

May 14, 2019

Consolidated Earnings Report for Fiscal Year 2018, Ended March 31, 2019 [Japanese Standards]

Company name: Ryosan Company, Limited	Stock listing: First Section, Tokyo Stock Exchange
Securities code: 8140	URL http://www.ryosan.co.jp
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Scheduled date of the Annual General Meeting of Shareholders: June 25, 2019	
Scheduled payment date of dividend: June 7, 2019	
Scheduled filing date of the Annual Securities Report: June 26, 2019	
Supplementary materials for the annual financial results: Yes	
Investor conference for the annual financial results: Yes (for security analysts and institutional investors)	

(Millions of yen rounded down)

1. Consolidated results for the fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year 2018	249,688	(1.7)	5,236	(7.6)	3,974	(37.9)	1,480	(67.0)
Fiscal Year 2017	254,077	16.5	5,665	21.6	6,396	32.3	4,481	33.1

(Note) Comprehensive income

Fiscal Year 2018: 1,494 million yen (-66.7%), Fiscal Year 2017: 4,488 million yen (33.9%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income to net assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal Year 2018	62.07	—	1.6	2.6	2.1
Fiscal Year 2017	173.98	—	4.4	4.0	2.2

(Reference) Equity in earnings (losses) of non-consolidated subsidiaries and affiliates:

Fiscal Year 2018: (194) million yen, Fiscal Year 2017: — million yen

(2) 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, 2019	146,588	87,861	59.9	3,750.01
March 31, 2018	162,257	94,331	58.1	3,852.59

(Reference) Shareholders equity:

March 31, 2019: 87,861 million yen, March 31, 2018: 94,331 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year 2018	13,052	(423)	(11,530)	14,580
Fiscal Year 2017	(19,268)	634	(6,580)	13,471

2. Dividends

(Millions of yen rounded down unless otherwise stated)

(Record date)	Dividends per share (Yen)					Dividends (Full fiscal year)	Payout ratio (consolidated) %	Dividends to net assets ratio (consolidated) %
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual			
Fiscal Year 2017	—	75.00	—	75.00	150.00	3,694	86.2	3.9
Fiscal Year 2018	—	75.00	—	75.00	150.00	3,522	241.6	3.9
Fiscal Year 2019 (Forecast)	—	50.00	—	50.00	100.00		123.3	

Fiscal Year 2017	Interim dividend breakdown: 50 yen (ordinary), 25 yen (special)
Fiscal Year 2017	Year-end dividend breakdown: 50 yen (ordinary), 25 yen (special)
Fiscal Year 2018	Interim dividend breakdown: 50 yen (ordinary), 25 yen (special)
Fiscal Year 2018	Year-end dividend breakdown: 50 yen (ordinary), 25 yen (special)
Fiscal Year 2019	Interim dividend breakdown (forecast): 50 yen (ordinary)
Fiscal Year 2019	Year-end dividend breakdown (forecast): 50 yen (ordinary)

3. Forecast of results for the fiscal year ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% 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	115,000	(10.8)	1,700	(41.3)	1,400	(13.6)	1,000	(5.4)	42.68
Full fiscal year	235,000	(5.9)	4,200	(19.8)	3,600	(9.4)	1,900	28.4	81.09

* 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: None
- 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, 2019	25,000,000 shares	March 31, 2018	28,500,000 shares
2. Total number of treasury shares at the period-end	March 31, 2019	1,570,290 shares	March 31, 2018	4,014,862 shares
3. Average number of shares outstanding during the period	March 31, 2019	23,845,762 shares	March 31, 2018	25,757,913 shares

(Reference) Overview of non-consolidated operating results

1. Non-consolidated results for the fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Non-consolidated operating results

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

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year 2018	158,971	(8.6)	961	(39.0)	1,070	(71.9)	(50)	—
Fiscal Year 2017	173,834	21.9	1,574	9.7	3,816	28.6	2,881	31.7

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal Year 2018	(2.14)	—
Fiscal Year 2017	111.87	—

(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, 2019	108,636	65,348	60.2	2,789.14
March 31, 2018	128,120	73,629	57.5	3,007.12

(Reference) Shareholders equity:

March 31, 2019: 65,348 million yen,

March 31, 2018: 73,629 million yen

This earnings report is not subject to audits of certified public accountants or auditing corporations.

