





Presentation concerning implementation status of auditing procedures

Financial results for the fiscal year ending March 31, 2014 are not the subject of an auditing procedure based on the Financial Instruments and Exchange Act, and at the point in time when these financial results were disclosed, auditing procedures for consolidated financial statements are ongoing.

Caution with respect to forward-looking statements:

1. The forward-looking statements such as result forecasts in these materials are based on information available to us at this moment and on certain preconditions considered reasonable. We make no representations as to their future achievement. Therefore, the actual operating results and other achievements may differ significantly from such statements due to various future factors. For the preconditions of our forward-looking statements and matters to be noticed when using the forecast, please refer to page 2 in appendix "1. Analysis of Operating Results and Financial Condition (1) Analysis of Operating Results for Fiscal 2013".
2. We will host Security Analyst and Institutional Investor Conference on Tuesday, May 27, 2014. Presentation materials for results briefing for the conference will be posted on the company's homepage promptly after the conference.

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## 1. Analysis of Operating Results and Financial Condition

### (1) Analysis of Operating Results for Fiscal 2013 (the Fiscal Year Ended March 31, 2014)

#### (Operating Results for Fiscal 2013)

##### 1) Overview

In the fiscal year ended March 31, 2014, the economic environment was in general favorable, as although there was a certain slowdown in the growth rate of the economies of the emerging countries such as China, European economy managed to come out of the period of negative growth and the U.S. economy showed a steady performance. As for the economy of Japan, it returned to a recovery tone thanks to several positive economic factors such as the stimulative measures by Japanese government.

In these conditions, electronics industry continued to show a steady performance in the area of car-electronics and mobile terminals such as smartphones.

Under such circumstances, Ryosan Group has worked on “cultivating businesses to serve as 2nd and 3rd pillars,” “enhancing actions as a technology training company,” “enhancing actions in each business segment” and “further reform of corporate structure” while setting “the pursuit of sustainable growth and sound management” as our basic stance of management for fiscal year 2013.

As a result of the above, the Ryosan Group reported the net sales of 238,399 million yen (up 15.4% from the previous corresponding period), operating income of 5,144 million yen (up 40.0%), ordinary income of 5,052 million yen (up 22.9%), and net income of 3,222 million yen (up 14.5%) for results for fiscal year under review.

##### 2) Business Segment Information

###### *a. Semiconductors*

We sell memories, system LSIs and discrete semiconductors, and develop system LSIs. In this consolidated fiscal year, sales of system LSIs for in-vehicle electrical components and memories for smartphones, etc. increased, with net sales of 161,512 million yen (up 23.1% from the previous year) and operating income of 3,204 million yen (up 65.6%).

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

We sell display devices, power supplies and electromechanical components. In this consolidated fiscal year, sales of electromechanical components for in-vehicle electrical components and smartphones, etc. increased, with net sales of 54,331 million yen (up 6.5% from the previous year) and operating income of 1,467 million yen (up 21.9%).

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

We sell systems equipment and facilities equipment. In this consolidated fiscal year, sales of system equipment for in-vehicle electrical components, etc. decreased, with net sales of 17,497 million yen (down 10.4% from the previous year) and operating income of 709 million yen (down 16.8%).

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

We produce and sell heat sinks (devices that dissipate the heat generated by semiconductors). In this consolidated fiscal year, sales of heat sinks for white goods, etc. increased, with net sales of 5,057 million (up 4.6% from the previous year), but an operating loss of 53 million yen was posted.

The aforementioned amounts do not include consumption and other taxes.

## (Outlook for the Next Fiscal Period)

### 1) Projected Operating Results

Looking ahead, we forecast strong growth in the US economy and recovery in the European economy. However, we assume that uncertain economic conditions will continue due to slowed growth in emerging nations and concern for a temporary economic downturn in Japan due to the increase in consumption tax.

Against the backdrop of this forecasted operating environment, the Ryosan Group has positioned FY2014 as the first year of our 9th Medium-Term Management Plan (FY2014 to FY2016). We will steadily implement the strategic themes of our plan and strive to improve corporation value.

On this basis, operating forecasts for the fiscal year ending March 31, 2015 are as follows:

	Millions of yen	YoY change [%]
Net sales	227,000	Decrease 4.8
Operating income	5,100	Decrease 0.9
Ordinary income	5,300	Increase 4.9
Net income	3,400	Increase 5.5

### 2) Projected Operating Results by Business Segment

#### *a. Semiconductors*

In the Semiconductors segment, Ryosan is projecting decreased sales of memories for smartphones, etc. Sales in this segment are expected to come to 147,000 million yen (down 9.0% from the previous year), with an expected operating income of 3,150 million yen (down 1.7%).

#### *b. Electronic Components*

In the Electronic Components segment, Ryosan is projecting increased sales of electromechanical components for in-vehicle electrical components and white goods, etc. Sales in this segment are expected to come to 56,000 million yen (up 3.1% from the previous year), with an expected operating income of 1,550 million yen (up 5.7%).

#### *c. Electronic Equipment*

In the Electronic Equipment segment, Ryosan is projecting increased sales of servers and system equipment for multifunction color printers, etc. Sales in this segment are expected to come to 19,500 million yen (up 11.4% from the previous year), however, operating income is expected to come to 550 million yen (down 22.4%).

#### *d. Ryosan Products*

In the Ryosan Products segment, although transfer of the heat sink production business to Sankyo Tateyama, Inc. scheduled for September 1, 2014, Ryosan will continue sales activities for heat sinks as an agent. Sales in this segment are expected to come to 4,500 million yen (down 11.0% from the previous year), with an expected operating income of 100 million yen.

## (2) Analysis of Financial Condition

### (Analysis of Assets, Liabilities, Net Assets and Cash Flows)

#### 1) Status of Assets, Liabilities and Net Assets as of March 31, 2014

##### *a. Assets*

Total assets as of March 31, 2014 stood at 169,247 million yen, an increase of 9,026 million yen compared with the end of the previous fiscal year. This was mainly due to increases of 7,051 million yen in trade notes and accounts receivable and 2,659 million yen in merchandise and finished products.

