Consolidated Earnings Report for Fiscal 2004, Ended March 31, 2004 **May 20, 2004**

Company name: Ryosan Co., Ltd. Stock listings: Tokyo Stock Exchange (First Section)
Code number: 8140 Location of head office: Tokyo
(URL://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
Date of the Board of Directors meeting to settle the year-end consolidated accounts: May 20, 2004
U.S. GAAP not applied

1. Results for the Fiscal Year Ended March 31, 2004

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2004	288,240	12.8	7,964	19.3	8,930	17.6
Fiscal 2003	255,545	4.7	6,678	8.6	7,593	20.2

	Net income		Net income per share	Net income per share after dilution	Return on equity	Ordinary income-to-equity ratio	Ordinary income-to-net sales ratio
	Millions of yen	%	Yen	Yen	%	%	%
Fiscal 2004	5,705	53.2	150.27	—	5.3	5.4	3.1
Fiscal 2003	3,724	29.1	93.21	—	3.5	5.0	3.0

Notes: ①Equity in earnings of non-consolidated subsidiaries and affiliates
FY2004 — Millions of yen FY2003 — Millions of yen
②Average number of outstanding shares:
FY2004: 37,508,731 shares FY2003: 39,313,078 shares
③Changes in accounting methods: None
④Year-on-year changes for net sales, operating income, ordinary income and net income are based on the previous year

(2) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2004	172,321	107,610	62.4	2,934.68
Fiscal 2003	156,579	105,737	67.5	2,734.36

Note: Number of shares issued and outstanding at fiscal year-end: FY2004 36,644,940 shares
FY2003 38,647,994 shares

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2004	1,511	△2,421	△3,596	30,663
Fiscal 2003	477	1,058	△2,322	34,841

(4) Number of Subsidiaries and Affiliates
Consolidated subsidiaries: 10
Non-consolidated subsidiaries accounted for by the equity method: 0
Equity-method affiliates: 0

(5) Changes in Scope of Consolidation and Application of Equity Method
Consolidated subsidiaries (New): 3 Consolidated subsidiaries (Eliminated): 0
Equity-method affiliates (New): 0 Equity-method affiliates (Eliminated): 0

2. Forecast for the Fiscal Year Ending March 31, 2005 (From April 1, 2004 to March 31, 2005)

	Net sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Interim period	147,000	4,200	4,600	2,700
Fiscal year-end	310,000	9,400	10,200	6,100

(Reference) The estimated net income per share for the year ending March 31, 2005 is ¥166.46

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. Please refer to Section 3—Management Results on page 8 of the attached materials for more information related to the estimates.

1. Group Enterprise

The Ryosan Group consists of Ryosan Company, Limited, ten consolidated subsidiaries, seven non-consolidated subsidiaries and an affiliated company. The group operates primarily as a trading firm that specializes in semiconductors, electronic components and equipment, which it sells to electronic equipment manufacturers both domestically and overseas. It also develops, manufactures and sells its own and other products.

Information about industry segments of the group for the fiscal year ended March 31, 2004 was as follows:

<table>
<tr><th>Segment</th><th>Main Products</th><th>Sales Companies</th><th>Development and Manufacturing Companies</th></tr>
<tr><td>Semiconductors</td><td>Memories
System LSIs
Discrete semiconductors</td><td rowspan="4">Ryosan Company, Limited
HONG KONG RYOSAN LIMITED
SINGAPORE RYOSAN PRIVATE LIMITED
RYOTAI CORPORATION
RYOSAN (MALAYSIA) SDN. BHD.
RYOSAN IPC (MALAYSIA) SDN. BHD.
KOREA RYOSAN CORPORATION
ZHONG LING INTERNATIONAL TRADING (SHANGHAI) CO., LTD.</td><td>Road Company, Limited</td></tr>
<tr><td>Electronic Components</td><td>Display devices
Power supplies
Mechanical components</td><td></td></tr>
<tr><td>Electronic Equipment</td><td>Systems equipment
Production equipment</td><td></td></tr>
<tr><td>Ryosan Products</td><td>Heat sinks
(for semiconductor components)</td><td>Ryosan Company, Limited
RYOSAN ENGINEERING (MALAYSIA) SDN.BHD.
RYOSAN ENGINEERING (THAILAND) CO., LTD.</td></tr>
</table>

(Note) On March 1, 2004, Ryosan decided to dissolve consolidated subsidiary Road Company, Limited, which is now being liquidated.

