

Third Quarter Consolidated Earnings Report for Fiscal 2013, Ending March 31, 2014 [Japanese Standards](Consolidated)

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 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 three quarters of fiscal 2013(April 1, 2013 to December 31, 2013)

(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 Three Quarters, Fiscal 2013	174,034	11.6	3,790	36.7	3,595	10.1	2,303	15.8
First Three Quarters, Fiscal 2012	155,926	(2.6)	2,772	14.9	3,264	2.7	1,989	39.1

(Note) Comprehensive income

First Three Quarters, Fiscal 2013:4,738million yen (81.0%) First Three Quarters, Fiscal 2012:2,618million yen (540.4%)

	Net income per share	Net income per share after dilution
	Yen	Yen
First Three Quarters, Fiscal 2013	72.70	—
First Three Quarters, Fiscal 2012	59.44	—

(2) Consolidated financial position

	Total assets	Net assets	Net assets to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2013	172,019	118,281	68.8	3,759.28
March 31, 2013	160,220	116,722	72.9	3,595.42

(Reference) Shareholders equity: December 31, 2013: 118,281 million yen, March 31, 2013: 116,722 million yen

2. Dividends

(Record date)	Dividends per share (Yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
Fiscal 2012	—	30.00	—	30.00	60.00
Fiscal 2013	—	30.00	—	—	—
Fiscal 2013 (Forecast)	—	—	—	30.00	60.00

(Note) Revision of dividend forecasts: No

3. Forecast of results for the fiscal year ending March 31, 2014(April 1, 2013 to March 31, 2014)

(% figures represent year-on-year increase or decrease)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Fiscal Year	225,000	8.9	5,000	36.1	5,000	21.6	3,100	10.1	98.00

(Note) Revision of financial results forecasts: No

※ Notes

(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: No

(3) Changes in accounting principles, changes in accounting estimates and restatements

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:

December 31, 2013: 31,500,000 shares

March 31, 2013: 34,500,000 shares

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

December 31, 2013: 36,141 shares

March 31, 2013: 2,035,794 shares

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

First three quarters, fiscal 2013: 31,689,605 shares

First three quarters, fiscal 2012: 33,464,471 shares

Indication regarding the implementation status of the quarterly review procedure

This quarterly consolidated earnings report is not subject to the quarterly review procedures pursuant to the Financial Instruments and Exchange Act. As of the disclosure of this earnings report, the procedures for reviewing quarterly financial statements pursuant to the Financial Instruments and Exchange Act are in progress.

Caution with respect to forward-looking statements:

The estimates referred in this report were made based on the information available as of the date of this release. The Company does not promise the realization of the estimates in this report. The Actual results could significantly differ from the estimates due to a variety of factors. For details on the conditions that form the assumptions used for earnings forecasts and notes on using earnings forecasts, please refer to appendix page 2, "1. Qualitative Information Regarding this Quarterly Statement (3) Qualitative Information Concerning Consolidated Forecast and Other Future Predictions."

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1. Qualitative Information Regarding this Quarterly Statement

(1) Qualitative Information Concerning Consolidated Operating Results

1) Overview

During the first three quarters under review (April 1, 2013 to December 31, 2013), 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 showed sure signs of recovery 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 174,034 million yen (up 11.6% from the same period previous year), operating income of 3,790 million yen (up 36.7%), ordinary income of 3,595 million yen (up 10.1%), and net income of 2,303 million yen (up 15.8%) for results of the first three quarters under review.

2) Business Segment Information

a. Semiconductors

We sell memories, system LSIs and discrete semiconductors, and develop system LSIs. In this consolidated first three quarters, sales of system LSIs for in-vehicle electrical components and memories for smartphones, etc. increased, with net sales of 117,185 million yen (up 19.5% from the same period previous year) and operating income of 2,461 million yen (up 74.7%).

b. Electronic Components

We sell display devices, power supplies and electromechanical components. In this consolidated first three quarters, sales of electromechanical components for in-vehicle electrical components and smartphones, etc. increased, with net sales of 40,548 million yen (up 2.2% from the same period previous year) and operating income of 1,066 million yen (up 10.2%).

c. Electronic Equipment

We sell systems equipment and facilities equipment. In this consolidated first three quarters, sales of system equipment for in-vehicle electrical components, etc. decreased, with net sales of 12,511 million yen (down 13.6% from the same period previous year) and operating income of 467 million yen (down 14.4%).

d. Ryosan Products

We produce and sell heat sinks (devices that dissipate the heat generated by semiconductors). In this consolidated first three quarters, sales of heat sinks for white goods, etc. increased, with net sales of 3,788 million (up 2.8% from the same period previous year), but an operating loss of 5 million yen was posted.