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 may 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 Year 2018

1) Overview

During the consolidated fiscal year under review, the global economy was unstable due to trade friction between the U.S. and China, slowdown of the Chinese economy, and fluctuation in the stock market and foreign exchange market. In the Japanese economy, there also remained a high level of uncertainty despite improvements in the employment and income environment.

The electronics industry in which Ryosan conducts business was significantly affected by slowdown of the Chinese economy and demand fell, particularly for industrial equipment. Furthermore, an increasing number of companies in the industry had come to make selection and focus aimed at survival, and to pursue opportunities for business alliances. Large-scale M&As and revisions of agent policies were also announced in the market.

In this business environment, for the consolidated fiscal year under review, Ryosan reported net sales of 249,688 million yen (down 1.7% from the previous fiscal year) and operating income of 5,236 million yen (down 7.6%), which were mainly due to slowdown of business for industrial equipment, ordinary income of 3,974 million yen (down 37.9%), which was mainly due to the effect of foreign currency liability revaluation, and profit attributable to owners of parent of 1,480 million yen (down 67.0%), which was mainly due to payment of tariff surcharges at Ryosan consolidated subsidiaries.

2) Business Segment Information

a. Semiconductors

Ryosan sells system LSIs, discrete semiconductors and memory, and develops system LSIs on a contract basis. For the consolidated fiscal year under review, net sales were 150,112 million yen (up 3.0% from the previous fiscal year) and operating income was 2,465 million yen (down 6.1%), mainly due to changes in the margin policies of major suppliers and the effect of inventory revaluation.

b. Electronic Components

Ryosan sells electromechanical components, display devices and power supplies. For the consolidated fiscal year under review, mainly due to slowdown of consumer businesses, net sales were 77,440 million yen (down 5.5% from the previous fiscal year), and operating income was 2,650 million yen (down 5.8%).

c. Electronic Equipment

Ryosan sells systems equipment and facilities equipment. In this consolidated fiscal year, due to factors such as the end of large-scale business projects, net sales were 22,135 million yen (down 16.1% from the previous fiscal year), and operating income was 382 million yen (down 37.0%).

(2) Summary of Financial Position for Fiscal Year 2018

1) Assets

Total assets decreased by 15,669 million yen to 146,588 million yen compared with March 31, 2018. This is mainly because notes and accounts receivable - trade and accounts receivable - other decreased by 13,429 million yen and 2,627 million yen respectively.

2) Liabilities

Total liabilities decreased by 9,199 million yen to 58,726 million yen compared with March 31, 2018. This is mainly because accounts payable - trade and income taxes payable decreased by 6,595 million yen and 1,396 million yen respectively.

3) Net Assets

Net assets decreased by 6,469 million yen to 87,861 million yen compared with March 31, 2018. This is mainly because profit attributable to owners of parent was 1,480 million yen, while payment of dividends and purchase of treasury shares amounted to 3,601 million yen and 4,257 million yen respectively. The ratio of net assets to total assets rose from 58.1% at the end of the previous fiscal year to 59.9% as of March 31, 2019.

(3) Summary of Cash Flows for Fiscal Year 2018

As of March 31, 2019, cash and cash equivalents increased by 1,108 million yen compared with the end of the previous fiscal year, to 14,580 million yen.

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

Regarding cash flow from operating activities in this consolidated fiscal year, profit before income taxes was 2,702 million yen and funds in total increased by 13,052 million yen. This was because notes and accounts receivable – trade decreased by 15,178 million yen, which offset a decrease in notes and accounts payable - trade of 7,623 million yen. In the net cash provided by (used in) operating activities in the previous consolidated fiscal year, there was a decrease of funds by 19,268 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 423 million yen due to purchase of intangible assets of 232 million yen and purchase of shares of subsidiaries and associates of 200 million yen. The net cash provided by investing activities in the previous consolidated fiscal year increased by 634 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 11,530 million yen due to purchase of treasury shares of 4,257 million yen and cash dividends paid of 3,599 million yen, in addition to a decrease in short-term loans payable of 3,508 million yen. The net cash provided by (used in) financing activities in the previous consolidated fiscal year decreased by 6,580 million yen.