Information about non-consolidated subsidiaries for the fiscal year ended March 31, 2004 was as follows:

Company Name	Business Area
Will Business Services Company, Limited	Insurance agent and building maintenance
EC Ryosan Company, Limited	Sales agent for electronic components
RYOSAN (THAILAND) CO., LTD.	Sales of and sales agent for semiconductors and electronic components
RYOSAN TECHNOLOGIES USA INC.	Semiconductor and electronic component sales and servicing
DALIAN F.T.Z. RYOSAN INTERNATIONAL TRADING CO., LTD.	Sales of semiconductors and electronic components

2. Management Policies

(1) Fundamental Management Policies

Ever since Ryosan was established, 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 electronics 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 (i.e., the provision of information), the solution function (i.e., the provision of technology), and the distribution function (i.e., the provision of distribution channels). By constantly enhancing these three functions, Ryosan will raise customer satisfaction and increase its corporate value.

(2) Basic policy regarding the allocation of profits

Ryosan's basic policy on allocating profits is to maintain a healthy balance between ensuring a solid return on investment for our shareholders and retaining sufficient earnings with which to foster stable growth and secure a strong operating base.

Ryosan's fundamental dividend policy is to maintain consistent growth in dividend payments, with the view to increasing real dividend payments. In addition, we plan to buy back and retire treasury stock when appropriate, with the aim of increasing net income per share and returns to shareholders.

In line with this policy, we employ retained earnings for strategic investment and strategic loan financing for business partners, and for investments in technical development, and plants and facilities.

(3) Targeted management indicators

Ryosan has adopted ROE and net income per share as key management indicators. Guided by these benchmarks, the Company aims to pursue greater returns on equity, preserve its financial health by maintaining the shareholders' equity ratio above 50%, and further improve corporate value (shareholder value).

Furthermore, we aim to achieve an ROE of 5% or more and net income per share of at least ¥150.

(4) Medium- and long-term management strategies

Ryosan's fifth mid-term management plan covered the 3-year period from fiscal 2002 through to fiscal 2004. Two pillars of this plan, "Fundamental Stance" and "Fundamental Strategy: Phase I," have been instrumental in guiding the Company's efforts to implement various corporate reforms. As a result, Ryosan has succeeded in clarifying the responsibilities of company directors, improving returns to shareholders, promoting multi-vendor business and so on. Looking ahead, corporations are expected to face further advancement in globalization, growing complexity, and a faster pace of business. There remain, therefore, many more reforms we must implement.

Accordingly, Ryosan is tackling needed new reforms in line with its sixth mid-term management plan, covering the 3-year period from fiscal 2004 through to fiscal 2006. In line with its "Fundamental Stance", Ryosan continues to focus on "analyzing management practices and promoting management reform in order to achieve improved performance." On this basis, we will conduct "fair and transparent management," and carry out "creative and resourceful business activities."

To realize this fundamental stance, Ryosan is forcefully pushing ahead with the "Fundamental Strategy: Phase II" as follows.

1. System coordinator growth strategy:

We will establish 4 new business models:

Business growth driven by effective M&As

Commercialization of the fabless semiconductor business

Business expansion in new-resource semiconductor products

Further expansion of business in Chinese market

2. System coordinator segment strategy:

We will qualitatively strengthen individual strategies for 4 product segments:

Semiconductor business strategy: strategic core business

Electronic components business strategy: a stable foundation

Electronic equipment business strategy: capture synergies

Production strategy as a trading company

3. Establish a strong business infrastructure that underpins growth and reinforces operations:

We will implement 5 management reforms:

Corporate governance with a high sense of social responsibility

Further reform of the personnel system
Promote the BPR project
Qualitatively strengthen business framework
Reinforce the RS (Ryosan Spirit) culture

(5) Issues to be addressed

In recent years, the semiconductor industry, Ryosan's primary industry, has undergone a process of realignment that now appears to be coming to an end. Semiconductor makers are now promoting greater selectivity and concentration in specialized fields and strengthening relationships with specific customers, aiming to make the most effective use of limited business resources.

