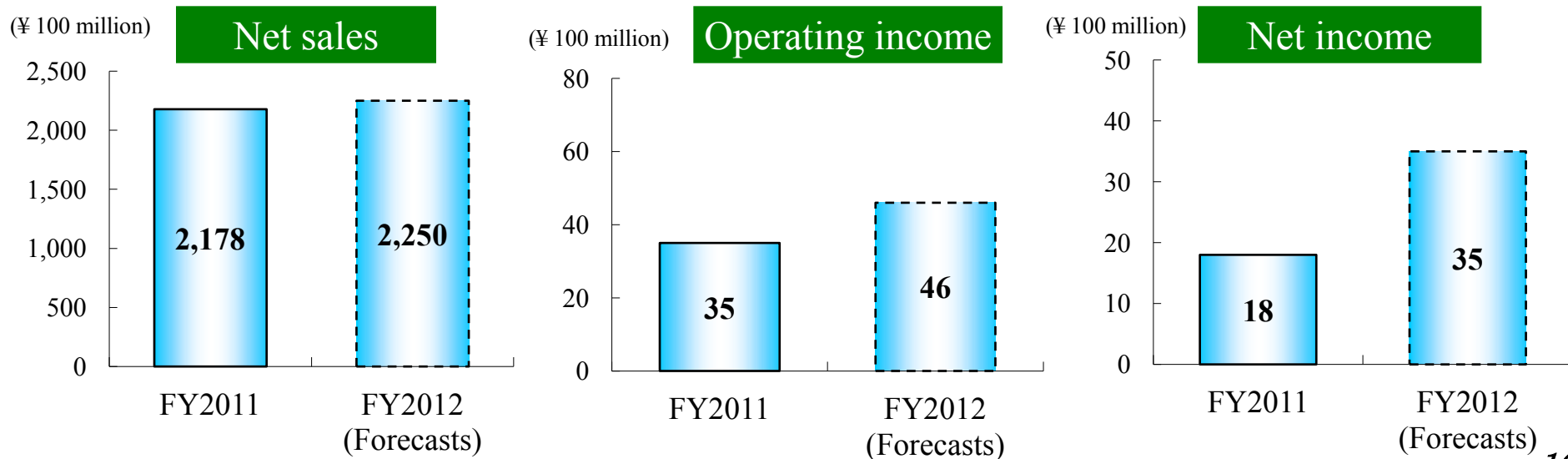
- Promote sales which include technical support
Expand sales to the fields of LTE (global standard for next-generation mobile phones), smart meters, and solar power

Forecasts of Results for Fiscal 2012

Forecasts of Consolidated Results

Unit: ¥ 100 million

	FY2011		FY2012 (Forecasts)		
		Of Total		Of Total	% Chg. YoY
Net sales	2,178	%	2,250	%	+3.3%
Gross Margin	167	7.7	181	8.0	+7.9%
SG&A expenses	132	6.1	135	6.0	+1.8%
Operating income	35	1.6	46	2.0	+31.0%
Ordinary income	44	2.1	54	2.4	+20.6%
Net income	18	0.9	35	1.6	+84.3%
Earnings per share	¥55.90		¥104.59		