(Reference) Trends in cash flow-related indicators

	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Net assets to total assets (%)	72.2	73.5	67.8	57.9	59.9
Net assets to total assets (%) (Market capitalization basis)	54.2	52.8	58.2	57.7	47.4
Cash flow to Interest-bearing Liabilities (Years)	1.2	2.3	–	–	1.8
Interest coverage ratio (Times)	67.2	34.5	–	–	16.3

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

Ryosan, 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's management based on information available as of the end of Fiscal Year 2018 (March 31, 2019).

1) Sudden Changes in the Economic Environment

Ryosan'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 consolidated performance and its financial position can be deteriorated 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

Ryosan has concluded agency agreements with several suppliers inside and outside Japan. Ryosan has maintained good business relations with these suppliers, 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 consolidated business performance and financial status of Ryosan.

3) Exchange Rate Fluctuation

Ryosan 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 Ryosan's balance sheet date. For these items, the value after conversion into yen may be affected by currency exchange rates at conversion even if the value in local currencies does not change.

4) Overseas Business Risk

Ryosan 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 Ryosan's consolidated 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 Ryosan operates
- c. Development of adverse political factors
- d. Social unrest as the result of war, acts of terrorism etc.

5) Capital Market Volatility

As a part of its business activities, Ryosan 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 consolidated performance and financial position are subject to substantial changes in stock markets.

6) Liability for Retirement Benefits

Ryosan calculates retirement benefit expenses and the liability for retirement benefits using certain assumptions and an expected rate of return applicable to Ryosan'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 Ryosan's pension plan assets can impact its consolidated performance and financial position.

7) Natural Disaster

The consolidated business performance and financial position of Ryosan may be adversely affected by the suspension of sales due to facility damage or power/water supply shortages that were caused by natural disasters such as earthquakes or typhoons, or by accidental disasters such as fire. Also, if partners suffer damages and Ryosan cannot purchase or sell merchandise to them, consolidated business performance may be adversely affected.

(5) Basic Policy Regarding the Allocation of Profits / Dividends for Fiscal Year 2018 and Fiscal Year 2019

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 basic earnings per share. Ryosan's fundamental policy aims for consolidated dividend payout ratio of 50% or more, so as to continue high dividend payout in profits returned to shareholders.

2) Dividends for Fiscal Year 2018 and Fiscal Year 2019

At the meeting of the Board of Directors held on May 14, 2019, a resolution was made to distribute the year-end dividend for the consolidated fiscal year under review of 75 yen per share, consisting of an ordinary dividend of 50 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 150 yen.

Ryosan is forecasting ordinary dividend payment of 100 yen per share in its full fiscal year for the fiscal year ending March 31, 2020.

(6) Future Prospects

1) Projected Operating Results

The business environment surrounding Ryosan suddenly worsened as the result of changes in margin policy with main suppliers and a sudden slowdown of the Chinese economy. Ryosan views these changes in the business environment as structural factors. Therefore, Ryosan has suspended the 10th Medium-Term Business Plan and are working on measures to enhance profitability in the fiscal year ending March 31, 2020.

On this basis, operating forecasts for the fiscal year ending March 31, 2020 are as follows:

	Millions of yen	YoY change [%]
Net sales	235,000	Decrease 5.9
Operating income	4,200	Decrease 19.8
Ordinary income	3,600	Decrease 9.4
Profit attributable to owners of parent	1,900	Increase 28.4

2) Estimates by Business Segment

a. Semiconductors

In this business segment, it is expected that business will decrease for in-vehicle electrical equipment and industrial equipment. Net sales are forecast to be 142,000 million yen (down 5.4% from the previous fiscal year) and operating income is expected to decline to 2,250 million yen (down 8.7%).

b. Electronic Components

In this business segment, it is expected that the consumer business which was strong until the first half of the previous fiscal year will fall back. Net sales are forecast to be 71,500 million yen (down 7.7% from the previous fiscal year) and operating income is expected to decline to 1,900 million yen (down 28.3%).

c. Electronic Equipment

In this business segment, it is expected that results will be similar to the previous fiscal year. Net sales are forecast to decrease to 21,500 million yen (down 2.9% from the previous fiscal year) and operating income is expected to increase to 400 million yen (up 4.6%).