In line with these developments, one issue facing Ryosan is to increase customer satisfaction by analyzing core businesses that leverage characteristic strengths, while accurately responding to our customers' wide-ranging requirements with a diverse product lineup that enables "one-stop shopping" and through the "provision of optimal devices." To achieve this, we are pursuing a full-fledged multi-vendor approach as part of our growth strategy for business expansion in new-resource semiconductor products. We have concluded sales agent contracts with NEC Electronics, our key partner, followed by Philips Semiconductors.

To rapidly implement this multi-vendor approach, we are leveraging our strong financial position to invest in the development of semiconductor ventures overseas, aiming to acquire new sales licenses. In addition, marketing licenses are being acquired to capture new customers and drive faster growth.

Ryosan's earnings structure is also dramatically changing. One task is to improve earnings: we are working both to improve budget management procedures and to streamline current assets. To improve budget management procedures, we are shifting over to a more flexible procedure that fully takes into account the earnings structures of each of our sales offices, both in Japan and overseas. (In the past, the same standards were applied throughout the company.) By having each sales office "measure everything coming in and control everything going out," we aim to improve earnings. Moreover, to minimize losses, we will tightly manage accounts receivable and product inventory, aiming to streamline current assets.

Ryosan is determined to improve its business results by raising its corporate value in the electronics market and reaping commensurate rewards.

(6) Corporate governance—fundamental philosophy and policies

(Fundamental corporate governance philosophy)

Ryosan has established the following three management principles.

1. Corporate growth as a mission-oriented company: Defining growth as “the increase in the extent of mission-realization”
2. Creation of corporate value: Defining growth as “the increase in shareholder value”
3. Increase in the extent of value exchange: Defining growth as the “increase in the extent of value-exchange with shareholders”

Based on these management principles, Ryosan is working to reinforce corporate governance.

Corporate governance policies

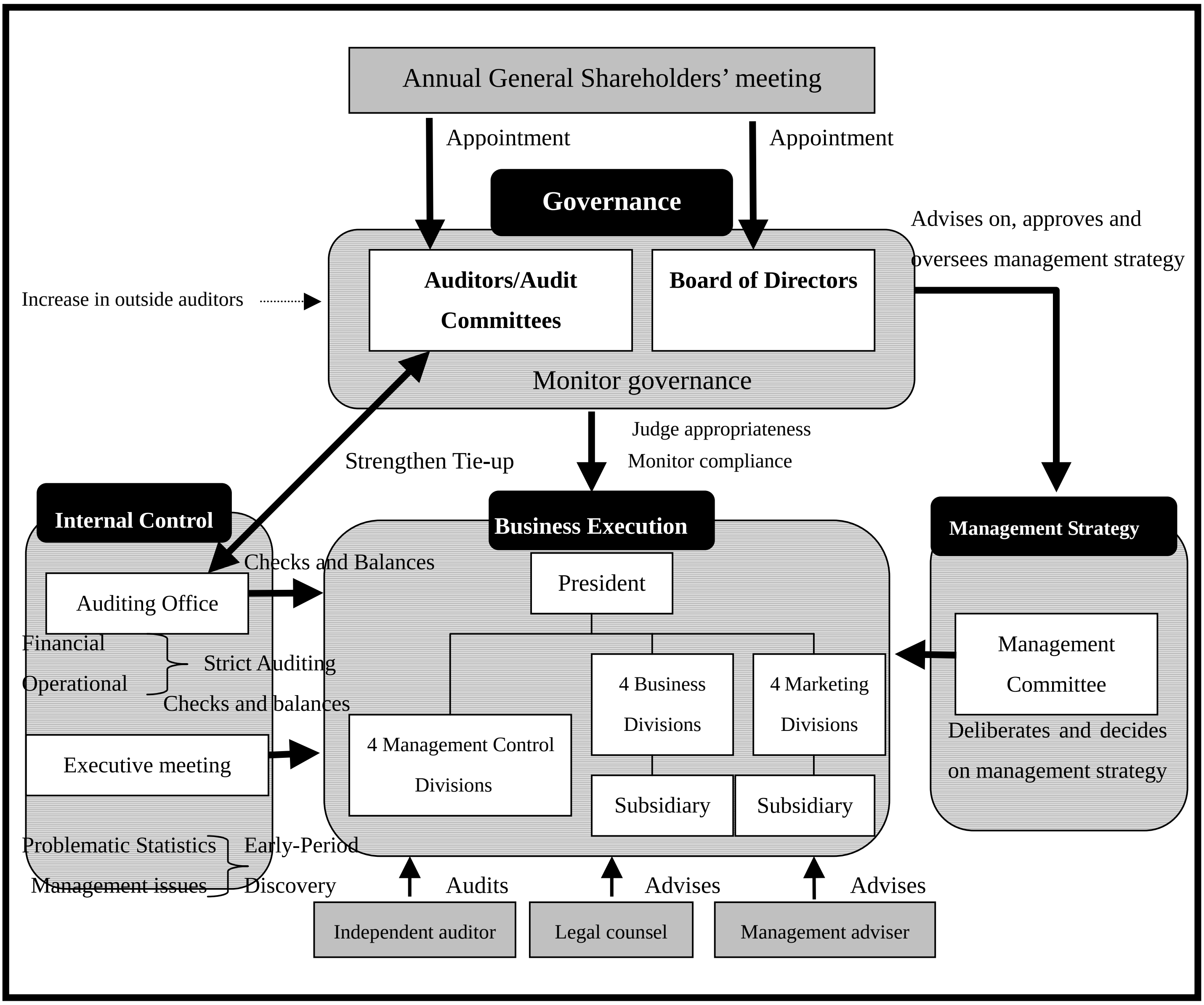
(1) Corporate governance framework—organizational structure for management decision-making, operational execution, auditing and other procedures