(2) Qualitative Information Concerning Consolidated Financial Position

At the end of this first three quarters, total assets had increased by 11,799 million yen, as compared with the level at the end of the previous fiscal year, and came to 172,019 million yen.

Also, net assets increased by 1,559 million yen, as compared with the level at the end of the previous fiscal year, and came to 118,281 million yen, with the ratio of net assets to total assets being 68.8%.

(3) Qualitative Information Concerning Consolidated Forecast and Other Future Predictions

Consolidated forecasts for the fiscal year ending March 31, 2014 remains the same as the forecasts announced on October 29, 2013.

2.Items Regarding Summary Information (Notes)

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

None

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

None

(3) Changes in accounting principles, changes in accounting estimates and restatements

None

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2013 (As of March 31, 2013)	Third Quarter of the Fiscal Year Ending March 31, 2014 (As of December 31, 2013)
ASSETS		
Current assets		
Cash and deposits	50,464	43,305
Trade notes and accounts receivable	68,101	75,280
Marketable securities	-	5,999
Inventories	19,088	24,478
Accrued income	1,390	1,516
Deferred tax assets	514	184
Other current assets	243	577
Allowance for doubtful accounts	(106)	(248)
Total current assets	139,696	151,092
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	4,290	4,172
Land	8,121	8,123
Lease assets (net)	333	345
Other fixed assets (net)	526	552
Total property, plant and equipment	13,272	13,193
Intangible fixed assets	1,029	1,053
Investments and other assets		
Investment securities	3,286	4,230
Deferred tax assets	947	662
Other	3,132	2,852
Allowance for doubtful accounts	(1,045)	(1,066)
Allowance for loss on investments	(98)	-
Total investments and other assets	6,222	6,679
Total fixed assets	20,524	20,927
Total assets	160,220	172,019

(Millions of yen)

	Fiscal Year Ended March 31, 2013 (As of March 31, 2013)	Third Quarter of the Fiscal Year Ending March 31, 2014 (As of December 31, 2013)
LIABILITIES		
Current liabilities		
Trade accounts payable	25,261	32,279
Short-term bank loans	12,850	16,726
Lease obligations	138	124
Other payable	841	751
Accrued expenses	1,069	588
Accrued income taxes	689	283
Reserve for bonuses	-	338
Other current liabilities	178	248
Total current liabilities	41,028	51,341
Long-term liabilities		
Lease obligations	242	268
Employees' retirement benefits	2,149	2,053
Other long-term liabilities	76	74
Total long-term liabilities	2,469	2,397
Total liabilities	43,498	53,738
NET ASSETS		
Shareholder's equity		
Common stock	17,690	17,690
Additional paid-in capital	19,114	19,114
Retained earnings	84,590	79,999
Treasury stock	(3,789)	(73)
Total shareholders' equity	117,606	116,730
Other accumulated comprehensive incomes		
Net unrealized gain on other marketable securities	484	1,316
Gain (loss) on deferred hedges	0	13
Foreign currency translation adjustments	(1,368)	221
Total other accumulated comprehensive incomes	(883)	1,550
Total net assets	116,722	118,281
Total liabilities and net assets	160,220	172,019

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

(Consolidated Quarterly Statements of Income)

(Scope of Consolidation of this First Three Quarters)

(Millions of yen)

	First Three Quarters of the Fiscal Year Ended March 31, 2013 (Apr. 1, 2012 to Dec. 31, 2012)	First Three Quarters of the Fiscal Year Ending March 31, 2014 (Apr. 1, 2013 to Dec. 31, 2013)
Net sales	155,926	174,034
Cost of Sales	143,419	159,971
Gross Profit	12,507	14,062
Selling, general and administrative expenses	9,734	10,272
Operating income	2,772	3,790
Non-operating income		
Interest income	57	29
Dividend income	106	51
Commission fee	406	135
Miscellaneous income	166	131
Total non-operating income	736	348
Non-operating expenses		
Interest expense	136	120
Foreign currency transaction loss	88	408
Miscellaneous expenses	20	13
Total non-operating expenses	244	542
Ordinary income	3,264	3,595
Extraordinary gains		
Gain on sales of noncurrent assets	33	2
Gain on sales of investment securities	6	-
Reversal of allowance for investment loss	24	-
Total extraordinary gains	64	2
Extraordinary losses		
Impairment loss	3	-
Loss on valuation of investment securities	35	-
Loss on valuation of golf club membership	1	-
Total extraordinary losses	39	-
Income before income taxes and minority interests	3,298	3,598
Income taxes	1,300	1,294
Income before Minority interest in income	1,989	2,303
Net income	1,989	2,303

(Consolidated Quarterly Comprehensive Statements of Income)

(Scope of Consolidation of this First Three Quarters)

