

Fiscal 2015	Year-end dividend breakdown: 45 yen (ordinary), 50 yen (special)
Fiscal 2016	Interim dividend breakdown: 45 yen (ordinary), 25 yen (special)
Fiscal 2016	Year-end dividend breakdown: 45 yen (ordinary), 25 yen (special)
Fiscal 2017	Interim dividend breakdown (forecast): 50 yen (ordinary), 25 yen (special) or more
Fiscal 2017	Year-end dividend breakdown (forecast): 50 yen (ordinary), 25 yen (special) or more

3. Forecast of results for the fiscal year ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% figures for the full fiscal year represent year-on-year (YoY) increase or decrease, while % figures for the interim period are the % change compared with the same period of the previous fiscal year (YoY).)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim period	112,000	9.9	2,500	33.2	2,500	6.6	1,800	5.6	64.06
Full fiscal year	230,000	5.5	5,600	20.2	5,600	15.9	4,000	18.8	142.36

* Notes

(1) Transfer of major subsidiaries during term (transfer of specified subsidiaries in line with changes in the consolidated range): None
 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: None

3) Changes in accounting estimate: None

4) Restatement: None

(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, 2017	31,500,000 shares	March 31, 2016	31,500,000 shares
March 31, 2017	3,402,428 shares	March 31, 2016	2,033,462 shares
March 31, 2017	28,900,516 shares	March 31, 2016	30,652,184 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, 2017 (April 1, 2016 to March 31, 2017)

(1) Non-consolidated operating results

(% change compared with same period of previous fiscal year (YoY))

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2016	142,588	(1.8)	1,435	(36.5)	2,968	(22.7)	2,187	(11.1)
Fiscal 2015	145,238	(1.6)	2,262	(7.1)	3,840	19.7	2,460	36.0

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal 2016	75.70	—
Fiscal 2015	80.27	—

(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, 2017	129,577	90,068	69.5	3,205.56
March 31, 2016	126,133	96,907	76.8	3,288.75

(Reference) Shareholders equity:

March 31, 2017: 90,068 million yen, March 31, 2016: 96,907 million yen

This earnings report is exempt from audit procedures.

Caution with respect to forward-looking statements

(Note on forward-looking statements)

The estimates referred in this report are based on the information available as of the date of this release. Ryosan Company Limited (Ryosan) 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 5, "1. Summary of Operating Results, etc. (6) Future Prospects."

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1. Summary of Operating Results, etc.

(1) Summary of Operating Results for Fiscal 2016

1) Overview

During the fiscal year under review, the global economy on the whole was on course for recovery. Firm growth continued in the U.S. backed by strong consumer spending and business confidence resulting from inauguration of the new government. In Europe, withdrawal of the United Kingdom from the European Union proved to have only limited impact on the economy, while economies of China and other newly emerging countries remained firm. In the Japanese economy, with the employment and income environment picture continuing to brighten, personal consumption also recovered, certain signs of improvements were seen in corporate revenues, and, on the whole, the economy entered into a gradual trend to recovery.

In the electronics industry, although a decline in the market of PCs and tablets continued, the smartphone market was steady, products for automobiles and FA equipment also remained robust, resulting in a recovery in demand.

FY2016 is the third fiscal year for the 9th Medium-Term Business Plan (FY2014-FY2017) through which Ryosan is pursuing business model shifts, by coping with changes in its business environment, and striving for growth in a sustainable manner. To realize this plan, Ryosan is focusing on rebuilding its growth path and enhancing capital efficiency. However, during this consolidated business year, Ryosan's performance was adversely influenced by strong yen rates and absence of large-scale projects.

As a result, Ryosan reported net sales of 218,003 million yen (down 4.4% from the previous year), operating income of 4,659 million yen (down 15.9%), ordinary income of 4,833 million yen (down 13.6%), and profit attributable to owners of parent of 3,367 million yen (down 8.3%) for the consolidated fiscal year under review.