Ryosan has clarified the roles and responsibilities of the representative director and president with respect to corporate governance and management of day-to-day operations (management strategy and business execution). As regards directors’ management procedures, the Board of Directors’ role is to advise on, approve, and oversee management strategy as well as corporate governance, whereas the Management Committee’s role is to deliberate and decide on management strategy.

To establish a distinctive management style at Ryosan, Board members concurrently assume roles and responsibilities in the three functions of corporate governance, management strategy, and business execution. To ensure adequate supervision, Ryosan adopts a corporate auditor system, with one auditor appointed from outside the company.

The company receives timely advice from legal counsel when it is necessary to make decisions from a legal standpoint. Also, the company receives proposals for improving management of operations from independent auditor Deloitte Touche Tohmatsu during financial audits.

The following diagram shows an overview of Ryosan's corporate governance framework.



(2) Overview of personal relationships of outside board members and auditors with the company, equity relationships, business relationships, and other ties with related parties

Ryosan currently does not appoint outside directors. The company's outside auditor is not a former employee of the Ryosan group.

(3) Actions taken over the past year to improve corporate governance

In the fiscal year ended March 31, 2004, the Board of Directors held a total of 16 meetings. In addition, the Management Committee held a total of 11 meetings. In principle, directors, who are responsible for managing the execution of day-to-day operations, and auditors attend all Management Committee meetings. This requirement is aimed at further strengthening corporate governance.

The Audit Committee held a total of 12 meetings during the fiscal year.

3. Results of Operations

(1) Consolidated results for the fiscal year ended March 31, 2004

1. Overview

During the first half of the fiscal year ended March 31, 2004, the global economy was at first shaken by the outbreak of hostilities in Iraq and the SARS epidemic, which cast a shadow over the Japanese economy accompanied by fears of an economic slowdown. After the early cessation of hostilities in Iraq, however, the Japanese economy showed long-awaited signs of hope in the form of rising stock prices in the U.S. and Japan. In the second half of the fiscal year under review, Japan's showed signs of a gradual recovery, as evidenced by increased exports to Asia and a pickup in investments in plants and facilities.

Meanwhile, Ryosan's main operating environment—the electronics industry—was comparatively healthy, especially as regards increased demand for digital home electronic products, mirroring improving macroeconomic conditions worldwide.

Under these conditions, the Ryosan Group made progress with its growth strategy, pursuing a multi-vendor approach by acquiring new marketing licenses from overseas semiconductor makers, including Philips Semiconductors. At the same time, Ryosan improved the group's operating efficiency and consolidated resources by dissolving subsidiary Road Company, Limited and continuing the commercialization of the fabless semiconductor business. Ryosan also took actions to to improve earnings. Aiming to lower operating costs and improve customer satisfaction through closer relationships, Ryosan split off Japanese marketing offices, together with improving earnings in its production sector. As a result, Ryosan recorded increases in both sales and earnings. Consolidated net sales totaled ¥288,240 million, up 12.8% from the previous year. Operating income totaled ¥7,964 million, rising 19.3%, while ordinary income totaled ¥8,930 million, up 17.6%. Net income increased 53.2% to ¥5,705 million.

