



### 3. Forecast of results for the fiscal year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(% figures for the full fiscal year represent year-on-year increase or decrease,  
% figures for the interim period are the increase / (decrease) for the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim period	110,000	(5.8)	2,300	(19.2)	2,300	(13.5)	1,500	(18.4)	50.91
Full fiscal year	230,000	0.8	5,600	1.1	5,600	0.1	3,700	0.8	125.57

#### ※ Notes

(1) Transfer of major subsidiaries during term (transfer of specified subsidiaries in line with changes in the consolidated range): No  
New: — (Company name: ) Excluded: — (Company name: )

(2) 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: No

(3) Number of shares issued and outstanding (common shares)

1. Total number of shares issued and outstanding (including treasury shares) at the period-end

March 31, 2016	31,500,000 shares	March 31, 2015	31,500,000 shares
March 31, 2016	2,033,462 shares	March 31, 2015	482,500 shares
March 31, 2016	30,652,184 shares	March 31, 2015	31,439,465 shares

2. Total number of treasury shares at the period-end

3. Average number of shares outstanding during the period

#### (Reference) Overview of non-consolidated operating results

##### 1. Non-consolidated results for the fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(1) Non-consolidated operating results

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

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2015	145,238	(1.6)	2,262	(7.1)	3,840	19.7	2,460	36.0
Fiscal 2014	147,621	(4.4)	2,435	70.4	3,206	26.3	1,808	19.4

	Profit per share	Profit per share after dilution
	Yen	Yen
Fiscal 2015	80.27	—
Fiscal 2014	57.53	—

(2) Non-consolidated financial position

	Total assets	Net assets	Net assets to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2016	126,133	96,907	76.8	3,288.75
March 31, 2015	135,139	102,469	75.8	3,303.60

(Reference) Shareholders equity:

March 31, 2016: 96,907 million yen, March 31, 2015: 102,469 million yen

Presentation concerning implementation status of auditing procedures

Financial results for the fiscal year ending March 31, 2016 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 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. Analysis of Operating Results and Financial Position (1) Analysis of Operating Results for Fiscal 2015."

2. Ryosan will host Security Analyst and Institutional Investor Conference on Wednesday, May 25, 2016. 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 Position**

### **(1) Analysis of Operating Results for Fiscal 2015 (the Fiscal Year Ended March 31, 2016)**

#### **(Operating Results for Fiscal 2015)**

##### 1) Overview

During the fiscal year under review, the global economy presented a divided picture. While developed countries continued to lead a modest recovery, economic growth softened in the second half of the fiscal year in China and other emerging countries, as declining prices for oil and other resources blunted growth in these economies. In the Japanese economy, corporate revenues and the employment picture continued to brighten, pacing a moderate recovery, but overall economic growth lacked vigor.

In the electronics industry, a robust trend continued in the car electronics field, but demand in the ICT field slackened.

FY2015 is the second year for the 9th Medium-Term Business Plan (FY2014-FY2017) through which Ryosan Company Limited (Ryosan) pursues business model shifts, by coping with changes in its business environment, and promotes growth in a sustainable manner. To realize this plan, Ryosan focuses on rebuilding its growth path and enhancing capital efficiency.

As a result, Ryosan reported net sales of 228,149 million yen (down 2.3% from the previous corresponding period), operating income of 5,538 million yen (down 6.5%), ordinary income of 5,594 million yen (up 2.3%), and profit attributable to owners of parent of 3,671 million yen (up 14.7%) for results for fiscal year under review.

##### 2) Business Segment Information

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

Ryosan sells memories, system LSIs and discrete semiconductors, and develop system LSIs. In this consolidated fiscal year, sales including memories for smartphones decreased, with net sales of 133,103 million yen (down 12.0% from the previous year) and an operating income of 2,955 million yen (down 15.1%).

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

Ryosan sells display devices, power supplies and electromechanical components. In this consolidated fiscal year, sales including liquid crystal for in-vehicle electrical equipment increased, with net sales of 64,933 million yen (up 3.2% from the previous year), and yet an operating income of 1,540 million yen (down 4.8%).

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

Ryosan sells systems equipment and facilities equipment. In this consolidated fiscal year, sales including system equipment for Multi Function Peripheral increased, with net sales of 30,112 million yen (up 55.3% from the previous year), and an operating income of 1,507 million yen (up 43.1%).

The aforementioned amounts do not include consumption and other taxes.