##### *b. Liabilities*

Total liabilities increased by 7,019 million yen compared with March 31, 2013 to reach 50,517 million yen. This

was mainly due to increases of 5,047 million yen in trade accounts payable and 2,796 million yen in short-term loans in foreign currency.

**c. Net Assets**

Net assets increased by 2,006 million yen compared with March 31, 2013 to reach 118,729 million yen. This was mainly due to increases of 3,222 million yen in net income, 1,148 million yen in foreign currency translation adjustments and 700 million yen in net unrealized gain on other marketable securities, while cash dividends paid came to 1,917 million yen and acquisition of treasury stock to 1,800 million yen. The ratio of net assets to total assets fell from 72.9% at the end of the previous fiscal year to 70.2% as of March 31, 2014.

2) Status of Cash Flows

Cash and cash equivalents as of March 31, 2014 stood at 49,911 million yen; a decrease of 551 million yen compared with the end of the previous fiscal year.

**a. Cash Flows from Operating Activities**

Regarding cash flow from operating activities in this consolidated fiscal year, with net income before income taxes being 5,093 million yen, funds in total increased by 1,504 million yen. This is due to accounts payable increasing by 3,753 million yen, which offset an increase in accounts receivable of 4,909 million yen and an increase in inventories of 1,515 million yen. In the net cash provided by (used in) operating activities in the previous consolidated fiscal year, there was an increase of funds by 17,689 million yen.

**b. Cash Flows from Investing Activities**

Regarding cash flow from investing activities in this consolidated fiscal year, there was a decrease of funds by 435 million yen due mainly to purchases of fixed assets. In the net cash provided by (used) in investing activities in the previous consolidated fiscal year, there was an increase of funds by 2,485 million yen.

**c. Cash Flows from Financing Activities**

Regarding cash flow from financing activities in this consolidated fiscal year, with dividend paid and acquisition of treasury stock being 1,915 million yen and 1,800 million yen respectively, funds in total decreased by 2,285 million yen despite an increase of 1,597 million yen in short-term loans in foreign currency. In the net cash provided by (used in) financing activities in the previous consolidated fiscal year, there was a decrease of funds by 4,483 million yen.

(Reference) Trends in cash flow-related indicators

	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013
Net assets to total assets (%)	72.5	72.0	69.2	72.9	70.2
Net assets to total assets (%) (Market capitalization basis)	50.8	42.2	33.3	36.6	40.5
Cash flow to Interest-bearing Liabilities (Years)	0.9	–	–	0.7	10.4
Interest coverage ratio (Times)	101.4	–	–	97.9	9.1

Net assets to total assets: Net assets / Total assets

Net assets to total assets (Market capitalization basis): Market capitalization / Total assets

Cash flow to Interest-bearing liabilities: Interest-bearing liabilities / Cash flow

Interest coverage ratio: Cash flow / Interest expense

\*All indicators have been calculated from consolidated financial figures.

\*Market capitalization was calculated based on the number of shares issued and outstanding less treasury stock.

\*Cash flow refers to cash flows from operating activities as shown on the consolidated statements of cash flows.

\*Interest-bearing liabilities comprise all debt on which interest was paid in the liabilities section of the consolidated balance sheets. Interest expense represents interest paid as shown on the consolidated statements of cash flows.

### **(3) Basic Policy Regarding the Allocation of Profits / Dividends for Fiscal 2013 and Fiscal 2014**

#### **【Basic Policy Regarding the Allocation of Profits】**

Ryosan recognizes that the return of profits to shareholders is an important business priority. At the same time, the Company works to increase net income per share. Accordingly, Ryosan's fundamental policy is to continue high dividend payout in profits returned to shareholders, and the Company is targeting a consolidated dividend payout ratio of 50% or more. With regard to purchasing of own shares, the Company plans to make decisions in an integrated manner, with consideration given to trends in consolidated results and other matters.

#### **【Dividends for Fiscal 2013 and Fiscal 2014】**

For the fiscal year ended March 31, 2014, Ryosan has declared a fiscal year-end ordinary dividend of ¥30 per share. Together with the interim ordinary dividend, the Company will make an ordinary dividend payment for the full fiscal year of ¥60 per share.

Ryosan is forecasting ordinary dividend payment of ¥70 per share in its full fiscal year for the fiscal year ending March 31, 2015 (an interim ordinary dividend of ¥35 per share and a fiscal year-end ordinary dividend of ¥35 per share).

### **(4) Business Risks**

The Ryosan Group, its performance, share price, and financial position, are subject to a variety of potential risks, some of which are detailed briefly as follows.

Forward-looking statements contained in this section represent judgments of Ryosan Group's management based on information available as of the end of fiscal 2013 (March 31, 2014).

#### **1) Sudden Changes in the Economic Environment**

The Ryosan Group's consolidated revenues are derived from the level of demand generated by customers of device manufacturers. Against this backdrop, the Group's performance is necessarily impacted by changes in economic conditions in those countries and regions in which Ryosan's principal clients operate. As a result, Ryosan's performance and its financial position can be expected to deteriorate in the event of economic downturn and a resulting slowdown in demand in its principal markets, such as Japan, Asia and other regions.

#### **2) Contracts with Suppliers**

The Ryosan Group has concluded agency agreements with several suppliers inside and outside Japan. We have maintained good business relations with them, but if it becomes difficult to continue these agreements due to the restructuring of suppliers' businesses, including M&A etc, and the revision of sales channel strategies, this may cause adverse effects on the business performance and financial status of Ryosan Group.

#### **3) Exchange Rate Fluctuation**

The Ryosan Group engages in the manufacture and sale of products across a number of regions including Japan, Asia and other countries. In preparing consolidated financial statements, sales, expenses, assets and liabilities, denominated in foreign currencies are translated into yen as of the Company's balance sheet date. In principle, appreciation of the yen against major currencies impacts negatively on Ryosan's performance, while a weak yen impacts favorably. As a result, Ryosan's consolidated operating results and financial position are subject to fluctuations in foreign exchange rates.