2. Segment information

a. Semiconductors

The Ryosan Group markets memories, system LSIs, and discrete semiconductors and plans and develops system LSIs. In the year under review, sales rose for ASICs for digital home electronics and ICs used in LCD displays. As a result, consolidated net sales in the segment rose 8.2% to ¥145,274 million and operating income rose 0.2% to ¥5,715 million.

b. Electronic components

The Ryosan Group markets display devices, power supplies, and mechanical components. The year under review mainly saw higher sales of LCDs for cellphones and digital still cameras. Net sales in the electronic components segment rose 20.0% to ¥114,070 million and operating income rose 33.9% to ¥3,130 million.

c. Electronic equipment

The Ryosan Group markets systems equipment and production equipment. Sales of systems equipment for PHS base stations and industrial-use production equipment increased in the fiscal year ended March 31, 2004. Consolidated net sales in this segment rose 10.2% to ¥21,912 million and operating income rose 52.1% to ¥744 million.

d. Ryosan products

The Ryosan Group produces and markets heat sinks, which are devices that dissipate the heat generated by semiconductors. Sales of heat sinks used in measuring equipment increased in the year under review. Consolidated net sales in this segment rose 9.7% to ¥6,983 million and operating income rose 39.8% to ¥1,068 million.

3. Year-end dividend for the fiscal year ending March 31, 2004

Ryosan plans to pay a yearly dividend of ¥40 per share, comprising an interim dividend of ¥15 per share, a ¥10 dividend commemorating the 50^{th} anniversary of Ryosan's founding and a year-end ordinary dividend of ¥15 per share.

(2) Outlook for the fiscal year ending March 31, 2005

1. Projected operating results

Ryosan expects the U.S. economy and the rest of the global economy to remain on a growth track. The electronics industry should see rising levels of production of a variety of electronic equipment, especially in the digital home electronics sector. Accompanying this, demand should further expand for semiconductors and electronic components.

Under these circumstances, the Ryosan Group intends to achieve improved business results by pursuing the fundamental themes (Phase II) formulated for the first year of the sixth medium-term management plan: growth strategy, segment strategy, and the establishment of a strong management infrastructure.

Forecasts for the fiscal year ending March 31, 2005 are as follows:

Consolidated

		(Y-o-Y % change)
Net sales	¥310.0 billion	7.5%
Operating income	¥9.4 billion	18.0%
Ordinary income	¥10.2 billion	14.2%
Net income	¥6.1 billion	6.9%

Non-consolidated

Net sales	¥240.0 billion	3.9%
Operating income	¥7.3 billion	7.2%
Ordinary income	¥8.9 billion	3.1%
Net income	¥5.1 billion	20.9%

2. Projected operating results by business segment

a. Semiconductors

Ryosan projects higher sales of ASICs for cellphones, ICs used in LCD displays and memories used in PCs and cellphones. Net sales in this segment are thus forecast to rise 12.9% to ¥164,000 million and operating income will rise 22.5% to ¥7,000 million.

b. Electronic components

Ryosan projects higher sales of LCD displays used in cellphones and digital still cameras. Taking this into account, net sales in this segment are projected to increase 0.8% to ¥115,000 million, while operating income is expected to rise 2.2% to ¥3,200 million.

c. Electronic equipment

Sales of systems equipment for office automation equipment are projected to increase. Consequently, net sales in this segment are expected to increase 8.2% to ¥23,700 million, while operating income should rise 7.5% to ¥800 million.

d. Ryosan products

Higher sales of heat sinks for production equipment are projected. As a result, segment sales are projected to increase 4.5% to ¥7,300 million and operating income should rise 12.4% to ¥1,200 million.

These forecasts represent projected figures subject to certain risks and uncertainties. Actual results may thus differ materially from forecasts, depending on such factors as:

. Economic trends in major markets (Japan, Asia, etc.); rapid changes in consumer trends and sudden shifts in supply and demand dynamics

. Large fluctuations in the dollar/yen exchange rate

. Rapid technological innovations

. Major shifts in capital markets

3. Projected dividend for the year

Based on the non-consolidated forecasts above, Ryosan forecasts an ordinary dividend for the fiscal year ending March 31, 2005 of ¥40 per share, comprising an interim dividend of ¥20 per share and a year-end dividend of ¥20 per share.