2. Basic Approach to Selection of Accounting Standards

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

Ryosan 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, 2018 (As of March 31, 2018)	Fiscal Year Ended March 31, 2019 (As of March 31, 2019)
ASSETS		
Current assets		
Cash and deposits	13,547	14,580
Notes and accounts receivable - trade	75,538	62,109
Merchandise and finished goods	44,009	44,676
Work in process	6	4
Accounts receivable - other	10,249	7,621
Other	242	373
Allowance for doubtful accounts	(42)	(34)
Total current assets	143,550	129,330
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,024	7,930
Accumulated depreciation	(4,855)	(4,839)
Buildings and structures, net	3,168	3,090
Land	6,189	6,145
Lease assets	931	984
Accumulated depreciation	(354)	(432)
Leased assets, net	576	551
Other	2,404	2,536
Accumulated depreciation	(2,248)	(2,389)
Other, net	155	146
Total property, plant and equipment	10,090	9,934
Intangible assets	903	963
Investments and other assets		
Investment securities	5,310	4,043
Deferred tax assets	296	205
Other	2,238	2,221
Allowance for doubtful accounts	(132)	(109)
Total investments and other assets	7,713	6,360
Total non-current assets	18,707	17,258
Total assets	162,257	146,588

(Millions of yen)

	Fiscal Year Ended March 31, 2018 (As of March 31, 2018)	Fiscal Year Ended March 31, 2019 (As of March 31, 2019)
LIABILITIES		
Current liabilities		
Accounts payable - trade	36,355	29,760
Short-term loans payable	23,959	23,268
Lease obligations	164	173
Accounts payable - other	1,714	1,172
Accrued expenses	1,362	1,348
Income taxes payable	1,598	201
Other	183	260
Total current liabilities	65,337	56,185
Non-current liabilities		
Lease obligations	475	439
Deferred tax liabilities	247	280
Net defined benefit liability	1,782	1,732
Asset retirement obligations	31	31
Other	52	57
Total non-current liabilities	2,589	2,541
Total liabilities	67,926	58,726
NET ASSETS		
Shareholders' equity		
Capital stock	17,690	17,690
Capital surplus	19,114	19,114
Retained earnings	72,740	55,572
Treasury shares	(17,215)	(6,531)
Total shareholders' equity	92,329	85,846
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,923	1,546
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	52	495
Remeasurements of defined benefit plans	25	(26)
Total accumulated other comprehensive income	2,001	2,015
Total net assets	94,331	87,861
Total liabilities and net assets	162,257	146,588

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

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2018 (Apr. 1, 2017 to Mar. 31, 2018)	Fiscal Year Ended Mar. 31, 2019 (Apr. 1, 2018 to Mar. 31, 2019)
Net sales	254,077	249,688
Cost of Sales	233,732	229,036
Gross Profit	20,344	20,651
Selling, general and administrative expenses		
Packing and transportation expenses	983	1,083
Provision of allowance for doubtful accounts	(21)	(11)
Directors' compensations	424	425
Salaries and allowances	4,084	4,498
Bonuses	1,254	1,349
Retirement benefit expenses	402	447
Welfare expenses	997	1,039
Depreciation	596	530
Other	5,954	6,051
Total selling, general and administrative expenses	14,678	15,414
Operating income	5,665	5,236
Non-operating income		
Interest income	36	27
Dividend income	74	85
Foreign exchange gains	919	—
Commission fee	6	—
Rent income	31	49
Miscellaneous income	121	166
Total non-operating income	1,189	328
Non-operating expenses		
Interest expenses	390	717
Share of loss of entities accounted for using equity method	—	194
Foreign exchange losses	—	655
Miscellaneous loss	69	23
Total non-operating expenses	459	1,590
Ordinary income	6,396	3,974
Extraordinary income		
Gain on sales of non-current assets	66	0
Gain on sales of investment securities	31	44
Total extraordinary income	97	45
Extraordinary losses		
Impairment loss	27	—
Loss on valuation of investments in capital	0	4
Amortization of goodwill	—	436
Tariff cost	—	876
Total extraordinary losses	27	1,317
Profit before income taxes	6,465	2,702
Income taxes - current	2,170	922
Income taxes - deferred	(185)	299
Total income taxes	1,984	1,222
Profit	4,481	1,480
Profit attributable to owners of parent	4,481	1,480

