

Third-Quarter Consolidated Earnings Report (Cumulative Nine-Month Results) for Fiscal 2004, Ending March 31, 2004

February 9, 2004

Company name: Ryosan Co., Ltd.

Stock listings: Tokyo Stock Exchange (First Section)

Code number: 8140

(URL:<http://www.ryosan.co.jp>)

Representative director: Tatsuo Ui, President

Inquiries: Naoto Mimatsu, General Manager, Corporate Planning Dept. and Investor Relations and Publicity Office
Tel: (03) 3862-3816

1. Notes on Presentation of Quarterly Operating Results

- (1) Changes in recognition methods from most-recent fiscal year: None
- (2) Changes in scope of consolidation and application of equity method: 3 consolidated subsidiaries added.

2. Consolidated Operating Results for First Nine Months of Fiscal 2004 (April 1, 2003 – December 31, 2003)

(1) Consolidated Operating Results (Figures less than ¥1 million have been omitted)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2004, First Three Quarters	204,133	-	5,543	-	6,145	-	3,278	-
Fiscal 2003, First Three Quarters	-	-	-	-	-	-	-	-
(Ref) Fiscal 2003	255,545		6,678		7,593		3,724	

Note: The third quarter of fiscal 2004 falls within the first year in which quarterly disclosure is mandated. Accordingly, no figures for the same period of the previous fiscal year or year-on-year comparisons have been provided.

	Net income per share	Net income per share after dilution
	Yen	Yen
Fiscal 2004, First Three Quarters	86.90	—
Fiscal 2003, First Three Quarters	—	—
(Ref) Fiscal 2003	93.21	—

[Qualitative Information and Other Matters Concerning Consolidated Operating Results in the First Three Quarters of Fiscal 2004]

During the first three quarters of fiscal 2004, the period from April 1, 2003 to December 31, 2003, the macroeconomic environment was shadowed by the Iraq war and the outbreak of SARS, which fueled strong concerns over a possible economic slowdown. However, U.S. stock markets rallied after the swift conclusion of the Iraq war, followed by an upturn in Japanese stock prices as well. The stock market rally in Japan has prompted the view that the nation's economic prospects are finally turning around. Looking at fundamental measures of economic strength, the Japanese economy is clearly undergoing a gradual recovery, supported by an increase in exports to Asia, a turnaround in private-sector capital investment and other factors from midway through the fiscal year.

Under these conditions, the Ryosan Group's sales grew steadily thanks to increasing demand for semiconductor products and electric components such as those used in digital home electronics. Ryosan posted consolidated net sales of ¥204,133 million. On the earnings front, consolidated operating income was ¥5,543 million, ordinary income ¥6,145 million, and net income ¥3,278 million. Since quarterly disclosure was mandated for the first time during the current fiscal year, no year-on-year comparisons have been made.

(2) There are no events or developments to report that had a material effect on the Group's financial position or operating results during the nine-month period under review.

(Ref) Non-Consolidated Operating Results for the First Nine Months of Fiscal 2004 (April 1, 2003 – December 31, 2003)

	Net sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2004, First Three Quarters	162,243	4,692	6,135	3,519

3. Consolidated Forecasts for Fiscal 2004 (April 1, 2003 – March 31, 2004)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous Forecast (A)	275,000	7,500	8,200	4,500	121.81
Revised Forecast (B)	280,000	7,900	8,600	5,500	148.87
Difference (B-A)	5,000	400	400	1,000	—
Change (%)	1.8	5.3	4.9	22.2	—
Fiscal 2003	255,545	6,678	7,593	3,724	93.21

(Ref) Non-Consolidated Forecasts for Fiscal 2004 (April 1, 2003 – March 31, 2004)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous Forecast (A)	215,000	6,100	7,900	4,400	119.10
Revised Forecast (B)	225,000	6,700	8,500	4,200	113.68
Difference (B-A)	10,000	600	600	200	—
Change (%)	4.7	9.8	7.6	4.5	—
Fiscal 2003	196,605	5,906	7,470	4,142	103.85

[Qualitative Information and Other Matters Concerning Forecasts]

The global economy is forecast to remain on a growth trajectory, underpinned by an expanding U.S. economy. The electronics industry, meanwhile, is projected to see steady growth in the production of various types of electronic devices, but mainly digital home electronics. This should be accompanied by an upsurge in demand for semiconductor products and electronic components.

In light of these circumstances, Ryosan has upwardly revised its full-year forecasts, as operating results are likely to exceed initial forecasts. The large percentage increase in our revised forecast for consolidated net income reflects a projected increase in net income of ¥900 million due to the booking of deferred tax assets upon the dissolution of subsidiary Road Company, Ltd., in accordance with generally accepted accounting principles for deferred taxes.

Meanwhile, the downward revision of forecast non-consolidated net income reflects a projected extraordinary loss of ¥1,000 million on the dissolution of the above subsidiary, which will be reported as a loss on restructuring of subsidiary.

[Cautionary Statement Regarding Forecasts]

The above estimates were made based on the information available as of the date of this release. Actual results could significantly differ from the above estimates due to a variety of factors.

NEW ORDERS AND SALES

(1) New Orders

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

Segment	Fiscal 2004, First Three Quarters (April 1, 2003 - December 31, 2003)		(Ref) Fiscal 2003 (April 1, 2002 - March 31, 2003)	
	Amount	Share (%)	Amount	Share (%)
Semiconductors	109,033	48.8	140,821	51.1
Electronic components	93,602	41.9	105,134	38.1
Electronic equipment	15,089	6.7	22,447	8.1
Ryosan products	5,716	2.6	7,296	2.7
Total	223,442	100.0	275,699	100.0

(2) Sales

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

Segment	Fiscal 2004, First Three Quarters (April 1, 2003 - December 31, 2003)		(Ref) Fiscal 2003 (April 1, 2002 - March 31, 2003)	
	Amount	Share (%)	Amount	Share (%)
Semiconductors	104,140	51.0	134,243	52.5
Electronic components	81,408	39.9	95,057	37.2
Electronic equipment	13,672	6.7	19,880	7.8
Ryosan products	4,911	2.4	6,363	2.5
Total	204,133	100.0	255,545	100.0

Note: Methods of determining business segments and main products classified under each business segment

(1) Business segments are classified on the basis of organization, product type and sales structure.

(2) Main products of each business segment:

Semiconductors: memories, system LSIs, discrete semiconductors

Electronic components: display devices, power supplies, mechanical components

Electronic equipment: information equipment, production equipment

Ryosan products: heat sinks (for semiconductors)