#### **4) Overseas Business Risk**

The Ryosan Group does not operate in Japan alone. It also operates overseas, mainly in Asia. As a result it is exposed to the following risks. The materialization of any of the following risks could adversely affect the Ryosan Group's operating results and its financial position.

- a. Unforeseen changes in statutory and regulatory requirements and adverse changes in tax requirements
- b. Inadequate and insufficient local infrastructure in the countries in which the Ryosan Group operates
- c. Development of adverse political factors
- d. Social unrest arising out of war, acts of terrorism and other developments

#### **5) Capital Market Volatility**

As a part of its business activities the Ryosan Group holds shares in certain financial institutions, customers and suppliers, and is therefore susceptible to stock price fluctuations. Ryosan does not, however, adopt specific methods as a hedge against movements in stock prices. Accordingly, Ryosan's performance and financial position are subject to substantial



changes in stock markets.

#### 6) Liability for Retirement Benefits

Ryosan accounts for retirement benefit expenses and the liability for retirement benefits using certain assumptions and an expected rate of return applicable to the Group's pension plan assets for actuarial projections. In the event that the actual obligation differs from the projected obligation or there is a change in the assumptions leading to the calculation of the projected obligation, the difference in retirement benefit expenses and the liability for retirement benefits are accrued and amortized over a generally accepted period. As a result, any significant decline in the discount rate and expected rate of return applicable to the Group's pension plan assets can impact its performance and financial position.

#### 7) Natural Disaster

The suspension of sales and production due to facility damage or power or water supply shortages caused by such natural disasters as earthquakes or typhoons or accidental disasters such as fire may adversely affect the business showings and financial standings of the Group. Also, if partners are damaged and the purchase and sale of merchandise is interrupted, the business showings of the Group may be adversely affected.

## 2. The Ryosan Group

The Ryosan Group comprises Ryosan Company, Limited (“Ryosan” or “the Company”), 18 consolidated subsidiaries and 1 non-consolidated subsidiary.

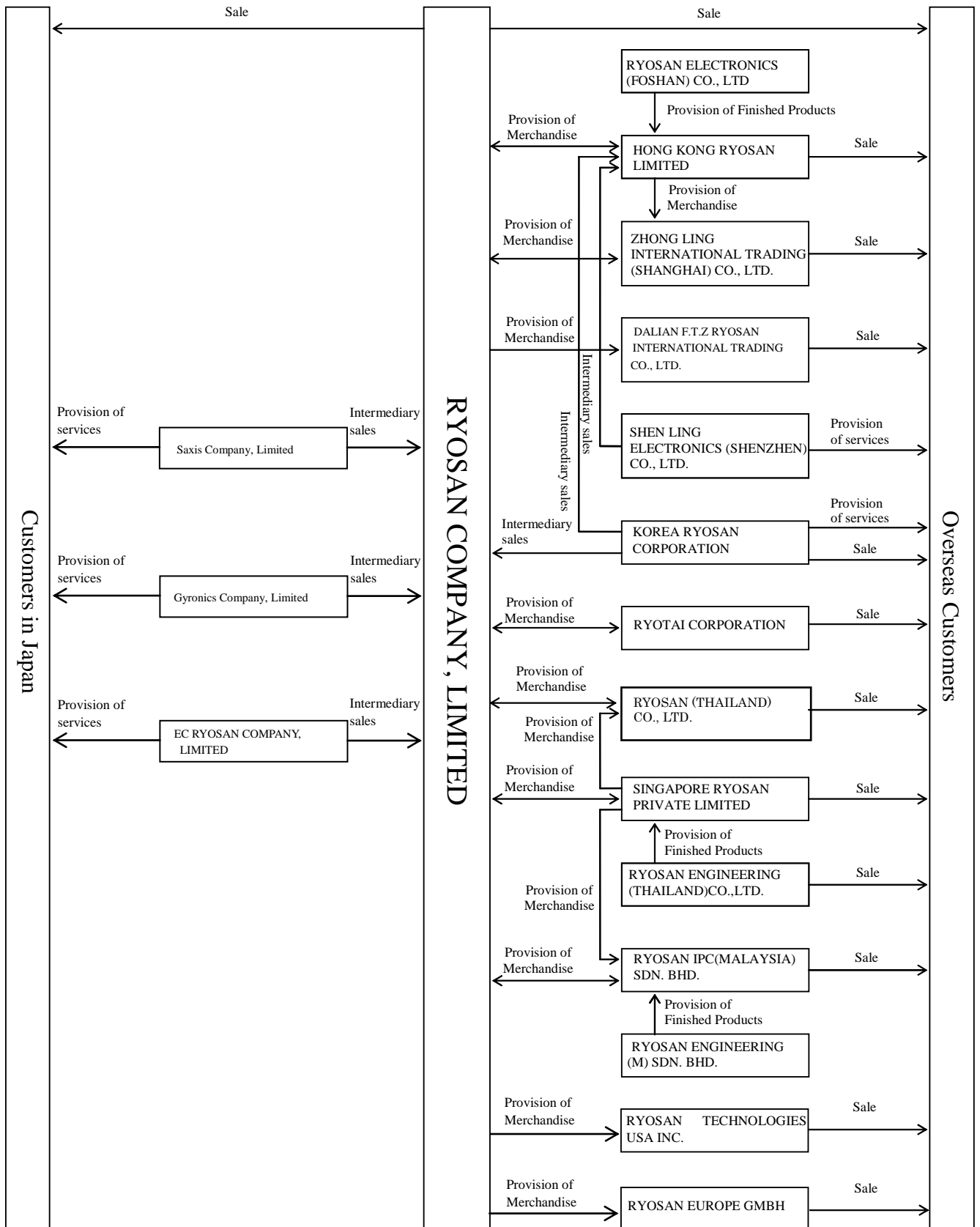
Ryosan operates as a trading house that specializes in semiconductors, electronic components and electronic equipment, which it sells to manufacturers of electronic equipment and other customers both domestically and overseas. Ryosan also develops, manufactures and sells its own-brand products.

The following table provides an overview of industry segments and the activities of Ryosan and its consolidated subsidiaries.