#### **(Outlook for the Next Fiscal Period)**

##### 1) Projected Operating Results

Uncertainty lingers in the business environment going forward. Deceleration in emerging economies and lackluster oil prices look set to extend, even as share prices lag worldwide and exchange-rate trends prompt uncertainty. In the electronics industry, results in car electronics continue to be solid, but unit sales of mobile telephones, a key market driver, are showing signs of stalling, suggesting that any optimism remains premature.

The Group will continue to press forward with the 9th Medium-Term Business Plan (FY2014-FY2017), striving to rebuild its growth track and enhance capital efficiency, to build corporate value.

On this basis, operating forecasts for the fiscal year ending March 31, 2017 are as follows:

	Millions of yen	YoY change [%]
Net sales	230,000	Increase 0.8
Operating income	5,600	Increase 1.1
Ordinary income	5,600	Increase 0.1
Profit	3,700	Increase 0.8

## 2) Estimates by Business Segment

### a. Semiconductors

In this business, we expect an increase in sales including system LSIs for in-vehicle electrical equipment. Therefore, we are forecasting net sales of 136,000 million yen (up 2.2% from the previous year), and an operating income of 3,400 million yen (up 15.1%).

### b. Electronic Components

In this business, we expect an increase in sales including mechanism parts for in-vehicle electrical equipment. Therefore, we are forecasting net sales of 68,500 million yen (up 5.5% from the previous year), and an operating income of 1,950 million yen (up 26.6%).

### c. Electronic Equipment

In this business, we expect a decrease in sales including system equipment for Multi Function Peripheral. Therefore, we are forecasting net sales of 25,500 million yen (down 15.3% from the previous year), and an operating income of 750 million yen (down 50.2%).

## (2) Analysis of Financial Position

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

#### 1) Status of Assets, Liabilities and Net Assets as of March 31, 2016

##### a. Assets

Total assets decreased by 11,854 million yen compared with March 31, 2015 to 157,011 million yen. This is mainly because cash and deposits declined by 5,139 million yen and notes and accounts receivable-trade shrank 4,406 million yen.

##### b. Liabilities

Total liabilities decreased by 5,364 million yen compared with March 31, 2015 to 41,648 million yen. This is mainly because accounts payable-trade and short-term loans payable contracted by 2,701 million yen and 2,876 million yen respectively.

##### c. Net Assets

Net assets decreased by 6,490 million yen compared with March 31, 2015 to 115,362 million yen. This is mainly because profit attributable to owners of parent was 3,671 million yen, while payment of dividends and purchase of treasury shares amounted to 2,791 million yen and 4,706 million yen respectively. The foreign currency translation adjustment fell by 1,908 million yen. The ratio of net assets to total assets rose from 72.2% at the end of the previous fiscal year to 73.5% as of March 31, 2016.

#### 2) Overview of Cash Flows

As of March 31, 2016, cash and cash equivalents had decreased by 5,139 million yen, as compared with the level at the end of the previous fiscal year, and came to 50,768 million yen.

##### a. Net cash provided by (used in) operating activities

Regarding cash flow from operating activities in this consolidated fiscal year, income before income taxes

amounted to 5,307 million yen, while notes and accounts receivable-trade declined by 2,731 million yen and notes and accounts payable-trade fell 1,762 million yen. Although income taxes paid stood at 1,718 million yen, funds in total increased by 4,748 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 11,687 million yen.

**b. Net cash provided by (used in) investing activities**

Regarding cash flow from investing activities in this consolidated fiscal year, funds in total increased by 550 million yen, paced by factors such as 1,226 million yen in proceeds from sale of property, plant and equipment. In the net cash provided by (used) in investing activities in the previous consolidated fiscal year, there was an increase of funds by 990 million yen.

**c. Net cash provided by (used in) financing activities**

Regarding cash flow from financing activities in this consolidated fiscal year, with short-term loans payable, purchase of treasury shares and dividend paid being 1,859 million yen, 4,706 million yen and 2,790 million yen respectively, funds in total decreased by 9,543 million yen. In the net cash provided by (used in) financing activities in the previous consolidated fiscal year, there was a decrease of funds by 7,552 million yen.

(Reference) Trends in cash flow-related indicators

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015
Net assets to total assets (%)	69.2	72.9	70.2	72.2	73.5
Net assets to total assets (%) (Market capitalization basis)	33.3	36.6	40.5	54.2	52.8
Cash flow to Interest-bearing Liabilities (Years)	–	0.7	10.4	1.2	2.3
Interest coverage ratio (Times)	–	96.4	9.5	67.2	34.5

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 shares.