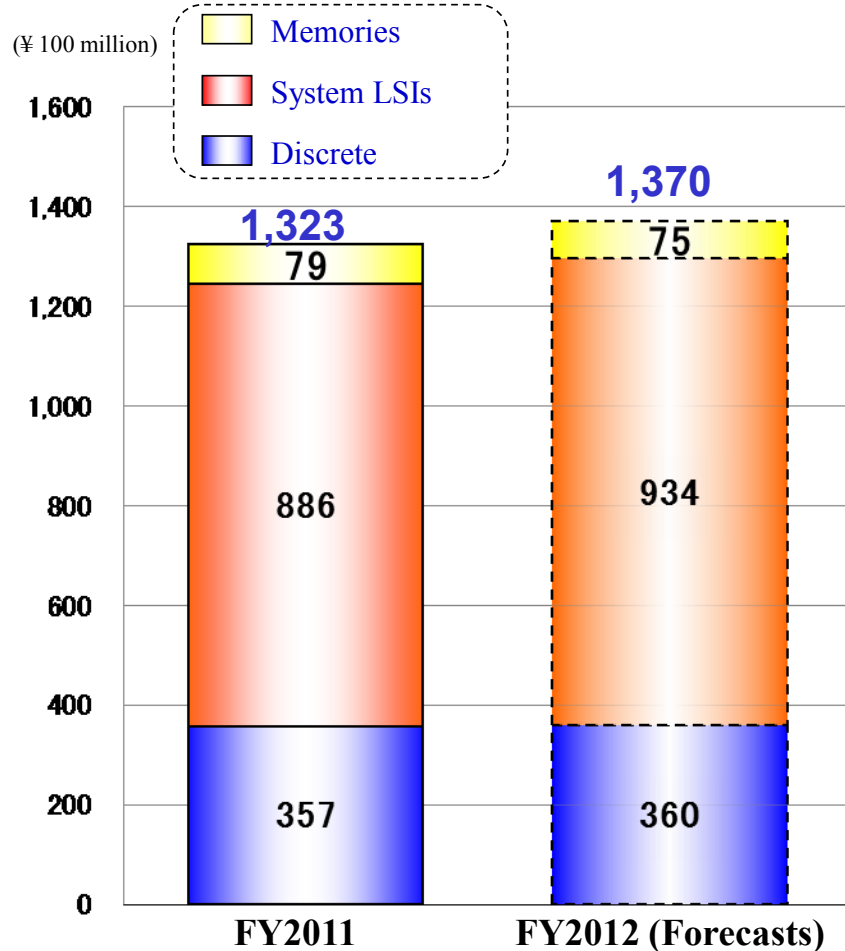
Forecasts of Results by Business Segment

Unit: ¥ 100 million

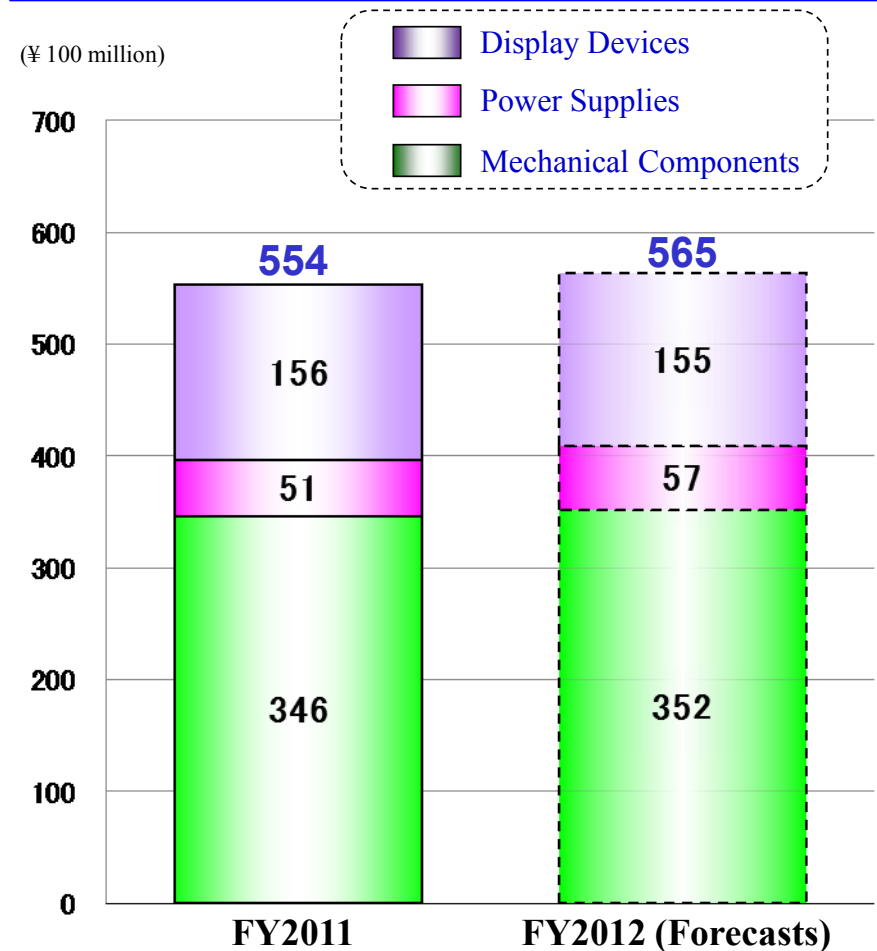
		FY2011		FY2012 (Forecasts)		
			OP Margin (%)		OP Margin (%)	% Chg. YoY
Semiconductors	Sales	1,323		1,370		+ 3.5
	Operating income	24	1.8	37	2.7	+54.0
Electronic Components	Sales	554		565		+ 2.0
	Operating income	18	3.3	20	3.5	+10.8
Electronic Equipment	Sales	246		255		+ 3.4
	Operating income	8	3.6	9	3.5	+ 2.5
Ryosan Products (Heat sinks)	Sales	54		60		+10.1
	Operating income	2	4.1	5	8.3	+127.3
Unallocable Operating expenses		▲17	-	▲25	-	-
Consolidated	Sales	2,178		2,250		+ 3.3
	Operating income	35	1.6	46	2.0	+31.0