Segment	Main Products	Sales Companies	Development and Manufacturing Companies
Semiconductors	Memories System LSIs Discrete semiconductors	Ryosan Company, Limited Saxis Company, Limited Gyronics Company, Limited	
Electronic Components	Display devices Power supplies Electromechanical components	EC Ryosan Company, Limited HONG KONG RYOSAN LIMITED SHEN LING ELECTRONICS (SHENZHEN) CO., LTD.	
Electronic Equipment	Systems equipment Facilities equipment	ZHONG LING INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	
Ryosan Products	Heat sinks (devices that dissipate the heat generated by semiconductors)	DALIAN F.T.Z RYOSAN INTERNATIONAL TRADING CO., LTD. RYOTAI CORPORATION SINGAPORE RYOSAN PRIVATE LIMITED RYOSAN IPC (MALAYSIA) SDN. BHD. RYOSAN (THAILAND) CO., LTD. KOREA RYOSAN CORPORATION RYOSAN TECHNOLOGIES USA INC. RYOSAN EUROPE GMBH	Ryosan Company, Limited RYOSAN ENGINEERING (THAILAND) CO., LTD. RYOSAN ENGINEERING (M) SDN.BHD. RYOSAN ELECTRONICS (FOSHAN) CO., LTD.

Note: CentrAct Corporation has been completed the liquidation procedure as of September 30, 2013 following the dissolution as of March 31, 2013.

The Group's organization chart is provided as follows



### **3. Management Policies**

#### **(1) Fundamental Management Policies**

Since our establishment, we have always been highly conscious of the fact that the corporation is a public institution. In addition, we now no longer see ourselves simply as a trading company, but as an electronic systems coordinator, providing a vital link between our customers' needs and electronics technology. We aim to achieve consistent long-term growth by stressing this social consciousness and our new role as a systems coordinator.

Three functions are vital to fulfilling our ambition of becoming an electronics system coordinator—the Information Function (supplying data), the Solutions Function (supplying technology), and the Distribution Function (supplying logistics). By constantly enhancing these three functions, Ryosan will raise customer satisfaction and increase its existence value.

#### **(2) Targeted Management Indicators**

The Ryosan Group has adopted net income per share and consolidated dividend payout ratio as key management indicators. Guided by these benchmarks, the Company aims to secure financial soundness while at the same time pursuing further improvements in its corporate value. In particular, the Company seeks to achieve a consolidated dividend payout ratio of 50% or higher.

#### **(3) Medium- and Long-Term Management Strategies and Issues to be Addressed**

The Ryosan Group conducts business in the electronics industry, where the advance of ICT (information and communications technology) has spurred an increase in horizontal specialization alliances in which corporations utilize each other's strengths. Also, in fields where modularization is advancing, there is an increase in the entry of corporation from other industries and the Company forecasts that competition will grow even more intense in the future. Furthermore, as globalization continues, we forecast that the Japanese market will continue its slow growth and that a growing number of Japanese corporations will shift production overseas and engage in overseas procurement. Moreover, customer needs are diversifying from individual components to modules and to OEM/ODM.

In this management environment, the Ryosan Group recognizes that we must address the issues of “reconstructing our business portfolio,” “expanding our corporate activities on a global scale,” and “revising our profit/financial structure.” For that purpose, we have positioned the 3-year period from FY2014 to FY2016 as our 9th Medium-Term Management Plan. The basic stance of the plan is “innovation” and “growth.” We shall pursue a business model shift which responds to changes in our business structure and sustainable independent growth. To implement this basic stance, we will focus on promoting Growth Strategies, Segment Strategies, and Infrastructure Strategies as follows.

Growth Strategies consist of 1) further promotion of multi-vendor support to respond to customers' diversifying needs, 2) strengthening global support to expand overseas business, and 3) strengthening system solution capabilities (capabilities in system engineering plus embedded systems) to create new business models.

Segment Strategies consist of the following actions in each of our 4 business segments.

In the semiconductors segment, we will seek to expand our business by strengthening design-in activities for products of the major manufacturer Renesas Electronics and foreign semiconductor manufacturers.

In the electronic components segment, we will seek to expand our business in fields such as car electronics and industry by augmenting sales promotion activities which are aligned with supplier strategy.

In the electronic equipment segment, we will seek to expand our business by strengthening our embedded system capability as a base for focusing on our system solution business which promotes module and component business through new resources, as well as by strengthening our facilities equipment business through advancement of the 3 business elements of hardware, materials and service.

In the Ryosan products segment, although transfer of the heat sink production business to Sankyo Tateyama, Inc. scheduled for September 1, 2014, Ryosan will continue to focus on sales activities for heat sinks as an agent.

Also, with a focus on semiconductor technology that we have accumulated over a period of many years as a technological trading company, the Ryosan Group will expand the field of technical support for electronic components and embedded products, and shall strengthen system technological capability which supports system solution capability.

Infrastructure strategies consist of reinforcing management in terms of quality in order to strengthen governance and strengthen of our management structure in order to realize further global business activities.

In any case, by advancing the 9th Medium-Term Management Plan, fostering the necessary management environment and overcoming issues which need to be addressed, the Ryosan Group shall heighten the value of our existence, obtain compensation commensurate to that value, and improve our business performance. By doing so, we shall respond to the expectations of our many stakeholders, including shareholders.