\*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 sheet. 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 2015 and Fiscal 2016**

**【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 profit per share.

Accordingly, Ryosan's fundamental policy is to continue high dividend payout in profits returned to shareholders. We aim to distribute a gradually increasing dividend, with a goal of consolidated dividend payout ratio of 50% or more. Furthermore, we plan to constantly perform treasury share buybacks at an annual basis of 1 million shares.

**【Dividends for Fiscal 2015 and Fiscal 2016】**

The year-end dividend for the consolidated fiscal year under review was 95 yen per share, consisting of an ordinary dividend of 45 yen per share and a commemorative dividend of 50 yen per share. When combined with the interim ordinary dividend, the total annual dividend was 140 yen per share.

Ryosan is forecasting ordinary dividend payment of 90 yen per share in its full fiscal year for the fiscal year ending March 31, 2017 (an interim ordinary dividend of 45 yen per share and a fiscal year-end ordinary dividend of 45 yen 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 2015 (March 31, 2016).

##### **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 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 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.

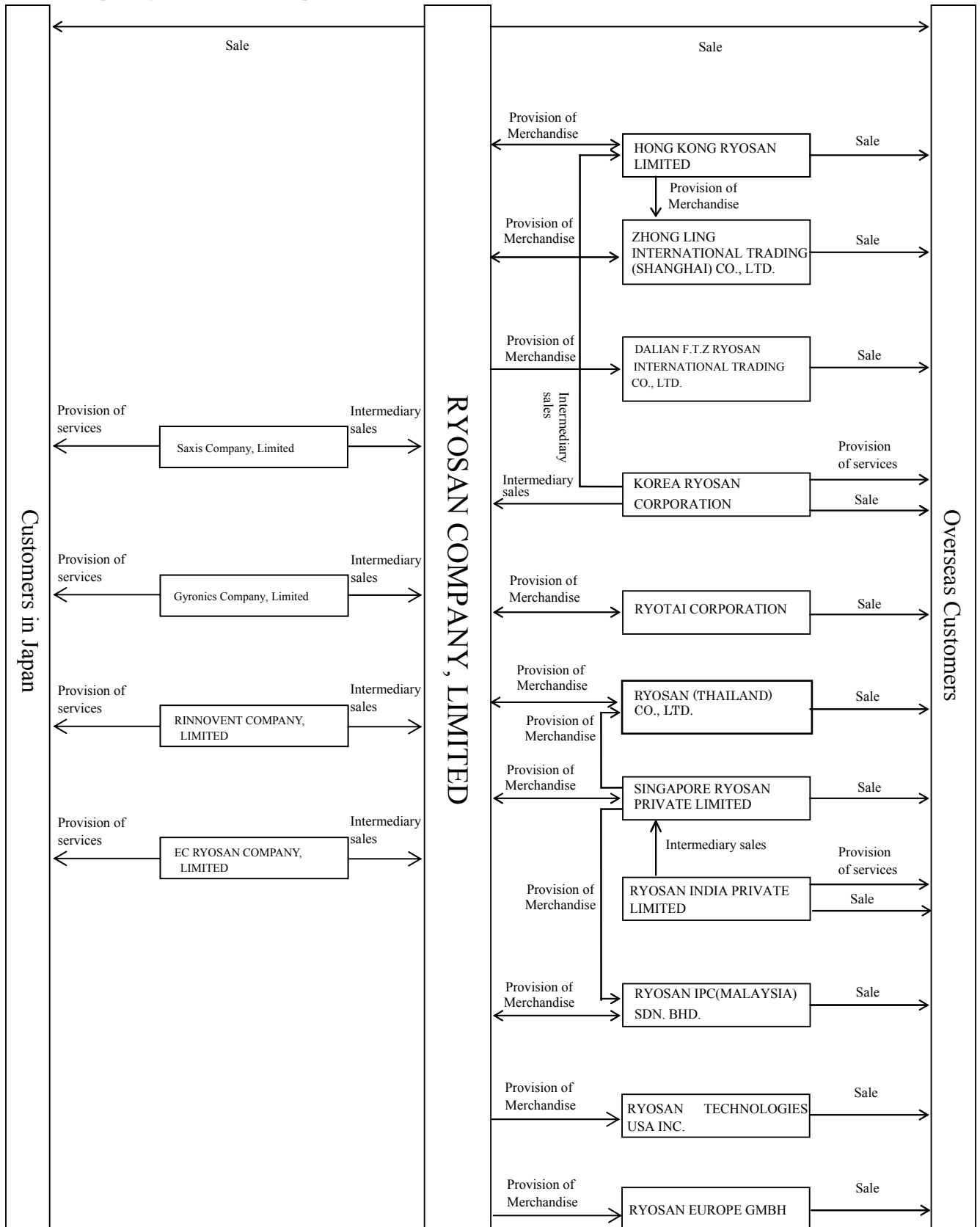


## 2. The Ryosan Group

The Ryosan Group comprises Ryosan Company, Limited (“Ryosan” or “the Company”) and 15 consolidated subsidiaries.