2) Business Segment Information

a. Semiconductors

Ryosan sells memories, system LSIs and discrete semiconductors, and develops system LSIs. In this consolidated fiscal year, net sales were 125,310 million yen (down 5.9% from the previous year), and operating income was 2,488 million yen (down 15.8%), mainly because of the appreciation of yen, slowdown of the information and communication equipment business, and sluggish sales of car-navigation systems and car-audios.

b. Electronic Components

Ryosan sells display devices, power supplies and electromechanical components. In this consolidated fiscal year, net sales were 69,172 million yen (up 6.5% from the previous year), and operating income was 1,945 million yen (up 26.4%) despite of the appreciation of yen, thanks to strong performance in the in-vehicle electrical equipment business and also increased sales of electromechanical components for consumers.

c. Electronic Equipment

Ryosan sells systems equipment and facilities equipment. In this consolidated fiscal year, due to termination of business for Multi Function Peripheral and some other reasons, net sales were 23,520 million yen (down 21.9% from the previous year), and operating income was 694 million yen (down 53.9%).

The aforementioned amounts do not include consumption and other taxes.

(2) Summary of Financial Position for Fiscal 2016

1) Assets

Total assets increased by 4,609 million yen compared with March 31, 2016 to 161,620 million yen. This is mainly because cash and deposits declined by 11,922 million yen, while accounts receivable-other increased by 6,237 million yen, merchandise and finished goods increased by 5,553 million yen, and notes and accounts receivable-trade increased by 3,844 million yen.

2) Liabilities

Total liabilities increased by 10,452 million yen compared with March 31, 2016 to 52,101 million yen. This is mainly because accounts payable-trade increased by 9,571 million yen.

3) Net Assets

Net assets decreased by 5,843 million yen compared with March 31, 2016 to 109,519 million yen. This is mainly because profit attributable to owners of parent was 3,367 million yen, while payment of dividends and purchase of treasury shares amounted to 4,817 million yen and 4,378 million yen respectively. The ratio of net assets to total assets fell from 73.5% at the end of the previous fiscal year to 67.8% as of March 31, 2017.

(3) Summary of Cash Flows for Fiscal 2016

As of March 31, 2017, cash and cash equivalents decreased by 12,075 million yen compared with the end of the previous fiscal year, to 38,692 million yen.

1) Net cash provided by (used in) operating activities

Regarding cash flow from operating activities in this consolidated fiscal year, funds in total decreased by 1,843 million yen. This is because profit before income taxes amounted to 4,746 million yen while notes and accounts payable-trade increased by 9,559 million yen, accounts receivable-other increased by 6,271 million yen, inventories and notes and accounts receivable-trade increased by 5,641 million yen and 3,941 million yen respectively. In the net cash provided by (used in) operating activities in the previous consolidated fiscal year, there was an increase of funds by 4,748 million yen.

2) Net cash provided by (used in) investing activities

Regarding cash flow from investing activities in this consolidated fiscal year, funds in total decreased by 816 million yen due to factors such as 610 million yen in purchase of shares of subsidiaries and associates. In the net cash provided by (used in) investing activities in the previous consolidated fiscal year, there was an increase of funds by 550 million yen.

3) Net cash provided by (used in) financing activities

Regarding cash flow from financing activities in this consolidated fiscal year, funds in total decreased by 9,223 million yen due to 4,801 million yen in cash dividends paid, and 4,378 million yen in purchase of treasury shares. In the net cash provided by (used in) financing activities in the previous consolidated fiscal year, there was a decrease of funds by 9,543 million yen.

(Reference) Trends in cash flow-related indicators

	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016
Net assets to total assets (%)	72.9	70.2	72.2	73.5	67.8
Net assets to total assets (%) (Market capitalization basis)	36.6	40.5	54.2	52.8	58.2
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.

(4) Business Risks

The Ryosan Group, its business 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 2016 (March 31, 2017).