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2013 (As of March 31, 2013)	Fiscal Year Ended March 31, 2014 (As of March 31, 2014)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	50,464	49,913
Trade notes and accounts receivable	68,101	75,153
Merchandise and finished products	18,793	21,452
Work in process	141	91
Raw materials and stored goods	152	190
Accrued income	1,390	1,747
Deferred tax assets	514	271
Other current assets	243	213
Allowance for doubtful accounts	(106)	(126)
Total current assets	139,696	148,906
<b>Fixed assets</b>		
Property, plant and equipment		
Buildings and structures	10,576	10,686
Accumulated depreciation	(6,285)	(6,532)
Buildings and structures (net)	4,290	4,154
Land	8,121	8,121
Lease assets	829	525
Accumulated depreciation	(495)	(197)
Lease assets (net)	333	327
Other fixed assets	4,554	4,536
Accumulated depreciation	(4,028)	(3,969)
Other fixed assets (net)	526	567
Total property, plant and equipment	13,272	13,170
Intangible fixed assets	1,029	1,026
Investments and other assets		
Investment securities	3,286	4,024
Deferred tax assets	947	309
Other	3,132	1,828
Allowance for doubtful accounts	(1,045)	(19)
Allowance for loss on investments	(98)	—
Total Investments and other assets	6,222	6,143
Total fixed assets	20,524	20,340
<b>Total assets</b>	<b>160,220</b>	<b>169,247</b>

(Millions of yen)

	Fiscal Year Ended March 31, 2013 (As of March 31, 2013)	Fiscal Year Ended March 31, 2014 (As of March 31, 2014)
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade accounts payable	25,261	30,308
Short-term bank loans	12,850	15,647
Lease obligations	138	122
Other Payable	841	756
Accrued expenses	1,069	1,199
Accrued income taxes	689	220
Other current liabilities	178	47
Total current liabilities	41,028	48,303
<b>Long-term liabilities</b>		
Lease obligations	242	248
Allowance for employees' retirement benefits	2,149	—
Liability for employees' retirement benefit		1,844
Other long-term liabilities	76	121
Total long-term liabilities	2,469	2,213
Total liabilities	43,498	50,517
<b>NET ASSETS</b>		
<b>Shareholder's equity</b>		
Common stock	17,690	17,690
Additional paid-in capital	19,114	19,114
Retained earnings	84,590	80,918
Treasury stock	(3,789)	(73)
Total shareholders' equity	117,606	117,649
<b>Other accumulated comprehensive incomes</b>		
Net unrealized gain on other marketable securities	484	1,184
Gain (loss) on deferred hedges	0	3
Foreign currency translation adjustments	(1,368)	(220)
Remeasurements of defined benefit plans		111
Total other accumulated comprehensive incomes	(883)	1,079
<b>Total net assets</b>	<b>116,722</b>	<b>118,729</b>
<b>Total liabilities and net assets</b>	<b>160,220</b>	<b>169,247</b>

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

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2013 (Apr. 1, 2012 to Mar. 31, 2013)	Fiscal Year Ended Mar. 31, 2014 (Apr. 1, 2013 to Mar. 31, 2014)
<b>Net sales</b>	206,534	238,399
<b>Cost of Sales</b>	189,868	219,794
<b>Gross Profit</b>	16,666	18,605
<b>Selling, general and administrative expenses</b>		
Packing and freight expenses	662	789
Provision of allowance for doubtful accounts	129	119
Directors' remuneration	412	430
Employees' salaries	3,694	4,062
Bonuses	928	1,070
Retirement benefit expenses	342	362
Employee benefits	816	890
Depreciation and amortization	524	693
Others	5,481	5,041
Total selling, general and administrative expenses	12,992	13,460
<b>Operating income</b>	3,673	5,144
<b>Non-operating income</b>		
Interest income	69	39
Dividend income	109	54
Commission fee	477	168
Miscellaneous income	224	166
Total non-operating income	881	428
<b>Non-operating expenses</b>		
Interest expense	180	165
Loss on foreign exchange	241	333
Miscellaneous expenses	21	22
Total non-operating expenses	443	520
<b>Ordinary income</b>	4,111	5,052
<b>Extraordinary gains</b>		
Gain on sales of property, plant and equipment	34	4
Gain on sales of investment securities	6	10
Gain on sales of golf memberships	—	30
Reversal of allowance for investment loss	37	—
Total extraordinary gains	77	44
<b>Extraordinary losses</b>		
Loss on sales of property, plant and equipment	0	—
Impairment loss	3	—
Loss on devaluation of investment securities	35	—
Loss on valuation of golf club membership	4	4
Total extraordinary losses	42	4
<b>Income before income taxes and minority interests</b>	4,146	5,093
Income taxes-current	1,625	1,110
Income taxes-deferred	(293)	760
<b>Total income taxes</b>	1,331	1,870
<b>Income before Minority interest in income</b>	2,814	3,222
<b>Net income</b>	2,814	3,222



(Consolidated Comprehensive Statements of Income)

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2013 (Apr. 1, 2012 to Mar. 31, 2013)	Fiscal Year Ended Mar. 31, 2014 (Apr. 1, 2013 to Mar. 31, 2014)
<b>Income before Minority interest in income</b>	2,814	3,222
<b>Other comprehensive income</b>		
Net unrealized gain on other marketable securities	153	700
Gain (loss) on deferred hedges	(2)	3
Foreign currency translation adjustments	1,721	1,148
Total other comprehensive income	1,872	1,851
<b>Comprehensive Incomes</b>	<b>4,687</b>	<b>5,074</b>
(Details)		
Comprehensive incomes relating to shareholders of parental company	4,687	5,074
Comprehensive incomes relating to minority shareholders	—	—

**(3) Consolidated Statements of Changes in Net Assets**

Fiscal Year Ended Mar. 31, 2013 (Apr. 1, 2012 to Mar. 31, 2013)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	
Balance as of the beginning of the period	17,690	19,114	83,449	(1,806)	118,447
Increase (decrease) during the period					
Appropriation of earnings as cash dividends			(1,673)		(1,673)
Net income for the period			2,814		2,814
Acquisition of treasury stock				(1,983)	(1,983)
Disposal of treasury stock		(0)		0	0
Transfer to additional paid-in capital from retained earnings		0	(0)		—
Net changes in items excluding shareholders' equity during the period					
Total increase (decrease) during the period	—	—	1,141	(1,983)	(841)
Balance as of the end of the period	17,690	19,114	84,590	(3,789)	117,606