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.

The Group’s organization chart is provided as follows.



Notes:

1. RYOSAN ENGINEERING (M) SDN. BHD. is now in liquidation, following the Company's decision to dissolve it as of July 14, 2014. SHEN LING ELECTRONICS (SHENZHEN) CO., LTD. was dissolved during the consolidated period under review and so has been removed from the scope of the consolidated accounts.
2. Gyronics Company, Limited and RINNOVENT COMPANY, LIMITED are now in liquidation, following the Company's decision to dissolve them as of February 1, 2016.

### **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, the Solutions Function, and the Distribution Function. By constantly enhancing these three functions, Ryosan will raise customer satisfaction and increase its existence value.

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

The Group regards profit per share, consolidated dividend payout ratio and return on equity (ROE) as important management indices. Guided by these indices, the Group is committed to securing a sound financial constitution and further enhancing enterprise value. Its long-term target for ROE is 8%, with a more immediate target of 5% for fiscal 2017. In addition, the Group 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 electronics industry, which is the focus of the Ryosan Group's operations, is undergoing a number of structural changes. Enterprises are increasingly entering into a series of alliances, making use of each other's strengths in a horizontal division of labor. As modularization advances in many product fields, companies from other industries are increasingly participating in electronics, setting the stage for intensifying competition. Moreover, increasing globalization is expected to reinforce the trend toward overseas production and procurement among Japanese companies. On the other hand, customer needs are diversifying, ranging from single components to entire modules as well as OEM and ODM. In recent years, companies have become especially active in consolidation, reorganization and forging of business alliances, drastically changing the structures of their operations.

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." Toward these ends, the Group's 9th Medium-Term Business Plan (FY2014-FY2017) positions innovation and growth at the heart of its basic stance, aiming to pursue business model shifts, by coping with changes in its business environment, and to promote growth in a sustainable manner. To give concrete form to this basic stance, the Group is rebuilding its growth path and enhancing capital efficiency, with a view to supporting a stable financial base while bolstering ROE.

By "rebuilding our growth path," we mean that we are creating new business models by strengthening our capabilities in system solutions; pressing ahead with the development of a multi-vendor platform; and strengthening our global response so that we can expand business overseas. Specifically, the Group is expanding its business scale through project-based operations to open new markets in systems solutions and analog sensors, and is continuing to commit management resources to its foreign-affiliated semiconductor business. The Group is also aggressively pursuing acquisitions to secure trading rights and expand operations in overseas markets.

In "enhancing capital efficiency," we are continuing to make proactive investments oriented toward growth and buy back shares in Group companies.

Subject to approval at the General Shareholders' Meeting this year, Ryosan will transition to a company with an Audit and Supervisory Committee and introduce a system of executive officers. The Company expects that these changes will strengthen the auditing functions of the Board of Directors; provide clear separation of management decision-making, auditing functions and business-execution functions; and transfer authority over business

execution, creating a more agile management platform. In addition, new divisions will be created to oversee key regions and fields, promoting more rapid business development.

In any case, by advancing the 9th Medium-Term Business 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. Basic Approach to Selection of Accounting Standards**

For the time being, the Ryosan Group will prepare its consolidated financial statements in accordance with Japanese GAAP, out of consideration for issues such as comparability from period to period and with other companies in the same industry.

The Ryosan Group will appropriately address matters regarding IFRS adoption, taking into account prevailing circumstances in Japan and overseas.

