



**\* Notes**

(1) Transfer of major subsidiaries during the scope of consolidation of these three months ended June 30, 2014 (transfer of specified subsidiaries in line with changes in the consolidated range): No

New: — (Company name: ) Excluded: — (Company name: )

(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: Yes

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

3) Changes in accounting estimate: No

4) Restatement of revisions: No

For details please refer to appendix page 3, “Items Regarding Summary Information (Notes) (3) Changes in Accounting Principles, Changes in Accounting Estimates and Restatements.”

(4) Number of shares issued and outstanding (Common stock)

1. Total number of shares issued and outstanding (including treasury stock) as of the period-end:	June 30, 2014	31,500,000 shares	Fiscal 2013	31,500,000 shares
2. Total number of treasury stock as of the period-end:	June 30, 2014	36,376 shares	Fiscal 2013	36,209 shares
3. Average number of shares outstanding during the period (Cumulative total for the quarterly consolidated period)	June 30, 2014	31,463,734 shares	First Quarter, Fiscal 2013	32,145,579 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:**

(Notes on 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

In the global economy in the first quarter (April 1, 2014 to June 30, 2014), despite sluggish economic growth in Asia, the European economy showed signs of a gradual recovery as a whole, while the United States economy remained also steady. Meanwhile, the Japanese economy experienced a temporary stagnation due to the reaction to the rush of demand caused by the consumption tax hike.

Within this economic environment, the electronics industry recorded a healthy growth in such fields as car electronics and FA.

Under such circumstances, the Ryosan Group pursues changing business model and sustainable growth in response to structural changes in our operations while setting the pursuit of “innovation” and “growth” as our basic stance of management for fiscal year 2014 being the starting year for our 9th Medium-Term Management Plan (fiscal years 2014 to 2016). To implement this basic stance, we focused on our three basic strategies - Growth Strategies, Segment Strategies, and Infrastructure Strategies.

As the result, the Ryosan Group reported net sales of 60,721 million yen (up 19.8% from the same period last year), operating income of 1,203 million yen (up 37.0%), ordinary income of 1,321 million yen (up 79.6%), and net income of 813 million yen (up 82.5%) for results of this three-month consolidation period.

#### 2) Business Segment Information

##### **a. Semiconductors**

We sell memories, system LSIs and discrete semiconductors, and develop system LSIs. In this three-month consolidation period, sales including system LSIs for in-vehicle electrical components and memories for smartphones increased, with net sales of 41,725 million yen (up 22.6% from the same period last year) and operating income of 812 million yen (up 35.9%).

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

We sell display devices, power supplies and electromechanical components. In this three-month consolidation period, sales including mechanism parts for in-vehicle electrical equipment increased, with net sales of 13,288 million yen (up 13.2% from the same period last year), and operating income of 294 million yen (up 22.0%).

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

We sell systems equipment and facilities equipment. In this three-month consolidation period, sales including color MFPs increased, with net sales of 4,400 million yen (up 21.1% from the same period last year), and operating income of 163 million yen (up 95.1%).

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

We produce and sell heat sinks (devices that dissipate the heat generated by semiconductors). In this consolidated first quarter, sales including heat sinks for FA equipment increased, while operating loss was zero yen, despite net sales rising up 2.4% from the same period last year at 1,307 million yen.

### **(2) Qualitative Information Concerning Consolidated Financial Position**

At the end of this first quarter, total assets had decreased by 3,583 million yen, as compared with the level at the end of the previous fiscal year, and came to 165,663 million yen.

Also, net assets decreased by 334 million yen, as compared with the level at the end of the previous fiscal year, and came to 118,394 million yen, with the ratio of net assets to total assets being 71.5%.

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

There is no change in forecasts for the first half and full fiscal year ending March 31, 2015 (announced on May 9, 2014).

## 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

Changes in Items of Accounting Principles

Implementation of Accounting Standards for Retirement Benefits

We have adopted “Accounting Standards for Retirement Benefits” (Corporate Accounting Standards No. 26 of May 17, 2012, hereinafter referred to as “Retirement Benefits Accounting Standards”) and “Implementation Guidance on Accounting Standard for Retirement Benefits” (Corporate Accounting Standards No. 25 of May 17, 2012, hereinafter referred to as “Implementation Guidance on Retirement Benefits”) from the first consolidated quarter of current fiscal year on provisions stipulated in the texts of the Section 35 of the Retirement Benefits Accounting Standards and of the Section 67 of the Implementation Guidance on Retirement Benefits: we have reconsidered the accounting method for pension benefit obligations and service liability, and we have changed our method of attributing projected retirement benefits from a fixed amount standard to a payment calculation standard along with changing the method of discount determination to a method that uses single-weighted average discount rate reflecting amounts for each estimated period for payment of retirement benefits and other payments.