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2018 (Apr. 1, 2017 to Mar. 31, 2018)	Fiscal Year Ended Mar. 31, 2019 (Apr. 1, 2018 to Mar. 31, 2019)
Profit	4,481	1,480
Other comprehensive income		
Valuation difference on available-for-sale securities	382	(376)
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	(364)	443
Remeasurements of defined benefit plans, net of tax	(10)	(52)
Total other comprehensive income	7	14
Comprehensive Income	4,488	1,494
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	4,488	1,494

(3) Consolidated Statements of Changes in Net Assets

Fiscal Year Ended Mar. 31, 2018 (Apr. 1, 2017 to Mar. 31, 2018)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	17,690	19,114	81,219	(10,498)	107,525
Changes of items during period					
Dividends of surplus			(3,824)		(3,824)
Profit attributable to owners of parent			4,481		4,481
Purchase of treasury shares				(15,852)	(15,852)
Retirement of treasury shares			(9,134)	9,134	—
Change of scope of consolidation					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	(8,478)	(6,717)	(15,195)
Balance at end of current period	17,690	19,114	72,740	(17,215)	92,329

	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	1,540	(0)	416	36	1,993	109,519
Changes of items during period						
Dividends of surplus						(3,824)
Profit attributable to owners of parent						4,481
Purchase of treasury shares						(15,852)
Retirement of treasury shares						—
Change of scope of consolidation						
Net changes of items other than shareholders' equity	382	(0)	(364)	(10)	7	7
Total changes of items during period	382	(0)	(364)	(10)	7	(15,188)
Balance at end of current period	1,923	(0)	52	25	2,001	94,331

Fiscal Year Ended Mar. 31, 2019 (Apr. 1, 2018 to Mar. 31, 2019)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	17,690	19,114	72,740	(17,215)	92,329
Changes of items during period					
Dividends of surplus			(3,601)		(3,601)
Profit attributable to owners of parent			1,480		1,480
Purchase of treasury shares				(4,257)	(4,257)
Retirement of treasury shares			(14,941)	14,941	—
Change of scope of consolidation			(104)		(104)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	(17,168)	10,684	(6,483)
Balance at end of current period	17,690	19,114	55,572	(6,531)	85,846

	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	1,923	(0)	52	25	2,001	94,331
Changes of items during period						
Dividends of surplus						(3,601)
Profit attributable to owners of parent						1,480
Purchase of treasury shares						(4,257)
Retirement of treasury shares						—
Change of scope of consolidation						(104)
Net changes of items other than shareholders' equity	(376)	0	443	(52)	14	14
Total changes of items during period	(376)	0	443	(52)	14	(6,469)
Balance at end of current period	1,546	0	495	(26)	2,015	87,861