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheet

(Millions of yen)

	Fiscal Year Ended March 31, 2015 (As of March 31, 2015)	Fiscal Year Ended March 31, 2016 (As of March 31, 2016)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	55,907	50,768
Notes and accounts receivable-trade	69,061	64,654
Merchandise and finished goods	23,182	22,200
Work in process	32	26
Accounts receivable-other	680	736
Deferred tax assets	290	578
Other	179	261
Allowance for doubtful accounts	(50)	(41)
<b>Total current assets</b>	<b>149,283</b>	<b>139,185</b>
<b>No-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	9,406	8,407
Accumulated depreciation	(5,586)	(4,900)
Buildings and structures, net	3,820	3,506
Land	7,350	6,489
Lease assets	597	674
Accumulated depreciation	(302)	(401)
Leased assets, net	295	272
Other	2,424	2,412
Accumulated depreciation	(2,229)	(2,244)
Other, net	195	167
<b>Total property, plant and equipment</b>	<b>11,661</b>	<b>10,436</b>
<b>Intangible assets</b>	<b>1,009</b>	<b>1,086</b>
<b>Investments and other assets</b>		
Investment securities	5,014	4,335
Deferred tax assets	109	141
Other	1,944	1,950
Allowance for doubtful accounts	(157)	(124)
<b>Total investments and other assets</b>	<b>6,911</b>	<b>6,302</b>
<b>Total non-current assets</b>	<b>19,581</b>	<b>17,826</b>
<b>Total assets</b>	<b>168,865</b>	<b>157,011</b>

(Millions of yen)

	Fiscal Year Ended March 31, 2015 (As of March 31, 2015)	Fiscal Year Ended March 31, 2016 (As of March 31, 2016)
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable - trade	27,588	24,886
Short-term loans payable	13,662	10,785
Lease obligations	126	124
Accounts payable - other	620	770
Accrued expenses	1,177	1,130
Income taxes payable	1,179	951
Other	127	419
Total current liabilities	44,482	39,070
<b>Non-current liabilities</b>		
Lease obligations	207	188
Deferred tax liabilities	403	282
Net defined benefit liability	1,811	2,020
Asset retirement obligations	44	33
Other	63	53
Total non-current liabilities	2,530	2,578
Total liabilities	47,012	41,648
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Capital stock	17,690	17,690
Capital surplus	19,114	19,114
Retained earnings	81,789	82,669
Treasury shares	(1,413)	(6,119)
Total shareholders' equity	117,180	113,354
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,894	1,375
Deferred gains or losses on hedges	0	(3)
Foreign currency translation adjustment	2,555	646
Remeasurements of defined benefit plans	220	(9)
Total accumulated other comprehensive income	4,671	2,008
<b>Total net assets</b>	121,852	115,362
<b>Total liabilities and net assets</b>	168,865	157,011

**(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income****(Consolidated Statement of Income)**

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)	Fiscal Year Ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)
<b>Net sales</b>	233,552	228,149
<b>Cost of Sales</b>	214,033	208,836
<b>Gross Profit</b>	19,519	19,312
<b>Selling, general and administrative expenses</b>		
Packing and transportation expenses	834	851
Provision of allowance for doubtful accounts	87	(7)
Directors' compensations	469	468
Salaries and allowances	3,946	4,027
Bonuses	1,087	1,054
Retirement benefit expenses	402	374
Welfare expenses	941	925
Depreciation	575	569
Other	5,248	5,510
Total selling, general and administrative expenses	13,594	13,774
<b>Operating income</b>	5,925	5,538
<b>Non-operating income</b>		
Interest income	50	59
Dividend income	59	83
Foreign exchange gains	—	6
Commission fee	79	9
Rent income	31	30
Miscellaneous income	173	107
Total non-operating income	395	297
<b>Non-operating expenses</b>		
Interest expenses	169	140
Foreign exchange losses	643	—
Taxes and dues	—	55
Miscellaneous loss	37	45
Total non-operating expenses	851	240
<b>Ordinary income</b>	5,469	5,594
<b>Extraordinary income</b>		
Gain on sales of non-current assets	7	137
Gain on transfer of business	53	—
Total extraordinary income	61	137
<b>Extraordinary losses</b>		
Loss on sales of non-current assets	3	—
Impairment loss	89	122
Loss on valuation of golf membership	10	33
Loss on quality compensation	—	268
Total extraordinary losses	103	424
<b>Income before income taxes</b>	5,427	5,307
Income taxes-current	1,807	1,740
Income taxes-deferred	419	(103)
Total income taxes	2,227	1,636
<b>Profit</b>	3,200	3,671
<b>Profit attributable to owners of parent</b>	3,200	3,671

**(Consolidated Statement of Comprehensive Income)**

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)	Fiscal Year Ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)
<b>Profit</b>	3,200	3,671
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	709	(519)
Deferred gains or losses on hedges	(2)	(4)
Foreign currency translation adjustment	2,775	(1,908)
Remeasurements of defined benefit plans, net of tax	109	(230)
Total other comprehensive income	3,592	(2,663)
<b>Comprehensive Incomes</b>	6,792	1,007
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	6,792	1,007