To apply the Retirement Benefits Accounting Standards, we comply with the transitional handling stipulated in the Section 37 of Retirement Benefits Accounting Standards, and effect of changes of accounting method for pension benefit obligations and service liability, financial effects are added to or subtracted from retained gains, at the beginning of the consolidated fiscal quarter of current fiscal year.

As the result, employees’ retirement benefits increased by 441 million yen, while retained earnings decreased by 284 million yen, as of the beginning of this first quarter. There was only minor impact on operating income, ordinary income and quarterly net income before income taxes during this first quarter.

### 3. Quarterly Consolidated Financial Statements

#### (1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2013 (As of March 31, 2014)	First Quarter of the Fiscal Year Ending March 31, 2014 (As of June 30, 2014)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	49,913	40,314
Trade notes and accounts receivable	75,153	69,791
Marketable securities	-	9,999
Inventories	21,735	23,857
Accrued income	1,747	618
Deferred tax assets	271	313
Other current liabilities	213	351
Allowance for doubtful accounts	(126)	(112)
<b>Total current assets</b>	<b>148,906</b>	<b>145,135</b>
<b>Fixed assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures (net)	4,154	4,110
Land	8,121	8,121
Lease assets (net)	327	370
Other fixed assets (net)	567	531
<b>Total property, plant and equipment</b>	<b>13,170</b>	<b>13,134</b>
<b>Intangible fixed assets</b>	<b>1,026</b>	<b>981</b>
<b>Investments and other assets</b>		
Investment securities	4,024	4,468
Deferred tax assets	309	139
Other current liabilities	1,828	1,817
Allowance for doubtful accounts	(19)	(11)
<b>Total investments and other assets</b>	<b>6,143</b>	<b>6,413</b>
<b>Total fixed assets</b>	<b>20,340</b>	<b>20,528</b>
<b>Total assets</b>	<b>169,247</b>	<b>165,663</b>

(Millions of yen)

	Fiscal Year Ended March 31, 2013 (As of March 31, 2014)	First Quarter of the Fiscal Year Ending March 31, 2014 (As of June 30, 2014)
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade accounts payable	30,308	25,636
Short-term bank loans	15,647	16,648
Lease obligations	122	135
Other payable	756	707
Accrued expenses	1,199	522
Accrued income taxes	220	352
Accrued bonuses	-	329
Other current liabilities	47	240
<b>Total current liabilities</b>	<b>48,303</b>	<b>44,572</b>
<b>Long-term liabilities</b>		
Lease obligations	248	281
Employees' retirement benefits	1,844	2,283
Other current liabilities	121	132
<b>Total long-term liabilities</b>	<b>2,213</b>	<b>2,697</b>
<b>Total liabilities</b>	<b>50,517</b>	<b>47,269</b>
<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	80,918	80,503
Treasury stock	(73)	(74)
<b>Total shareholders' equity</b>	<b>117,649</b>	<b>117,234</b>
<b>Other accumulated comprehensive incomes</b>		
Net unrealized gain on other marketable securities	1,184	1,464
Gain (loss) on deferred hedges	3	(1)
Foreign currency translation adjustments	(220)	(407)
Remeasurements of defined benefit plans	111	104
<b>Total other accumulated comprehensive incomes</b>	<b>1,079</b>	<b>1,160</b>
<b>Total net assets</b>	<b>118,729</b>	<b>118,394</b>
<b>Total liabilities and net assets</b>	<b>169,247</b>	<b>165,663</b>

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

**(Consolidated Quarterly Statements of Income)**

(Scope of Consolidation of this First Quarter)

(Millions of yen)

	First Quarter of the Fiscal Year Ended March 31, 2014 (From April 1, 2013 to June 30, 2013)	First Quarter of the Fiscal Year Ending March 31, 2015 (From April 1, 2014 to June 30, 2014)
<b>Net sales</b>	50,700	60,721
<b>Cost of Sales</b>	46,298	56,084
Gross Profit	4,402	4,637
<b>Selling, general and administrative expenses</b>	3,523	3,433
<b>Operating income</b>	878	1,203
<b>Non-operating income</b>		
Interest income	8	11
Dividend income	28	30
Gain on foreign exchange	—	68
Commission fee	46	23
Miscellaneous income	44	36
Total non-operating income	127	170
<b>Non-operating expenses</b>		
Interest expense	38	47
Foreign currency transaction loss	227	—
Miscellaneous expenses	4	4
Total non-operating expenses	269	52
<b>Ordinary income</b>	735	1,321
<b>Extraordinary gains</b>		
Gain on sales of noncurrent assets	2	0
Total extraordinary gains	2	0
<b>Income before income taxes and minority interests</b>	738	1,321
Income taxes	292	508
<b>Income before Minority interest in income</b>	445	813
<b>Net income</b>	445	813