(Millions of yen)

	First Three Quarters of the Fiscal Year Ended March 31, 2013 (Apr. 1, 2012 to Dec. 31, 2012)	First Three Quarters of the Fiscal Year Ending March 31, 2014 (Apr. 1, 2013 to Dec. 31, 2013)
Income before Minority interest in income	1,989	2,303
Other comprehensive income		
Net unrealized gain on other marketable securities	(31)	831
Gain (loss) on deferred hedges	2	13
Foreign currency translation adjustments	658	1,589
Total other comprehensive income	629	2,434
Comprehensive Incomes	2,618	4,738
(Details)		
Comprehensive incomes relating to shareholders of parental company	2,618	4,738

(3) Notes Regarding Consolidated Quarterly Financial Statements

(Notes Regarding Going Concern)

Not applicable.

(Notes Regarding Substantial Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

I. For the consolidated first three quarters of the fiscal year ended March 31, 2013
(April 1, 2012 to December 31, 2012)

1. Overview of our Reporting Segments

Information Concerning Sales and Income or Loss Amount by Reporting Segment

(Millions of yen)

	Reportable Segment					Adjusted amount (Note) 1	Consolidated quarterly income statement amount (Note) 2
	Semi-conductors	Electronic components	Electronic equipment	Ryosan products	Total		
Sales and operating income							
Sales:							
Sales to external Customers	98,098	39,659	14,484	3,684	155,926	—	155,926
Internal sales between segments, or exchange	—	—	—	—	—	—	—
Total	98,098	39,659	14,484	3,684	155,926	—	155,926
Segment income	1,409	967	546	34	2,957	(184)	2,772

(Notes)

1. The adjustment of -184million yen to segment income 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 three quarters of the fiscal year ending March 31, 2014
(April 1, 2013 to December 31, 2013)

Information Concerning Sales and Income or Loss Amount by Reporting Segment

(Millions of yen)

	Reportable Segment					Adjusted amount (Note) 1	Consolidated quarterly income statement amount (Note) 2
	Semi-conductors	Electronic components	Electronic equipment	Ryosan products	Total		
Sales and operating income							
Sales:							
Sales to external Customers	117,185	40,548	12,511	3,788	174,034	—	174,034
Internal sales between segments, or exchange	—	—	—	—	—	—	—
Total	117,185	40,548	12,511	3,788	174,034	—	174,034
Segment income (loss)	2,461	1,066	467	(5)	3,989	(199)	3,790

(Notes)

1. The adjustment of -199 million yen to segment income 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.

III. Beginning from the current first quarter 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 cumulative first three quarters shows numbers which were calculated based on the allocation method for company-wide expenses, etc. after the change described above.

4. Supplementary Information

(1) Geographical Segment Information

Fiscal 2012, first three quarters of the fiscal year ended March 31, 2013
(April 1, 2012 to December 31, 2012)

(Millions of yen)

	Japan	Asia	Total	Eliminations or corporate	Consolidated
I Sales and operating income					
Sales:					
(1) Sales to external Customers	106,525	49,400	155,926	—	155,926
(2) Internal sales between segments, or exchange	3,751	372	4,124	(4,124)	—
Total	110,277	49,772	160,050	(4,124)	155,926
Segment income	1,288	1,309	2,597	174	2,772

Notes:

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

2. Principal countries and regions:

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

Fiscal 2013, first three quarters of the fiscal year ending March 31, 2014
(April 1, 2013 to December 31, 2013)

(Millions of yen)

	Japan	Asia	Other	Total	Eliminations or corporate	Consolidated
I Sales and operating income						
Sales:						
(1) Sales to external Customers	104,549	64,484	4,999	174,033	—	174,034
(2) Internal sales between segments, or exchange	6,674	339	0	7,014	(7,014)	—
Total	111,224	64,823	5,000	181,048	(7,014)	174,034
Segment income	1,168	1,980	177	3,326	463	3,790

Notes:

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

2. Principal countries and regions:

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

Other: United States and others

(2) Overseas Sales

Fiscal 2012, first three quarters of the fiscal year ended March 31, 2013
(April 1, 2012 to December 31, 2012)

(Millions of yen)

	Asia	Total
Overseas sales	55,808	55,808
Consolidated net sales	—	155,926
Ratio of overseas sales to consolidated net sales (%)	35.8	35.8

Notes:

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

Fiscal 2013, first three quarters of the fiscal year ending March 31, 2014
(April 1, 2013 to December 31, 2013)

(Millions of yen)

	Asia	Other	Total
Overseas sales	75,347	5,875	81,223
Consolidated net sales	—	—	174,034
Ratio of overseas sales to consolidated net sales (%)	43.3	3.4	46.7

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
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).