Forecasts of Sales by Business Segment

【Forecasts of Sales for Semiconductors】



【Forecasts of Sales for Electronic Components】



◇ Focused target markets

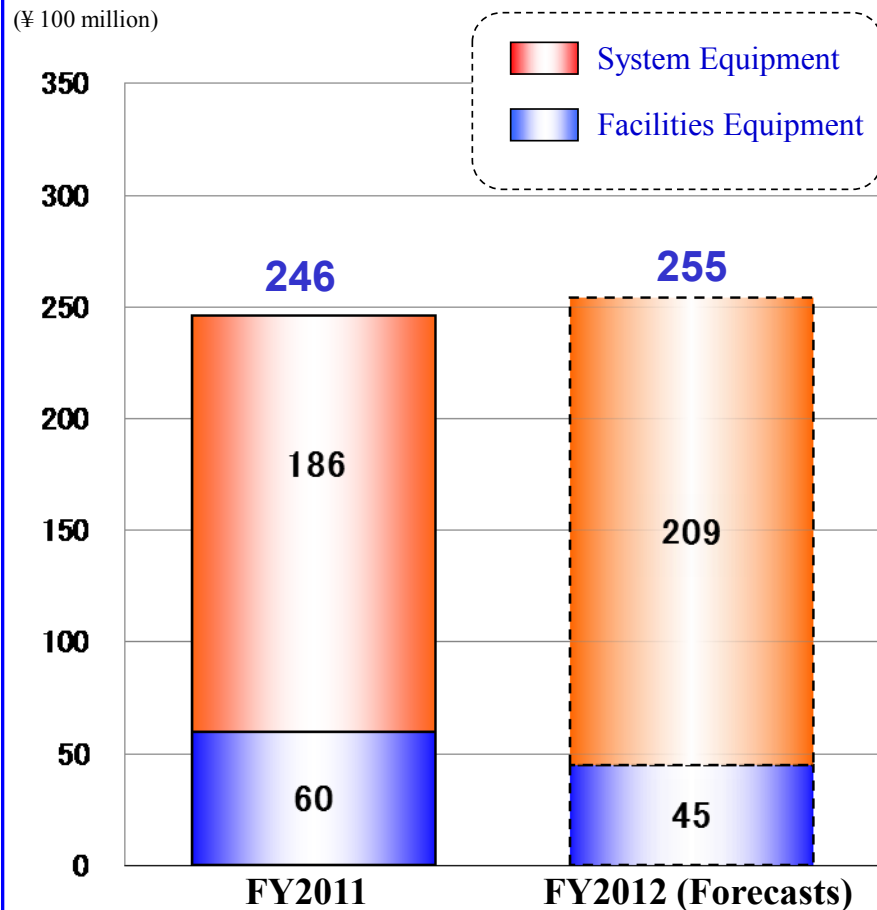
◇ Focused target markets

- In-vehicle electrical components
- Social infrastructure
- Communication equipment