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year Ended Mar. 31, 2018 (Apr. 1, 2017 to Mar. 31, 2018)	Fiscal Year Ended Mar. 31, 2019 (Apr. 1, 2018 to Mar. 31, 2019)
Cash flows from operating activities		
Profit before income taxes	6,465	2,702
Depreciation	617	551
Impairment loss	27	—
Amortization of goodwill	—	582
Tariff cost	—	876
Increase (decrease) in allowance for doubtful accounts	(21)	(29)
Increase (decrease) in net defined benefit liability	(108)	(45)
Interest and dividend income	(110)	(112)
Interest expenses	390	717
Share of (profit) loss of entities accounted for using equity method	—	194
Loss (gain) on sales of property, plant and equipment	(66)	—
Loss (gain) on sales of investment securities	(31)	(44)
Other loss (gain)	(809)	(325)
Decrease (increase) in notes and accounts receivable - trade	(7,243)	15,178
Decrease (increase) in inventories	(16,264)	1,290
Increase (decrease) in notes and accounts payable - trade	1,972	(7,623)
Decrease (increase) in accounts receivable - other	(3,251)	2,627
Increase (decrease) in other assets and liabilities	387	(295)
Subtotal	(18,046)	16,244
Interest and dividends income received	121	202
Interest expenses paid	(387)	(799)
Income taxes (paid) refund	(955)	(2,594)
Net cash provided by (used in) operating activities	(19,268)	13,052
Cash flows from investing activities		
Proceeds from withdrawal of restricted deposits	76	76
Purchases of property, plant and equipment	(130)	(107)
Proceeds from sales of property, plant and equipment	440	45
Purchase of intangible assets	(64)	(232)
Purchase of shares of subsidiaries and associates	(276)	(200)
Purchases of investment securities	(45)	(60)
Proceeds from sales of investment securities	1,036	44
Payments for investments in capital of subsidiaries and associates	(288)	—
Payments for investments in capital	(11)	(2)
Collection of investments in capital	—	0
Collection of loans receivable	0	0
Proceeds from distribution of investment in partnerships	—	20
Purchase of insurance funds	(104)	(123)
Proceeds from cancellation of insurance funds	—	115
Net cash provided by (used in) investing activities	634	(423)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	13,275	(3,508)
Repayments of lease obligations	(183)	(165)
Purchase of treasury shares	(15,852)	(4,257)
Cash dividends paid	(3,820)	(3,599)
Net cash provided by (used in) financing activities	(6,580)	(11,530)
Effect of exchange rate change on cash and cash equivalents	(6)	(31)
Net increase (decrease) in cash and cash equivalents	(25,221)	1,066
Cash and cash equivalents at the beginning of the period	38,692	13,471
Increase in cash and cash equivalents from newly consolidated subsidiary	—	41
Cash and cash equivalents at the end of the period	13,471	14,580

(5) Notes on Consolidated Financial Statements

(Notes Regarding Going Concern)

Not applicable.

(Notes Regarding Substantial Changes in Shareholders' Equity)

Based on a corporate resolution made at the Board Meeting on May 29, 2018, Ryosan retired 3,500,000 treasury shares on June 11, 2018. As a result, retained earnings and treasury shares in the consolidated fiscal year under review both decreased by 14,941 million yen respectively.

(Changes in Presentation Methods)

Changes in Conjunction with Application of "Partial Revisions to 'Accounting Standards for Tax-Effect Accounting'"

"Partial Revisions to 'Accounting Standards for Tax-Effect Accounting'" (Corporate Accounting Standard No. 28, February 16, 2018; hereinafter, "Partial Revisions for Tax-Effect Accounting") were applied from the beginning of the consolidated fiscal year under review. Accordingly, Ryosan has changed to a method in which "deferred tax assets" is presented under "investments and other assets" and "deferred tax liabilities" is presented under "non-current liabilities." Ryosan also changed notes related to tax effect accounting.

As a result, in the consolidated balance sheets for the previous fiscal year, "deferred tax assets" under "current assets" decreased by 707 million yen and "deferred tax assets" under "investments and other assets" increased by 98 million yen. Also, "Deferred tax liabilities" under "non-current liabilities" decreased by 608 million yen.

Also, deferred tax assets and deferred tax liabilities for the same taxable entity are presented as offsetting each other. Total assets decreased by 608 million yen compared to before the changes.

(Segment Information)

(a) Segment Information

1. Overview of Reporting Segments

Ryosan's reporting segments are made up of those created from financial information sorted by business segment and those evaluated by the President periodically.

Ryosan has set up its business headquarters at Ryosan's head office for each article of merchandise and product, and Ryosan is expanding business activities by having each business headquarters formulate comprehensive strategies for the products that they handle, for both within Japan and overseas.

Therefore, regarding the reporting segments for its business headquarters, Ryosan lists "Semiconductors," "Electronic components," and "Electronic equipment."

The main products of each business segment are as follows:

Semiconductors:	Memory, 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

Consolidated fiscal year ended March 31, 2018

(April 1, 2017 to March 31, 2018)

(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	145,708	81,984	26,384	254,077	—	254,077
Internal sales or exchange between segments	—	—	—	—	—	—
Total	145,708	81,984	26,384	254,077	—	254,077
Segment income (loss)	2,625	2,812	606	6,045	(379)	5,665

Notes:

1. The adjusted amount of minus 379 million yen represents corporate expenses (mainly general and administrative expenses) which are not allocated to the reporting segment.
2. Segment income has been adjusted with operating income in the consolidated statement of income.
3. Segment asset is not shown in this reporting segment as it is not subject to President's performance evaluation.