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

Fiscal Year Ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	17,690	19,114	80,918	(73)	117,649
Cumulative effects of changes in accounting policies			(284)		(284)
Restated balance	17,690	19,114	80,634	(73)	117,365
Changes of items during period					
Dividends of surplus			(2,045)		(2,045)
Profit attributable to owners of parent			3,200		3,200
Purchase of treasury shares				(1,339)	(1,339)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,155	(1,339)	(184)
Balance at end of current period	17,690	19,114	81,789	(1,413)	117,180

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	1,184	3	(220)	111	1,079	118,729
Cumulative effects of changes in accounting policies						(284)
Restated balance	1,184	3	(220)	111	1,079	118,444
Changes of items during period						
Dividends of surplus						(2,045)
Profit attributable to owners of parent						3,200
Purchase of treasury shares						(1,339)
Net changes of items other than shareholders' equity	709	(2)	2,775	109	3,592	3,592
Total changes of items during period	709	(2)	2,775	109	3,592	3,408
Balance at end of current period	1,894	0	2,555	220	4,671	121,852



Fiscal Year Ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	17,690	19,114	81,789	(1,413)	117,180
Cumulative effects of changes in accounting policies					—
Restated balance	17,690	19,114	81,789	(1,413)	117,180
Changes of items during period					
Dividends of surplus			(2,791)		(2,791)
Profit attributable to owners of parent			3,671		3,671
Purchase of treasury shares				(4,706)	(4,706)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	879	(4,706)	(3,826)
Balance at end of current period	17,690	19,114	82,669	(6,119)	113,354

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	1,894	0	2,555	220	4,671	121,852
Cumulative effects of changes in accounting policies					—	—
Restated balance	1,894	0	2,555	220	4,671	121,852
Changes of items during period						
Dividends of surplus						(2,791)
Profit attributable to owners of parent						3,671
Purchase of treasury shares						(4,706)
Net changes of items other than shareholders' equity	(519)	(4)	(1,908)	(230)	(2,663)	(2,663)
Total changes of items during period	(519)	(4)	(1,908)	(230)	(2,663)	(6,490)
Balance at end of current period	1,375	(3)	646	(9)	2,008	115,362

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

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)	Fiscal Year Ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)
<b>Cash flows from operating activities</b>		
Profit before income taxes	5,427	5,307
Depreciation	604	586
Impairment loss	89	122
Increase (decrease) in allowance for doubtful accounts	40	(29)
Increase (decrease) in net defined benefit liability	144	228
Interest and dividend incomes	(110)	(142)
Interest expenses	169	140
Loss (gain) on sales of property, plant and equipment	(4)	(137)
Other loss (gain)	1,337	(376)
Decrease (increase) in notes and accounts receivable-trade	8,600	2,731
Decrease (increase) in inventories	(411)	39
Increase (decrease) in notes and accounts payable-trade	(3,983)	(1,762)
Increase (decrease) in other assets and liabilities	700	(243)
Subtotal	12,606	6,465
Interest and dividends income received	107	139
Interest expenses paid	(173)	(137)
Income taxes (paid) refund	(853)	(1,718)
Net cash provided by (used in) operating activities	11,687	4,748
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(131)	(219)
Proceeds from sale of property, plant and equipment	100	1,226
Purchase of intangible assets	(130)	(340)
Proceeds from sales of intangible assets	—	0
Proceeds from liquidation of subsidiaries	—	21
Proceeds from transfer of business	1,200	—
Purchases of investment securities	—	(90)
Payments for investments in capital	(9)	(5)
Proceeds from sales of investments in capital	2	—
Payments of loans receivable	(1)	—
Collection of loans receivable	76	0
Purchase of insurance funds	(218)	(224)
Proceeds from cancellation of insurance funds	100	182
Net cash provided by investing activities	990	550
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(4,012)	(1,859)
Repayments of lease obligations	(155)	(186)
Purchase of treasury shares	(1,339)	(4,706)
Cash dividends paid	(2,044)	(2,790)
Net cash provided by (used in) financing activities	(7,552)	(9,543)
<b>Effect of exchange rate change on cash and cash equivalents</b>	871	(894)
<b>Net increase (decrease) in cash and cash equivalents</b>	5,996	(5,139)
<b>Cash and cash equivalents at the beginning of the period</b>	49,911	55,907
<b>Cash and cash equivalents at the end of the period</b>	55,907	50,768

## (5) Notes on Consolidated Financial Statements

### (Notes Regarding Going Concern)

Not applicable.