1) Sudden Changes in the Economic Environment

The Ryosan Group's consolidated revenues are influenced by demand from the set makers who are its customers. This demand 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 sells 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 of 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 performance and financial position of the Group. Also, if partners are damaged and the purchase and sale of merchandise is interrupted, the business performance of the Group may be adversely affected.

(5) Basic Policy Regarding the Allocation of Profits / Dividends for Fiscal 2016 and Fiscal 2017

1) Basic Policy Regarding the Allocation of Profits

Ryosan recognizes that the return of profits to shareholders is an important business priority, and so is working to increase profit per share.

Ryosan's fundamental policy is to increase dividends gradually toward a goal of consolidated dividend payout ratio of 50% or more, so as to continue high dividend payout in profits returned to shareholders. Based on this policy, to pave the way toward the final year of the 9th Medium-Term Business Plan, Ryosan shall continue its measures to improve the efficiency of capital, whose main points are to raise the dividend payout ratio of the regular dividend, distribute special dividend, and expand the scale of purchases of treasury shares.

2) Dividends for Fiscal 2016 and Fiscal 2017

At the meeting of the Board of Directors held on May 12, 2017, a resolution was made to distribute the year-end dividend for the consolidated fiscal year under review of 70 yen per share, consisting of an ordinary dividend of 45 yen per share and a special dividend of 25 yen per share. As a result, the annual dividend per share including the interim dividend will be 140 yen.

Ryosan is forecasting ordinary dividend payment of 100 yen per share in its full fiscal year for the fiscal year ending March 31, 2018 (consisting of an interim ordinary dividend of 50 yen per share and a fiscal year-end ordinary dividend of 50 yen per share) plus a special dividend of 50 yen or more per share, resulting in the annual dividend per share of 150 yen or more.

(6) Future Prospects

1) Projected Operating Results

Looking ahead, there are ongoing risks of an economic downturn coming from activities of the new government in the U.S. or results of elections in the major European countries. It is generally agreed, however, that a period of moderate growth can be expected, in view of the current stable economic performance in the U.S. and other developed countries.

In the electronics industry, results in car electronics and FA equipment are expected to continue to be solid.

In FY2017, which is the final year of the 9th Medium-Term Business Plan (FY2014-FY2017), Ryosan will continue its efforts to rebuild its growth path and enhance capital efficiency, to build corporate value.

On this basis, operating forecasts for the fiscal year ending March 31, 2018 are as follows:

	Millions of yen	YoY change [%]
Net sales	230,000	Increase 5.5
Operating income	5,600	Increase 20.2
Ordinary income	5,600	Increase 15.9
Profit attributable to owners of parent	4,000	Increase 18.8

2) Estimates by Business Segment

a. Semiconductors

In this business, it is expected that the business for in-vehicle electrical equipment and FA equipment will remain robust. Therefore, net sales are forecast to be 131,000 million yen (up 4.5% from the previous year), and operating income is expected to rise to 3,350 million yen (up 34.6%).

b. Electronic Components

In this business, it is expected that the business for in-vehicle electrical equipment and consumers will continue to be solid. Therefore, net sales are forecast to be 69,000 million yen (down 0.2% from the previous year), and operating income is expected to rise to 2,000 million yen (up 2.8%).

c. Electronic Equipment

In this business, sales of in-vehicle electrical equipment are expected to expand, with investments in large facilities contributing to the increase. Therefore, net sales are forecast to reach 30,000 million yen (up 27.5% from the previous year), and operating income is expected to rise to 750 million yen (up 8.0%).