Consolidated fiscal year ended March 31, 2019
(April 1, 2018 to March 31, 2019)

(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	150,112	77,440	22,135	249,688	—	249,688
Internal sales or exchange between segments	—	—	—	—	—	—
Total	150,112	77,440	22,135	249,688	—	249,688
Segment income (loss)	2,465	2,650	382	5,498	(262)	5,236

Notes:

1. The adjusted amount of minus 262 million yen represents corporate expenses (mainly general and administrative expenses) which are not allocated to the reporting segment.
2. Segment income has been adjusted with operating income in the 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

Consolidated fiscal year ended March 31, 2018
(April 1, 2017 to March 31, 2018)

(Millions of yen)

	Japan	China	Asia	Other	Consolidated
Net sales	144,423	57,372	43,254	9,026	254,077
Ratio to consolidated net sales (%)	56.8	22.6	17.0	3.6	100.0

Note:

Net sales are on the basis of customer location and classified by country or region.

Consolidated fiscal year ended March 31, 2019
(April 1, 2018 to March 31, 2019)

(Millions of yen)

	Japan	China	Asia	Other	Consolidated
Net sales	132,287	61,090	46,565	9,745	249,688
Ratio to consolidated net sales (%)	53.0	24.5	18.6	3.9	100.0

Note:

Net sales are on the basis of customer location and classified by country or region.

(2) Property, plant and equipment

This information is not presented since 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 Year 2017 (April 1, 2017 to March 31, 2018)	Fiscal Year 2018 (April 1, 2018 to March 31, 2019)
Net assets per share	3,852.59	3,750.01
Basic earnings per share	173.98	62.07

(Notes) 1. Information on diluted earnings per share 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 Year 2017 (As of March 31, 2018)	Fiscal Year 2018 (As of March 31, 2019)
Total of net assets	94,331	87,861
Amount to be deducted from the total of net assets (Of which non-controlling interests)	— (—)	— (—)
Closing net assets relating to common shares	94,331	87,861
Number of common shares as of end of term used in the calculation of net assets per share (thousand shares)	24,485	23,429

(2) Basic earnings per share

(Millions of yen unless otherwise stated)

Item	Fiscal Year 2017 (April 1, 2017 to March 31, 2018)	Fiscal Year 2018 (April 1, 2018 to March 31, 2019)
Basic earnings per share		
Profit attributable to owners of parent	4,481	1,480
Amount not attributable to common shareholders	—	—
Profit attributable to owners of parent relating to common shares	4,481	1,480
Average number of common shares outstanding during the term (thousand shares)	25,757	23,845

(Important Subsequent Events)

Not applicable.

4. Other

(1) New Orders

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

	Fiscal Year 2017 (April 1, 2017 to March 31, 2018)	Fiscal Year 2018 (April 1, 2018 to March 31, 2019)
Semiconductors	152,512	150,441
Electronic components	87,341	76,536
Electronic equipment	29,017	22,568
Total	268,871	249,547

(2) Geographical Segment Information

Fiscal Year 2017, the fiscal year ended March 31, 2018
(April 1, 2017 to March 31, 2018)

(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	155,142	90,025	8,909	254,077	—	254,077
(2) Internal sales or exchange between segments	18,691	158	5	18,856	(18,856)	—
Total	173,834	90,183	8,915	272,933	(18,856)	254,077
Segment income	1,897	3,096	265	5,259	406	5,665

Notes:

- Country and regional segments are classified on the basis of geographic proximity.
- Principal countries and regions covered:
 - Asia: Hong Kong, Thailand, China, Korea and others
 - Other: United States and others

Fiscal Year 2018, the fiscal year ended March 31, 2019
(April 1, 2018 to March 31, 2019)

(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	138,677	101,350	9,659	249,688	—	249,688
(2) Internal sales or exchange between segments	20,293	402	0	20,696	(20,696)	—
Total	158,971	101,752	9,660	270,384	(20,696)	249,688
Segment income	1,290	3,106	288	4,685	551	5,236

Notes:

- Country and regional segments are classified on the basis of geographic proximity.
- Principal countries and regions covered:
 - Asia: Hong Kong, Thailand, China, Korea and others
 - Other: United States and others