4. Financial condition

(1) Cash flows

Cash and cash equivalents on March 31, 2004 were ¥30,663 million, ¥4,178 million less than at the previous fiscal year-end. The main reasons were an increase in treasury stock and purchases of investment securities.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥1,511 million. . This was primarily due to an increase in income before income taxes to ¥8,884 million, which was partly offset by an increase in inventories of ¥2,917 million and income taxes paid of ¥5,438 million.

Cash flows from investing activities

Net cash used in investing activities totaled ¥2,421 million. This was mainly attributable to a cash outflow of ¥1,882 million from purchases of investment securities.

Cash flows from financing activities

Net cash used in financing activities totaled ¥3,596 million. The main components were the repurchase of ¥3,321 million in treasury stock and cash dividends paid.

Key indicators of the financial condition of the Ryosan Group are as follows:

	Fiscal year ended March 31, 2000	Fiscal year ended March 31, 2001	Fiscal year ended March 31, 2002	Fiscal year ended March 31, 2003	Fiscal year ended March 31, 2004
Shareholders' equity ratio (%)	60.1	60.4	71.6	67.5	62.4
Shareholders' equity ratio using fair value (%)	48.1	44.7	39.2	29.6	48.5
Average debt repayment period (years)	—	—	—	2.0	1.1
Interest coverage ratio (times)	—	—	136.5	23.4	45.3

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio using fair value: Market capitalization / Total assets

Average debt repayment period: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest expenses

*All indicators have been calculated from consolidated financial figures.

*Market capitalization was calculated as the product of the stock's closing price at the fiscal year-end and the number of shares issued and outstanding at the fiscal year-end.

*Operating cash flow refers to cash flows from operating activities as shown on the consolidated statements of cash flows.

Interest-bearing debt comprises all debt on which interest was paid in the liabilities section of the consolidated balance sheets. Interest expenses represent interest paid as shown on the consolidated statements of cash flows.

*The average debt repayment period and interest coverage ratio are presented with a minus sign when operating cash flows are negative.

CONSOLIDATED BALANCE SHEETS

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

Item	March 31, 2004		March 31, 2003		Change
	Amount	%	Amount	%	Amount
ASSETS					
I Current assets	147,672	85.7	131,216	83.8	16,455
1. Cash and deposits	9,813		10,855		△ 1,041
2. Trade notes and accounts receivable	96,476		82,041		14,435
3. Marketable securities	24,008		23,986		22
4. Inventories	14,301		11,579		2,721
5. Accrued income	1,766		1,786		△ 19
6. Deferred tax assets	928		748		179
7. Other current assets	529		324		204
8. Allowance for doubtful accounts	△ 152		△105		△ 46
II Fixed assets	24,648	14.3	25,363	16.2	△ 714
1. Property, plant and equipment	15,696	9.1	16,151	10.3	△ 455
(1) Buildings and structures	6,628		7,073		△ 444
(2) Land	8,203		8,205		△ 2
(3) Other fixed assets	863		872		△ 8
2. Intangible fixed assets	639	0.4	519	0.3	120
3. Investments and other assets	8,313	4.8	8,692	5.6	△ 378
(1) Investment securities	6,028		5,836		192
(2) Long-term loans	-		33		△ 33
(3) Deferred tax assets	768		1,392		△ 624
(4) Other	1,718		1,656		61
(5) Allowance for doubtful accounts	△ 186		△185		△ 0
(6) Allowance for loss on investments	△ 16		△42		26
Total assets	172,321	100.0	156,579	100.0	15,741

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

Item		March 31, 2004		March 31, 2003		Change
		Amount	%	Amount	%	Amount
	LIABILITIES					
I	**Current liabilities**	62,607	36.3	48,845	31.2	13,761
	1. Trade notes and accounts payable	56,994		42,192		14,801
	2. Short-term bank loans	1,669		951		717
	3. Accrued income taxes	1,198		3,202		△ 2,004
	4. Accrued expenses	1,657		1,367		290
	5. Other current liabilities	1,086		1,130		△ 44
II	**Long-term liabilities**	1,917	1.1	1,767	1.1	149
	1. Employees' retirement benefits	1,452		1,328		123
	2. Directors' severance payments	365		341		24
	3. Other long-term liabilities	99		97		1
	Total liabilities	64,524	37.4	50,613	32.3	13,911
	(**MINORITY INTERESTS**)					
	Minority interests	186	0.1	229	0.2	△ 43
	SHAREHOLDERS' EQUITY					
I	Common stock	17,690	10.3	17,690	11.3	—
II	Additional paid-in capital	19,114	11.1	19,114	12.2	—
III	Retained earnings	71,328	41.4	69,944	44.7	1,383
IV	Net unrealized gain on other marketable securities	960	0.6	△ 33	△0.0	994
V	Foreign currency translation adjustments	△ 827	△0.5	△ 342	△0.3	△ 484
VI	Treasury stock	△ 656	△0.4	△ 635	△0.4	△ 20
	Total shareholders' equity	107,610	62.5	105,737	67.5	1,873
	Total liabilities, minority interests, and shareholders' equity	172,321	100.0	156,579	100.0	15,741