2. 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.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	Fiscal Year Ended March 31, 2016 (As of March 31, 2016)	Fiscal Year Ended March 31, 2017 (As of March 31, 2017)
ASSETS		
Current assets		
Cash and deposits	50,768	38,845
Notes and accounts receivable-trade	64,654	68,499
Merchandise and finished goods	22,200	27,753
Work in process	26	13
Securities	—	300
Accounts receivable-other	736	6,974
Deferred tax assets	578	348
Other	261	205
Allowance for doubtful accounts	(41)	(64)
Total current assets	139,185	142,876
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,407	8,348
Accumulated depreciation	(4,900)	(4,949)
Buildings and structures, net	3,506	3,398
Land	6,489	6,428
Lease assets	674	947
Accumulated depreciation	(401)	(408)
Leased assets, net	272	539
Other	2,412	2,396
Accumulated depreciation	(2,244)	(2,237)
Other, net	167	158
Total property, plant and equipment	10,436	10,525
Intangible assets	1,086	1,110
Investments and other assets		
Investment securities	4,335	4,983
Deferred tax assets	141	163
Other	1,950	2,095
Allowance for doubtful accounts	(124)	(136)
Total investments and other assets	6,302	7,107
Total non-current assets	17,826	18,743
Total assets	157,011	161,620

(Millions of yen)

	Fiscal Year Ended March 31, 2016 (As of March 31, 2016)	Fiscal Year Ended March 31, 2017 (As of March 31, 2017)
LIABILITIES		
Current liabilities		
Accounts payable - trade	24,886	34,458
Short-term loans payable	10,785	11,419
Lease obligations	124	148
Accounts payable - other	770	1,499
Accrued expenses	1,130	1,047
Income taxes payable	951	390
Other	419	131
Total current liabilities	39,070	49,095
Non-current liabilities		
Lease obligations	188	450
Deferred tax liabilities	282	505
Net defined benefit liability	2,020	1,890
Asset retirement obligations	33	34
Other	53	125
Total non-current liabilities	2,578	3,005
Total liabilities	41,648	52,101
NET ASSETS		
Shareholders' equity		
Capital stock	17,690	17,690
Capital surplus	19,114	19,114
Retained earnings	82,669	81,219
Treasury shares	(6,119)	(10,498)
Total shareholders' equity	113,354	107,525
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,375	1,540
Deferred gains or losses on hedges	(3)	(0)
Foreign currency translation adjustment	646	416
Remeasurements of defined benefit plans	(9)	36
Total accumulated other comprehensive income	2,008	1,993
Total net assets	115,362	109,519
Total liabilities and net assets	157,011	161,620

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

(Consolidated Statement of Income)

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)	Fiscal Year Ended Mar. 31, 2017 (Apr. 1, 2016 to Mar. 31, 2017)
Net sales	228,149	218,003
Cost of Sales	208,836	199,680
Gross Profit	19,312	18,322
Selling, general and administrative expenses		
Packing and transportation expenses	851	832
Provision of allowance for doubtful accounts	(7)	29
Directors' compensations	468	395
Salaries and allowances	4,027	3,966
Bonuses	1,054	993
Retirement benefit expenses	374	436
Welfare expenses	925	912
Depreciation	569	575
Other	5,510	5,521
Total selling, general and administrative expenses	13,774	13,663
Operating income	5,538	4,659
Non-operating income		
Interest income	59	59
Dividend income	83	82
Foreign exchange gains	6	18
Rent income	30	31
Miscellaneous income	107	170
Total non-operating income	297	363
Non-operating expenses		
Interest expenses	140	150
Taxes and dues	55	—
Miscellaneous loss	45	39
Total non-operating expenses	240	189
Ordinary income	5,594	4,833
Extraordinary income		
Gain on sales of non-current assets	137	—
Total extraordinary income	137	—
Extraordinary losses		
Impairment loss	122	24
Loss on sales of investment securities	—	0
Loss on valuation of golf membership	33	3
Loss on quality compensation	268	57
Total extraordinary losses	424	86
Income before income taxes	5,307	4,746
Income taxes-current	1,740	1,020
Income taxes-deferred	(103)	358
Total income taxes	1,636	1,378
Profit	3,671	3,367
Profit attributable to owners of parent	3,671	3,367