**(Consolidated Quarterly Comprehensive Statements of Income)**

(Scope of Consolidation of this First Quarter)

(Millions of yen)

	First Quarter of the Fiscal Year Ended March 31, 2014 (From April 1, 2013 to June 30, 2013)	First Quarter of the Fiscal Year Ending March 31, 2015 (From April 1, 2014 to June 30, 2014)
<b>Income before Minority interest in income</b>	445	813
<b>Other comprehensive income</b>		
Net unrealized gain on other marketable securities	202	279
Gain (loss) on deferred hedges	(0)	(4)
Foreign currency translation adjustments	570	(187)
Remeasurements of defined benefit plans, net of tax	-	(6)
<b>Total other comprehensive income</b>	<b>772</b>	<b>80</b>
<b>Comprehensive Incomes</b>	<b>1,217</b>	<b>893</b>
(Details)		
Comprehensive incomes relating to shareholders of parental company	1,217	893

### (3) Notes Regarding Consolidated Quarterly Financial Statements

#### (Notes Regarding Going Concern)

None

#### (Notes Regarding Substantial Changes in Shareholders' Equity)

None

#### (Segment Information)

I. For the consolidated first quarter of the fiscal year ended March 31, 2014

(April 1, 2013 to June 30, 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		
Net sales							
Sales to external Customers	34,046	11,742	3,634	1,276	50,700	—	50,700
Internal sales between segments, or exchange	—	—	—	—	—	—	—
Total	34,046	11,742	3,634	1,276	50,700	—	50,700
Segment income	597	241	84	12	936	(57)	878

(Notes)

1. The adjustment of -58 million yen to segment income represents corporate expenses that are not allocated to each reportable segment. Corporate expenses mainly refer to general and administrative expenses not belonging to any reporting segments.

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

II. For the consolidated first quarter of the fiscal year ending March 31, 2015

(April 1, 2014 to June 30, 2014)

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		
Net sales							
Sales to external Customers	41,725	13,288	4,400	1,307	60,721	—	60,721
Internal sales between segments, or exchange	—	—	—	—	—	—	—
Total	41,725	13,288	4,400	1,307	60,721	—	60,721
Segment profit (loss)	812	294	163	(0)	1,271	(67)	1,203

(Notes)

1. The adjustment of -67 million yen to segment income represents corporate expenses that are not allocated to each reportable segment. Corporate expenses mainly refer to general and administrative expenses not belonging to any reporting segments.

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

## 4. Other current liabilities

### (1) Geographical Segment Information

Fiscal 2013, first quarter of the fiscal year ended March 31, 2014  
(April 1, 2013 to June 30, 2013)

(Millions of yen)

	Japan	Asia:	Other current liabilities	Total	Eliminations or corporate	Consolidated
Net sales						
(1) Sales to external Customers	30,055	19,043	1,601	50,700	—	50,700
(2) Internal sales between segments, or exchange	2,090	108	0	2,199	2,199.	—
Total	32,145	19,152	1,602	52,900	2,199.	50,700
Segment income	54	597	53	705	172	878

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

Fiscal 2014, first quarter of the fiscal year ending March 31, 2015  
(April 1, 2014 to June 30, 2014)

(Millions of yen)

	Japan	Asia:	Other current liabilities	Total	Eliminations or corporate	Consolidated
Net sales						
(1) Sales to external Customers	39,180	19,942	1,598	60,721	—	60,721
(2) Internal sales between segments, or exchange	2,290	90	0	2,381	2,381.	—
Total	41,470	20,033	1,598	63,102	2,381.	60,721
Segment income	441	623	37	1,102	100	1,203

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

**(2) Overseas sales**

Fiscal 2013, first quarter of the fiscal year ended March 31, 2014  
(April 1, 2013 to June 30, 2013)

(Millions of yen)

	Asia:	Other current liabilities	Total
Overseas sales	21,323	1,855	23,178
Consolidated net sales	—	—	50,700
Ratio of overseas sales to consolidated net sales (%)	42.1	3.7	45.7

Notes:

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

Fiscal 2014, first quarter of the fiscal year ending March 31, 2015  
(April 1, 2014 to June 30, 2014)

(Millions of yen)

	Asia:	Other current liabilities	Total
Overseas sales	28,078	1,917	29,996
Consolidated net sales	—	—	60,721
Ratio of overseas sales to consolidated net sales (%)	46.2	3.2	49.4

Notes:

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