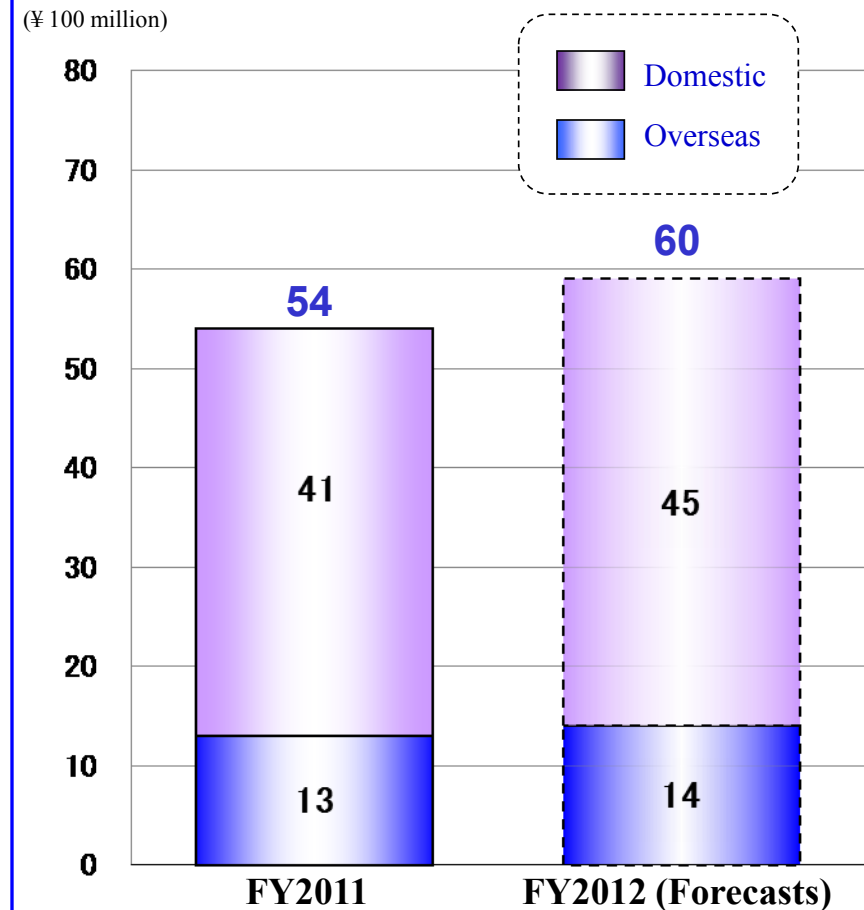
- In-vehicle electrical components
- Social infrastructure
- Information and telecommunications

Forecasts of Sales by Business Segment

【Forecasts of Sales for Electronic Equipment】



【Forecasts of Sales for Ryosan Products】



◇ Focused target markets

- In-vehicle related
- Social infrastructure
- Environmental energy

◇ Focused target markets

- Domestic
 - Energy
 - FA, servo
 - In-vehicle electrical components
 - Heavy electrical machineries
- Overseas
 - Air conditioners
 - OA
 - In-vehicle electrical components

Forecasts of Sales by Area

Unit: ¥ 100 million

	FY2011		FY2012 (Forecasts)		
		% Of Total		% Of Total	% Chg. YoY
Consolidated net sales	2,178	—	2,250	—	+3.3
Japan	1,492	68.5	1,533	68.1	+2.7
Overseas	686	31.5	717	31.9	+4.6
(Chinese Bloc)	441	20.3	470	20.9	+6.5