### (Changes in Accounting Principles)

#### Implementation of Accounting Standards for Business Combinations

Ryosan has adopted the “Accounting Standards for Business Combinations” (Corporate Accounting Standards No. 21 of September 13, 2013), the “Accounting Standards for Consolidated Financial Statements” (Corporate Accounting Standards No. 22 of September 13, 2013), and the “Accounting Standards for Business Divestitures” (Corporate Accounting Standards No. 7 of September 13, 2013), effective from the consolidated accounting period under review, and accordingly made modifications to the presentation of the profit. Also, consolidated financial statements for the previous fiscal year have been reclassified in order to reflect these changes in presentation.

### (Notes on Consolidated Balance Sheet)

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

	As of March 31, 2015	As of March 31, 2016
1. Accumulated depreciation of property, plant and equipment	8,080	7,501
2. Assets pledged as collateral		
- Investment securities	120	96
3. Number of shares issued and outstanding	31,500,000 common shares	31,500,000 common shares
Number of treasury shares held by the Company	482,500 common shares	2,033,462 common shares

### (Notes on Consolidated Statement of Income)

	Fiscal 2014 (April 1, 2014 to March 31, 2015)	Fiscal 2015 (April 1, 2015 to March 31, 2016)
1. Research and development expenditure included in general and administrative expenses	712	682
2. Breakdown of gain on sales of non-current assets		
- Land	1	137
- Other	5	0
Total	<u>7</u>	<u>137</u>
3. Breakdown of loss on sales of non-current assets		
- Land	2	—
- Other	1	—
Total	<u>3</u>	<u>—</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 2014 (As of March 31, 2015)	Fiscal 2015 (As of March 31, 2016)
Deferred tax assets		
Loss on valuation of inventories	160	139
Excess depreciation on software, etc.	17	16
Investment securities	60	109
Golf membership rights	90	92
Accrued business tax, etc.	74	83
Accrued bonuses	199	178
Net defined benefit liability	645	588
Loss brought forward of subsidiaries	127	135
Other	210	260
Sub-total deferred tax assets	1,586	1,602
Valuation reserve	(319)	(218)
Total deferred tax assets	1,267	1,384
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(645)	(415)
Retained earnings of overseas subsidiaries	(484)	(502)
Other	(140)	(29)
Total deferred tax liabilities	(1,270)	(946)
Net deferred tax assets	(3)	437

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

(Millions of yen unless otherwise stated)

	Fiscal 2014 (As of March 31, 2015)	Fiscal 2015 (As of March 31, 2016)
Current assets — Deferred tax assets	290	578
Non-current assets — Deferred tax assets	109	141
Non-current liabilities — Deferred tax liabilities	(403)	(282)

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

	Fiscal 2014 (As of March 31, 2015)	Fiscal 2015 (As of March 31, 2016)
Effective tax rate	35.6	33.1
(Adjustment)		(%)
Items not included in calculations of losses (e.g. entertainment expenses)	1.7	1.8
Items not included in gross profits (e.g. dividend income)	(0.2)	(0.1)
Equal percent residential tax	0.7	0.5
Downward revision of year-end deferred tax assets due to change in tax rate	1.8	1.1
Foreign withholding taxes	0.6	0.7
Change in valuation allowance	2.1	(0.3)
Effects of consolidated revision	1.0	—
Difference in corporate tax rates from foreign subsidiaries	(6.3)	(4.3)
Retained earnings of overseas subsidiaries	3.5	0.3
Effect of liquidation of subsidiaries	—	(2.5)
Other	0.5	0.5
Contribution percentage of corporate and other taxes after tax effect accounting is applied	41.0	30.8

3. Adjustment for amounts of deferred tax assets and deferred tax liabilities due to changes in the corporate tax rate

On March 29, 2016 the Diet passed the Law on Partial Amendment of the Income Tax Act, etc. (Law No. 15, 2016) and the Law on Partial Amendment of the Local Tax Act, etc. (Law No. 13, 2016). Under these laws of Japan, corporate tax rates are reduced beginning in the first consolidated fiscal year starting on or after April 1, 2016. In tandem with this change, the legally designated effective tax rate used to calculate deferred tax assets and deferred tax liabilities is changed from the previous 32.3% to 30.9% for temporary differences expected to be cancelled in the first consolidated fiscal year starting on or after April 1, 2016 and the first consolidated fiscal year starting on or after April 1, 2017, and to 30.6% for temporary differences expected to be cancelled in the first consolidated fiscal year starting on or after April 1, 2018.