CONSOLIDATED STATEMENTS OF INCOME

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

		Item	Year Ended March 31, 2004		Year Ended March 31, 2003		Change
			Amount	%	Amount	%	Amount
I		Net sales	288,240	100.0	255,545	100.0	32,694
II		Cost of sales	265,721	92.2	233,784	91.5	31,936
		Gross profit	22,519	7.8	21,761	8.5	758
III		Selling, general and administrative expenses	14,554	5.0	15,082	5.9	△ 527
	1.	Packaging and freight expenses	768		768		0
	2.	Transfer to allowance for doubtful accounts	85		-		85
	3.	Directors' remuneration	402		481		△ 78
	4.	Employees' salaries	3,282		3,528		△ 245
	5.	Bonuses	1,390		1,223		166
	6.	Retirement benefit expense	513		574		△ 60
	7.	Provision of allowance for directors' severance payments	46		59		△ 13
	8.	Employee benefits	659		745		△ 85
	9.	Depreciation and amortization	727		685		41
	10.	Others	6,677		7,015		△ 337
		Operating income	7,964	2.8	6,678	2.6	1,286
IV		Non-operating income	1,132	0.4	1,082	0.4	50
	1.	Interest income	199		273		△ 73
	2.	Dividend income	31		66		△ 34
	3.	Discounts on purchases	58		108		△ 50
	4.	Foreign exchange gains	494		94		400
	5.	Gain on transfer of marketing license	-		176		△ 176
	6.	Others	349		364		△ 14
V		Non-operating expenses	166	0.1	167	0.0	△ 0
	1.	Interest expense	33		21		11
	2.	Others	133		146		△ 12
		Ordinary income	8,930	3.1	7,593	3.0	1,337
VI		Extraordinary gains	154	0.1	216	0.1	△ 61
	1.	Gain on sales of property, plant and equipment	1		33		△ 32
	2.	Gain on sales of investment securities	127		124		3
	3.	Gain on reversal of allowance for doubtful accounts	-		54		△ 54
	4.	Gain on reversal of allowance for loss on investments	26		-		26
	5.	Others	-		3		△ 3
VII		Extraordinary losses	200	0.1	451	0.2	△ 251
	1.	Loss on sale and disposal of property, plant and equipment	74		26		47
	2.	Loss on devaluation of investment securities	121		360		△ 239
	5.	Others	4		64		△ 59
Income before income taxes and minority interests			8,884	3.1	7,357	2.9	1,526
Income taxes, current			3,432	1.2	4,420	1.7	△ 987
Deferred income taxes			△ 242	△ 0.1	△ 805	△ 0.3	563
Minority interests (losses)			△ 10	△ 0.0	19	0.0	△ 30
Net income			5,705	2.0	3,724	1.5	1,981

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

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

	Year Ended March 31, 2004	Year Ended March 31, 2003	Change
(Additional Paid-in Capital)			
I Balance at beginning of period	19,114	19,114	—
II Balance at end of period	19,114	19,114	—
(Retained Earnings)			
I Balance at beginning of period	69,944	69,584	360
II Increase in retained earnings	5,882	3,724	2,158
1.Increase in retained earnings due to increase in number of consolidated subsidiaries	177	—	177
2. Net income	5,705	3,724	1,981
III Decrease in retained earnings	4,499	3,363	1,135
1. Cash dividends	1,138	1,186	△ 48
2. Bonuses to directors	59	—	59
3. Retirement of treasury stock	3,301	2,177	1,124
IV Balance at end of period	71,328	69,944	1,383