1. Fundamental policy

- **Maintain stable and high dividends**

2. Establishment of basic management indices

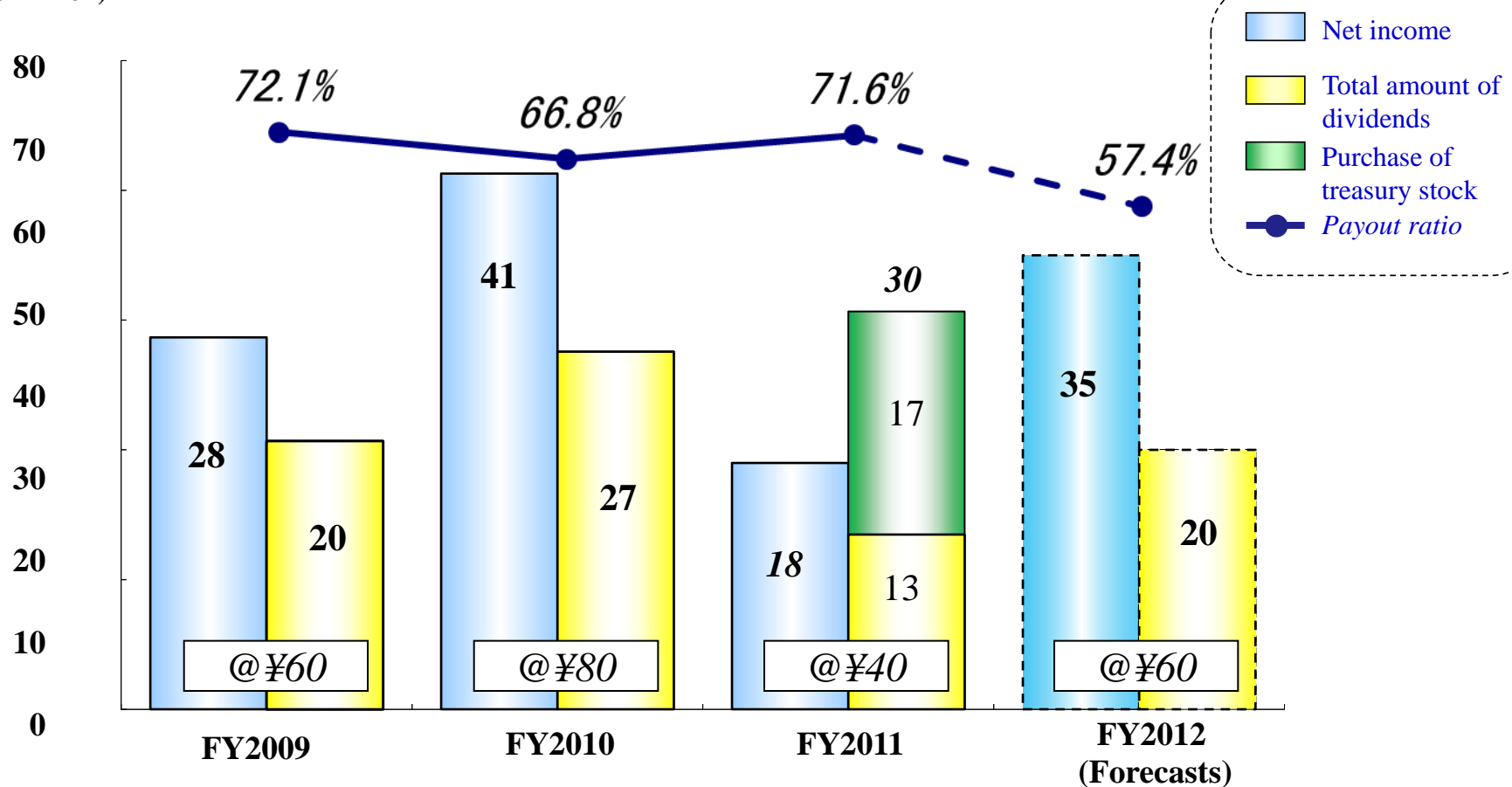
- (1) Yearly: consolidation dividend payout ratio on consolidated basis of 50% or more
- (2) FY2013 Goal: dividend on equity (DOE) of 2.5% or more

3. Stock repurchase

- **Plan to make a decision which considers factors such as trends in consolidate performance**

Performance & Forecast for Return of Profits

(¥ 100 million)



	FY2009	FY2010	FY2011
Total payout ratio	72.1%	66.8%	161.5%
DOE	1.8%	2.3%	1.2%

Disclaimer regarding handling of this data

Business forecasts and all statement related to the future contained in this presentation are based on information currently possessed by the 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:

- Sudden changes of economic conditions of primary markets (Japan, Asia, etc.), of consumption trends, and supply/demand for products
- Significant changes of yen rates against dollar and other currencies
- Significant changes, etc. of the market prices in the capital market