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)	Fiscal Year Ended Mar. 31, 2017 (Apr. 1, 2016 to Mar. 31, 2017)
Profit	3,671	3,367
Other comprehensive income		
Valuation difference on available-for-sale securities	(519)	165
Deferred gains or losses on hedges	(4)	3
Foreign currency translation adjustment	(1,908)	(230)
Remeasurements of defined benefit plans, net of tax	(230)	46
Total other comprehensive income	(2,663)	(14)
Comprehensive Incomes	1,007	3,353
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,007	3,353

(3) Consolidated Statements of Changes in Net Assets
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
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
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

Fiscal Year Ended Mar. 31, 2017 (Apr. 1, 2016 to Mar. 31, 2017)

(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	82,669	(6,119)	113,354
Changes of items during period					
Dividends of surplus			(4,817)		(4,817)
Profit attributable to owners of parent			3,367		3,367
Purchase of treasury shares				(4,378)	(4,378)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	(1,450)	(4,378)	(5,828)
Balance at end of current period	17,690	19,114	81,219	(10,498)	107,525

	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	1,375	(3)	646	(9)	2,008	115,362
Changes of items during period						
Dividends of surplus						(4,817)
Profit attributable to owners of parent						3,367
Purchase of treasury shares						(4,378)
Net changes of items other than shareholders' equity	165	3	(230)	46	(14)	(14)
Total changes of items during period	165	3	(230)	46	(14)	(5,843)
Balance at end of current period	1,540	(0)	416	36	1,993	109,519

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)	Fiscal Year Ended Mar. 31, 2017 (Apr. 1, 2016 to Mar. 31, 2017)
Cash flows from operating activities		
Profit before income taxes	5,307	4,746
Depreciation	586	597
Impairment loss	122	24
Increase (decrease) in allowance for doubtful accounts	(29)	27
Increase (decrease) in net defined benefit liability	228	(133)
Interest and dividend incomes	(142)	(142)
Interest expenses	140	150
Loss (gain) on sales of property, plant and equipment	(137)	—
Other loss (gain)	(376)	556
Decrease (increase) in notes and accounts receivable-trade	2,731	(3,941)
Decrease (increase) in inventories	39	(5,641)
Increase (decrease) in notes and accounts payable-trade	(1,762)	9,559
Decrease (increase) in accounts receivable – other	(56)	(6,271)
Increase (decrease) in other assets and liabilities	(187)	232
Subtotal	6,465	(233)
Interest and dividends income received	139	137
Interest expenses paid	(137)	(148)
Income taxes (paid) refund	(1,718)	(1,598)
Net cash provided by (used in) operating activities	4,748	(1,843)
Cash flows from investing activities		
Payments into restricted deposits	—	(152)
Purchases of property, plant and equipment	(219)	(99)
Proceeds from sale of property, plant and equipment	1,226	62
Purchase of intangible assets	(340)	(278)
Proceeds from sales of intangible assets	0	—
Purchase of shares of subsidiaries and associates	—	(610)
Proceeds from liquidation of subsidiaries	21	—
Purchases of investment securities	(90)	—
Proceeds from sales of investment securities	—	42
Payments for investments in capital	(5)	—
Collection of loans receivable	0	0
Purchase of insurance funds	(224)	(91)
Proceeds from cancellation of insurance funds	182	312
Net cash provided by (used in) investing activities	550	(816)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,859)	189
Repayments of lease obligations	(186)	(233)
Purchase of treasury shares	(4,706)	(4,378)
Cash dividends paid	(2,790)	(4,801)
Net cash provided by (used in) financing activities	(9,543)	(9,223)
Effect of exchange rate change on cash and cash equivalents	(894)	(192)
Net increase (decrease) in cash and cash equivalents	(5,139)	(12,075)
Cash and cash equivalents at the beginning of the period	55,907	50,768
Cash and cash equivalents at the end of the period	50,768	38,692

(5) Notes on Consolidated Financial Statements

(Notes Regarding Going Concern)

Not applicable.