	Other accumulated comprehensive incomes				Total net assets
	Net unrealized gain on other marketable securities	Gain (loss) on deferred hedges	Foreign currency translation adjustments	Total other accumulated comprehensive incomes	
Balance as of the beginning of the period	331	2	(3,090)	(2,756)	115,691
Increase (decrease) during the period					
Appropriation of earnings as cash dividends					(1,673)
Net income for the period					2,814
Acquisition of treasury stock					(1,983)
Disposal of treasury stock					0
Transfer to additional paid-in capital from retained earnings					—
Net changes in items excluding shareholders' equity during the period	153	(2)	1,721	1,872	1,872
Total increase (decrease) during the period	153	(2)	1,721	1,872	1,031
Balance as of the end of the period	484	0	(1,368)	(883)	116,722

Fiscal Year Ended Mar. 31, 2014 (Apr. 1, 2013 to Mar. 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of the beginning of the period	17,690	19,114	84,590	(3,789)	117,606
Increase (decrease) during the period					
Appropriation of earnings as cash dividends			(1,917)		(1,917)
Net income for the period			3,222		3,222
Acquisition of treasury stock				(1,800)	(1,800)
Retirement of treasury stock			(5,515)	5,515	—
Change of scope of consolidation			539		539
Net changes in items excluding shareholders' equity during the period					
Total increase (decrease) during the period	—	—	(3,672)	3,715	43
Balance as of the end of the period	17,690	19,114	80,918	(73)	117,649

	Other accumulated comprehensive incomes					Total net assets
	Net unrealized gain on other marketable securities	Gain (loss) on deferred hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive incomes	
Balance as of the beginning of the period	484	0	(1,368)	—	(883)	116,722
Increase (decrease) during the period						
Appropriation of earnings as cash dividends						(1,917)
Net income for the period						3,222
Acquisition of treasury stock						(1,800)
Retirement of treasury stock						—
Change of scope of consolidation						539
Net changes in items excluding shareholders' equity during the period	700	3	1,148	111	1,963	1,963
Total increase (decrease) during the period	700	3	1,148	111	1,963	2,006
Balance as of the end of the period	1,184	3	(220)	111	1,079	118,729

#### (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2013 (Apr. 1, 2012 to Mar. 31, 2013)	Fiscal Year Ended Mar. 31, 2014 (Apr. 1, 2013 to Mar. 31, 2014)
<b>Operating activities</b>		
Income before income taxes	4,146	5,093
Depreciation and amortization	644	835
Impairment loss	3	—
Increase (decrease) in allowance for doubtful accounts	84	(1,017)
Increase (decrease) in allowance for employees' retirement benefits	(152)	—
Increase (decrease) in liability for employees' retirement benefit	—	(172)
Increase (decrease) in allowance for loss on investments	(37)	—
Interest and dividend income	(178)	(93)
Interest expense	180	165
(Gain) loss on sales and disposal of property, plant and equipment	(34)	(4)
(Gain) loss on sales of investment securities	(6)	(10)
(Gain) loss on devaluation of investment securities	35	—
Other (income) loss	980	598
(Increase) decrease in accounts receivable	14,941	(4,909)
(Increase) decrease in inventories	6,319	(1,515)
Increase (decrease) in accounts payable	(9,244)	3,753
Increase (decrease) in other assets and liabilities	1,306	775
Subtotal	18,989	3,499
Interest and dividends received	185	92
Interest paid	(183)	(159)
Income taxes (paid) refund	(1,302)	(1,928)
Net cash provided by operating activities	17,689	1,504
<b>Investing activities</b>		
Net decrease (increase) in time deposits	3,000	—
Purchases of property, plant and equipment	(214)	(226)
Proceeds from sale of property, plant and equipment	74	6
Purchases of intangible fixed assets	(153)	(146)
Purchases of investment securities	—	(10)
Proceeds of sale of investment securities	7	16
Capital stock paid-in	(3)	(9)
Proceeds from sales of investments in capital	1	41
Increase in loans	(7)	—
Proceeds from collection of loans	8	0
Purchase of insurance funds	(427)	(106)
Proceeds from cancellation of insurance funds	201	—
Net cash provided by (used in) investing activities	2,485	(435)
<b>Financing activities</b>		
Increase (decrease) in short-term borrowings, net	(695)	1,597
Payment of refund of lease obligations	(131)	(167)
Repurchase of treasury stock	(1,983)	(1,800)
Proceeds from retirement of treasury stock	0	—
Cash dividends paid	(1,673)	(1,915)
Net cash used in financing activities	(4,483)	(2,285)
Effect of foreign currency translation adjustments on cash and cash equivalents	658	249
Net increase (decrease) in cash and cash equivalents	16,350	(967)
Cash and cash equivalents at the beginning of the period	34,113	50,463
Increase in cash and cash equivalents of newly consolidated subsidiaries	—	415
Cash and cash equivalents at the end of the period	50,463	49,911

**(5) Notes on Consolidated Financial Statements**  
**(Notes Regarding Going Concern)**

Not applicable.

**(Changes in Accounting Principles)**

Accounting Standard for Retirement Benefits (Corporate Accounting Standards No.26; May 17, 2012) and Policy on the Application of Accounting Standard for Retirement Benefits (Corporate Accounting Standards Application Policy No.25; May 17, 2012) were applied from the end of the current consolidated accounting period (excluding rules defined in main clause of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Policy on the Application of Accounting Standard for Retirement Benefits). Accordingly, we change to a method of recording an amount calculated by deducting pension plan assets from liability for retirement benefits as a liability for employees' retirement benefit. Furthermore, differences upon calculation of unrecognized actuarial losses (gains) and unrecognized prior service expenses are recorded as a liability for employees' retirement benefit.

Regarding the application of Accounting Standard for Retirement Benefits, etc., we conform to the transitional treatment defined in Paragraph 37 of Accounting Standard for Retirement Benefits. At the end of the current consolidated accounting period, the amount of financial impact associated with these changes was added to or subtracted from the remeasurements of defined benefit plans for other accumulated comprehensive income.

As a result, at the end of the current consolidated accounting period, 1,844 million yen in liability for employees' retirement benefit were recorded, and other accumulated comprehensive income increased by 111 million yen.