The changes in effective statutory tax rates led to a 35 million yen decrease in deferred tax assets (after deducting deferred tax liabilities), a 58 million yen increase in income taxes-deferred, and a 22 million yen increase in valuation difference on available-for-sale securities.

## (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 three reporting segments: "Semiconductors", "Electronic components" and "Electronic equipment".

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

#### 2. Information Concerning Sales and Income or Loss Amount by Reporting Segment

For the consolidated fiscal year ended March 31, 2015

(April 1, 2014 to March 31, 2015)

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

	Reporting Segment				Adjusted amount	Amounts shown on consolidated statement of income
	Semi-conductors	Electronic components	Electronic equipment	Total		
Net sales						
Sales to external customers	151,243	62,916	19,392	233,552	—	233,552
Internal sales or exchange between segments	—	—	—	—	—	—
Total	151,243	62,916	19,392	233,552	—	233,552
Segment income (loss)	3,481	1,617	1,053	6,152	(226)	5,925

Notes:

1. The adjustment of -226 million yen to segment income represents corporate expenses that are not allocated to each reporting 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 statement of income.
3. Segment asset is not shown in this reporting segment as it is not subject to President's performance evaluation.

For the consolidated fiscal year ended March 31, 2016

(April 1, 2015 to March 31, 2016)

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

	Reporting Segment				Adjusted amount	Amounts shown on consolidated statement of income
	Semi-conductors	Electronic components	Electronic equipment	Total		
Net sales						
Sales to external customers	133,103	64,933	30,112	228,149	—	228,149
Internal sales or exchange between segments	—	—	—	—	—	—
Total	133,103	64,933	30,112	228,149	—	228,149
Segment income (loss)	2,955	1,540	1,507	6,002	(463)	5,538

Notes:

1. The adjustment of -463 million yen to segment income represents corporate expenses that are not allocated to each reporting 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 statement of income.
3. Segment asset is not shown in this reporting segment as it is not subject to President's performance evaluation.

(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, 2015

(April 1, 2014 to March 31, 2015)

(Millions of yen)

Japan	Asia	Other	Total
125,878	99,336	8,337	233,552

Notes:

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

2. Principal countries and regions:

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

Other: United States and others

For the consolidated fiscal year ended March 31, 2016

(April 1, 2015 to March 31, 2016)

(Millions of yen)

Japan	Asia	Other	Total
133,417	86,844	7,887	228,149

Notes:

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

2. Principal countries and regions:

Asia: China, Thailand, Hong Kong, Korea 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.

**(Per Share Information)**

(Yen unless otherwise stated)

	Fiscal 2014 (April 1, 2014 to March 31, 2015)	Fiscal 2015 (April 1, 2015 to March 31, 2016)
1. Net assets per share	3,928.52	3,915.04
2. Profit per share	101.80	119.77

Note: Profit per share for the fiscal years ended March 31, 2015 and March 31, 2016 are calculated on the following basis:

(Millions of yen unless otherwise stated)

	Fiscal 2014 (April 1, 2014 to March 31, 2015)	Fiscal 2015 (April 1, 2015 to March 31, 2016)
Profit	3,200	3,671
Profit applicable to common shares	3,200	3,671
Average number of shares for the period	31,439 thousand shares	30,652 thousand shares

**(Important Subsequent Events)**

Not applicable.

## 6. Other

### (1) New Orders

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

	Fiscal 2014 (April 1, 2014 to March 31, 2015)	Fiscal 2015 (April 1, 2015 to March 31, 2016)
Semiconductors	150,698	131,455
Electronic components	63,633	64,262
Electronic equipment	20,441	30,854
Total	234,773	226,571

### (2) Geographical Segment Information

Fiscal 2014, the fiscal year ended March 31, 2015  
(April 1, 2014 to March 31, 2015)

(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	138,207	88,133	7,212	233,552	—	233,552
(2) Internal sales or exchange between segments	9,414	248	—	9,662	(9,662)	—
Total	147,621	88,381	7,212	243,214	(9,662)	233,552
Segment income	2,704	2,451	213	5,369	556	5,925

Notes:

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

2. Principal countries and regions:

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

Other: United States and others

Fiscal 2015, the fiscal year ended March 31, 2016  
(April 1, 2015 to March 31, 2016)

(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	133,763	86,619	7,767	228,149	—	228,149
(2) Internal sales or exchange between segments	11,474	177	3	11,655	(11,655)	—
Total	145,238	86,796	7,770	239,805	(11,655)	228,149
Segment income	2,506	2,175	240	4,922	615	5,538

Notes:

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

2. Principal countries and regions:

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

Other: United States and others