(Changes in Accounting Principles)

Implementation of Practical Solutions on Accounting for Changes in the Depreciation Method Associated with Revisions to the FY2016 Tax Law

In accordance with revisions to the Corporate Tax Law, Ryosan has adopted the “Practical Solutions on Accounting for Changes in the Depreciation Method Associated With Revisions to the FY2016 Tax Law” (Practical Issues Task Force No. 32 issued on June 17, 2016), effective from the consolidated fiscal year under review, and accordingly changed the depreciation method for facilities attached to buildings and for structures acquired on or after April 1, 2016, from the declining balance method to the straight-line method.

There was only minor impact on operating income, ordinary income and profit before income taxes for the consolidated fiscal year under review.

(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 President 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, 2016

(April 1, 2015 to March 31, 2016)

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

	Reporting Segment				Adjusted amount (Note 1)	Amounts shown on consolidated statement of income (Note 2)
	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.

For the consolidated fiscal year ended March 31, 2017
(April 1, 2016 to March 31, 2017)

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

	Reporting Segment				Adjusted amount (Note 1)	Amounts shown on consolidated statement of income (Note 2)
	Semi-conductors	Electronic components	Electronic equipment	Total		
Net sales						
Sales to external customers	125,310	69,172	23,520	218,003	—	218,003
Internal sales or exchange between segments	—	—	—	—	—	—
Total	125,310	69,172	23,520	218,003	—	218,003
Segment income (loss)	2,488	1,945	694	5,128	(469)	4,659

Notes:

1. The adjustment of -469 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, 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

For the consolidated fiscal year ended March 31, 2017
(April 1, 2016 to March 31, 2017)

(Millions of yen)

Japan	Asia	Other	Total
129,679	80,671	7,652	218,003

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)

Item	Fiscal 2015 (April 1, 2015 to March 31, 2016)	Fiscal 2016 (April 1, 2016 to March 31, 2017)
Net assets per share	3,915.04	3,897.82
Profit per share	119.77	116.54

(Notes) 1. Information on profit per share after dilution is not presented because there are no latent shares.

2. Basis for calculation

(1) Net assets per share

(Millions of yen unless otherwise stated)

Item	Fiscal 2015 (As of March 31, 2016)	Fiscal 2016 (As of March 31, 2017)
Total of net assets	115,362	109,519
Amount to be deducted from the total of net assets	—	—
(Of which non-controlling interests)	(—)	(—)
Closing net assets relating to common shares	115,362	109,519
Number of common shares as of end of term used in the calculation of net assets per share (thousand shares)	29,466	28,097

(2) Profit per share

(Millions of yen unless otherwise stated)

Item	Fiscal 2015 (April 1, 2015 to March 31, 2016)	Fiscal 2016 (April 1, 2016 to March 31, 2017)
Profit per share		
Profit attributable to owners of parent	3,671	3,367
Amount not attributable to common shareholders	—	—
Profit attributable to owners of parent relating to common shares	3,671	3,367
Average number of common shares outstanding during the term (thousand shares)	30,652	28,900

(Important Subsequent Events)

Not applicable.

4. Other

(1) New Orders

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

	Fiscal 2015 (April 1, 2015 to March 31, 2016)	Fiscal 2016 (April 1, 2016 to March 31, 2017)
Semiconductors	131,455	134,477
Electronic components	64,262	70,957
Electronic equipment	30,854	24,770
Total	226,571	230,205

(2) Geographical Segment Information

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

Fiscal 2016, the fiscal year ended March 31, 2017
(April 1, 2016 to March 31, 2017)

(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	131,258	79,198	7,546	218,003	—	218,003
(2) Internal sales or exchange between segments	11,330	489	6	11,825	(11,825)	—
Total	142,588	79,687	7,553	229,829	(11,825)	218,003
Segment income	1,709	2,316	243	4,269	389	4,659

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