**(Notes on Consolidated Balance Sheets)**

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

	As of March 31, 2013	As of March 31, 2014
1. Accumulated depreciation of property, plant and equipment	10,809	10,668
2. Non-consolidated subsidiary and affiliated company shares and other		
- Investment securities (shares)	52	0
- Other (equity)	308	—
3. Assets pledged as collateral		
- Investment securities	83	107
4. Guarantee contingent liabilities		
The unpaid balance of debt financing provided to non-consolidated subsidiaries by financial institutions guaranteed by the Company	490	—
5. Number of shares issued and outstanding	34,500,000 common shares	31,500,000 common shares
Number of treasury stock held by the Company	2,035,794 common shares	36,209 common shares

**(Notes on Consolidated Statements of Income)**

	Fiscal 2012 (April 1, 2012 to March 31, 2013)	Fiscal 2013 (April 1, 2013 to March 31, 2014)
1. Research and development expenditure included in selling, general and administrative expenses	623	657
2. Breakdown of gain on sales of property, plant and equipment		
- Land	31	—
- Other	2	4
Total	<u>34</u>	<u>4</u>
3. Breakdown of loss on sales of property, plant and equipment		
- Other	0	—
Total	<u>0</u>	<u>—</u>

**(Notes on Consolidated Comprehensive Statements of Income)**

## Adjustments from recycling and tax effects in other comprehensive income

	Fiscal 2012 (April 1, 2012 to March 31, 2013)	Fiscal 2013 (April 1, 2013 to March 31, 2014)
Net unrealized gain on other marketable securities		
Increase (decrease) during the period:	202	799
Adjustments from recycling	35	(12)
Before tax effects adjustments	238	787
Tax effect	(84)	(87)
Net unrealized gain on other marketable securities	153	700
Gain (loss) on deferred hedges:		
Increase (decrease) during the period	(3)	5
Tax effect	1	(1)
Gain (loss) on deferred hedges	(2)	3
Foreign currency translation adjustments		
Increase (decrease) during the period	1,721	1,148
Total other comprehensive Income	<u>1,872</u>	<u>1,851</u>

## (Tax-effect Accounting)

### 1. Breakdown of major causes of occurrence in deferred tax assets and deferred tax liabilities

(Millions of yen unless otherwise stated)

	Fiscal 2012 (As of March 31, 2013)	Fiscal 2013 (As of March 31, 2014)
Deferred tax assets		
Loss on valuation of inventories	135	167
Amortization of software and other	59	31
Investment securities	145	261
Golf membership rights	111	98
Accrued bonuses	199	214
Allowance for employees' retirement benefits	719	670
Allowance for doubtful accounts	323	2
Loss brought forward of subsidiaries	333	125
Other	360	255
Sub-total deferred tax assets	2,390	1,827
Valuation reserve	(611)	(517)
Total deferred tax assets	1,779	1,310
Deferred tax liabilities		
Net unrealized gain on other marketable securities	(152)	(356)
Other	(181)	(395)
Total deferred tax liabilities	(333)	(752)
Net deferred tax assets	1,445	557

Net deferred tax assets are included in the following items of the Company's consolidated balance sheet.

	Fiscal 2012 (As of March 31, 2013)	Fiscal 2013 (As of March 31, 2014)
Current assets — Deferred tax assets	514	271
Fixed assets — Deferred tax assets	947	309
Long-term liabilities — Other long-term liabilities	(17)	(22)

### 2. Breakdown of major differences between the statutory tax rate and the effective tax rate after adoption of tax-effect accounting

	Fiscal 2012 (As of March 31, 2013)	Fiscal 2013 (As of March 31, 2014)
Effective tax rate	38.0	(%)
(Adjustment)		
Items not included in calculations of losses (e.g. entertainment expenses)	3.6	Information on the difference between the statutory tax rate and the effective tax rate is not presented for the fiscal year since the difference between the statutory tax rate and the effective tax rate was less than 5/100 and therefore considered immaterial.
Items not included in gross profits (e.g. dividends)	(1.8)	
Equal percent residential tax	0.9	
Elimination of dividends received from consolidated subsidiaries	1.1	
Foreign withholding taxes	0.6	
Change in valuation allowance	(5.5)	
Difference in corporate tax rates from foreign subsidiaries	(6.9)	
Consolidated retained earnings	2.1	
Other	(0.0)	
Contribution percentage of corporate and other taxes after tax effect accounting is applied	32.1	

3. Adjustment for amounts of deferred tax assets and deferred tax liabilities due to changes in the corporate tax rate  
The Law to Partially Amend the Income Tax Act (2014 Law No. 10) was enacted on March 31, 2014. From the consolidated accounting period starting April 1, 2014, special corporate tax for reconstruction is no longer applied. As a result, the normal effective statutory tax rate used when calculating deferred tax assets and deferred tax liabilities decreases from 38.0% to 35.6% for the temporary difference for which annulment is forecasted in the

consolidated accounting period starting April 1, 2014.

Due to this change in the tax rate, the amount of deferred tax assets (amount after deduction of deferred tax liabilities) decreased by 33 million yen and the income taxes-deferred increased by the same amount.

## (Segment Information)

### (a) 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 as follows:

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 fiscal year ended March 31, 2013

(April 1, 2012 to March 31, 2013)

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

	Reportable Segment					Adjusted amount	Consolidated income statement amount
	Semi-conductors	Electronic components	Electronic equipment	Ryosan products	Total		
Sales and operating income							
Sales:							
Sales to external Customers	131,172	51,008	19,519	4,833	206,534	—	206,534
Internal sales between segments, or exchange	—	—	—	—	—	—	—
Total	131,172	51,008	19,519	4,833	206,534	—	206,534
Segment income (loss)	1,934	1,204	853	12	4,004	(331)	3,673

Notes:

1. The adjustment of -331 million yen to segment income represents corporate expenses that are not allocated to each reportable segment. The corporate expenses are included in administrative expenses instead of reportable segment.
2. Segment income has been adjusted with operating income in consolidated statements of income.
3. Segment asset is not shown in this reporting segment as it is not subject to CEO's performance evaluation.

For the consolidated fiscal year ended March 31, 2014

(April 1, 2013 to March 31, 2014)

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

	Reportable Segment					Adjusted amount	Consolidated income statement amount
	Semi-conductors	Electronic components	Electronic equipment	Ryosan products	Total		
Sales and operating income							
Sales:							
Sales to external Customers	161,512	54,331	17,497	5,057	238,399	—	238,399
Internal sales between segments, or exchange	—	—	—	—	—	—	—
Total	161,512	54,331	17,497	5,057	238,399	—	238,399
Segment income (loss)	3,204	1,467	709	(53)	5,327	(182)	5,144

Notes:

1. The adjustment of -182 million yen to segment income represents corporate expenses that are not allocated to each



reportable segment. The corporate expenses are included in administrative expenses instead of reportable segment.

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

3. Segment asset is not shown in this reporting segment as it is not subject to CEO's performance evaluation.

3. Beginning from the current consolidated accounting period, we revised the allocation method for company-wide expenses, etc. A portion of company-wide expenses, etc. for which allocation was previously not possible are now allocated to each reporting segment according to applicable allocation standards.

Segment information for the previous consolidated accounting period shows numbers which were calculated based on the allocation method for company-wide expenses, etc. after the change.

(b) Related Information

1. Information on products and services

As in the Reporting Segment

2. Information by region

(1) Sales

For the consolidated fiscal year ended March 31, 2013

(April 1, 2012 to March 31, 2013)

(Millions of yen)

Japan	Asia	Total
131,264	75,270	206,534

Note: Sales amounts are based on the customer's address and classified by country or region.

For the consolidated fiscal year ended March 31, 2014

(April 1, 2013 to March 31, 2014)

Japan	Asia	Other	Total
124,682	105,810	7,906	238,399

Notes:

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

2. Principal countries and regions:

Asia: China, Korea, Hong Kong, Thailand and others

Other: United States and others

(2) Property, plant and equipment

This information is not presented as the amount of Property, plant and equipment in Japan constitutes more than 90% of the total amount of Property, plant and equipment on the consolidated balance sheet.

3. Information on each important customer

For the consolidated fiscal year ended March 31, 2013

(April 1, 2012 to March 31, 2013)

(Millions of yen)

Customer Name	Net Sales	Related Segments
Mitsubishi Electric Corporation	21,275	Semiconductors, Electronic Components

For the consolidated fiscal year ended March 31, 2014

(April 1, 2013 to March 31, 2014)

Customer Name	Net Sales	Related Segments
Mitsubishi Electric Corporation	18,345	Semiconductors, Electronic Components

**(Per Share Information)**

	(Yen unless otherwise stated)	
	Fiscal 2012	Fiscal 2013
	<u>(April 1, 2012 to March 31, 2013)</u>	<u>(April 1, 2013 to March 31, 2014)</u>
1. Net assets per share	3,595.42	3,773.51
2. Net income per share	84.40	101.86

Note: Net income per share for the fiscal years ended March 31, 2013 and March 31, 2014 are calculated on the following basis:

	(Millions of yen unless otherwise stated)	
	Fiscal 2012	Fiscal 2013
	<u>(April 1, 2012 to March 31, 2013)</u>	<u>(April 1, 2013 to March 31, 2014)</u>
Net income	2,814	3,222
Net income applicable to common stock	2,814	3,222
Average number of shares for the period	33,349 thousand shares	31,633 thousand shares

**(Important Subsequent Events)**

Not applicable.

## 5. Other

### (1) Manufacturing, New orders and Sales

#### 1) Manufacturing

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

	Fiscal 2012 (April 1, 2012 to March 31, 2013)	Fiscal 2013 (April 1, 2013 to March 31, 2014)
Heat sinks	3,966	4,521

#### 2) New Orders

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

	Fiscal 2012 (April 1, 2012 to March 31, 2013)	Fiscal 2013 (April 1, 2013 to March 31, 2014)
Semiconductors	127,633	166,971
Electronic components	50,237	56,974
Electronic equipment	19,032	20,422
Ryosan products	4,706	5,101
Total	201,640	249,469

### (2) Geographical Segment Information

Fiscal 2012, the fiscal year ended March 31, 2013  
(April 1, 2012 to March 31, 2013)

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

	Japan	Asia	Total	Eliminations or corporate	Consolidated
Sales:					
(1) Sales to external customers	139,884	66,649	206,534	—	206,534
(2) Internal sales between segments, or exchange	5,134	442	5,577	(5,577)	—
Total	145,019	67,092	212,111	(5,577)	206,534
Segment income	1,636	1,710	3,346	326	3,673

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

Fiscal 2013, the fiscal year ended March 31, 2014  
(April 1, 2013 to March 31, 2014)

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

	Japan	Asia	Other	Total	Eliminations or corporate	Consolidated
Sales:						
(1) Sales to external customers	145,946	85,700	6,753	238,399	—	238,399
(2) Internal sales between segments, or exchange	8,483	412	1	8,897	(8,897)	—
Total	154,429	86,112	6,754	247,297	(8,897)	238,399
Segment income	1,703	2,545	230	4,480	664	5,144

Notes:

- Country and regional segments are classified on the basis of geographic proximity.
- Principal countries and regions:

Asia: Hong Kong, China, Thailand, Korea and others

Other: United States and others

### (3) Changes of Directors (As of June 20, 2014)

#### 1. Newly-appointed Director

Name	New position	Current position
Iwao Sakamoto	Director General Manager, Administrative Headquarters	General Manager, Sales Administration Department, Sales Planning and Control Headquarters

#### 2. Director to be promoted

Name	New position	Current position
Toshifumi Sakata	Managing Director General Manager, Engineering Headquarters concurrently General Manager, 1st Semiconductor Business Headquarters	Director General Manager, Engineering Headquarters concurrently General Manager, 1st Semiconductor Business Headquarters

#### 3. Other personnel changes

Name	New position	Current position
Hidekazu Sano	Director General Manager, Finance and Accounting Headquarters	Director General Manager, Finance and Accounting Headquarters concurrently in charge of administration

#### 4. Director to be retired

Name	New position	Current position
Tsuyoshi Koyama	President, EC Ryosan Company, Limited	Director President, EC Ryosan Company, Limited