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Item	Year Ended March 31, 2004	Year Ended March 31, 2003
		Amount	Amount
I	**Operating activities:**		
	Income before income taxes	8,884	7,357
	Depreciation and amortization	844	832
	Reversal of allowance for doubtful accounts	57	△ 82
	Increase (decrease) increase in severance allowance for employees	123	140
	(Decrease) increase in retirement allowances for directors	24	△ 48
	Interest and dividend income	△ 231	△ 339
	Interest expense	33	21
	Gains on sales of property, plant and equipment	△ 1	△ 33
	Loss on sale and disposal of property, plant and equipment	74	26
	Gains on sales of investment securities	△ 127	△ 124
	Loss on devaluation of investment securities	121	360
	Other expenses	47	90
	(Increase) decrease in notes and accounts receivable	△ 14,920	△ 13,893
	(Increase) decrease in inventories	△ 2,917	△ 1,825
	Increase (decrease) increase in accounts payable	15,277	8,368
	Directors' bonuses paid	△ 9	―
	(Decrease) increase in other assets and liabilities	△ 477	△ 8
	Subtotal	6,753	844
	Interest and dividends received	229	336
	Interest paid	△ 33	△ 20
	Income taxes refunded	-	676
	Income taxes paid	△ 5,438	△ 1,358
	Net cash provided by operating activities	1,511	477
II	**Investing activities:**		
	Decrease (increase) in time deposits	△ 51	126
	Purchases of property, plant and equipment	△ 378	△ 269
	Proceeds from sales of property, plant and equipment	5	41
	Purchases of intangible fixed assets	△ 311	△ 391
	Purchases of investment securities	△ 1,882	△ 326
	Proceeds from sales of investment securities	246	254
	Purchases of equity in affiliated companies	△ 6	△ 26
	Increase in loans	△ 117	△ 422
	Proceeds from collection of loans	90	443
	Increase from changes in the scope of consolidation due to sale of subsidiary	-	1,594
	Increase (decrease) in investments and other assets	△ 14	34
	Net cash provided by (used in) investing activities	△ 2,421	1,058
III	**Financing activities:**		
	(Decrease) increase in short-term borrowings, net	868	△ 109
	Repurchase of treasury stock	△ 3,321	△ 1,021
	Cash dividends paid	△ 1,138	△ 1,186
	Cash dividends paid to minority shareholders	△ 4	△ 5
	Net cash used in financing activities	△ 3,596	△ 2,322
IV	**Effect of foreign currency translation adjustments on cash and cash equivalents**	147	△ 205
V	**Net (decrease) increase in cash and cash equivalents**	△ 4,359	△ 992
VI	**Cash and cash equivalents, beginning of year**	34,841	35,834
VII	**Cash and cash equivalents of newly consolidated subsidiary**	181	―
VIII	**Cash and cash equivalents, end of year**	30,663	34,841

SEGMENT INFORMATION

1. Segment information by business type

Year ended March 31, 2004

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

			Semiconductors	Electronic Components	Electronic Equipment	Ryosan Products	Total	Eliminations or Corporate	Consolidated
I		Sales and operating results							
		Sales:							
	(1)	Outside customers	145,274	114,070	21,912	6,983	288,240	—	288,240
	(2)	Inter-segment	—	—	—	—	—	—	—
		Total sales	145,274	114,070	21,912	6,983	288,240	—	288,240
		Operating expenses	139,558	110,939	21,167	5,914	277,580	2,695	280,276
		Operating income	5,715	3,130	744	1,068	10,659	(2,695)	7,964
II		Assets, depreciation and capital expenditures:							
		Total assets	69,250	53,184	10,097	4,583	137,117	35,203	172,321
		Depreciation	397	285	46	96	826	17	844
		Capital expenditures	472	135	24	58	692	—	692

Year ended March 31, 2003

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

			Semiconductors	Electronic Components	Electronic Equipment	Ryosan Products	Total	Eliminations or Corporate	Consolidated
I		Sales and operating results							
		Sales:							
	(1)	Outside customers	134,243	95,057	19,880	6,363	255,545	—	255,545
	(2)	Inter-segment	—	—	—	—	—	—	—
		Total sales	134,243	95,057	19,880	6,363	255,545	—	255,545
		Operating expenses	128,537	92,719	19,391	5,598	246,246	2,620	248,867
		Operating income	5,705	2,337	489	764	9,298	(2,620)	6,678
II		Assets, depreciation and capital expenditures:							
		Total assets	60,489	41,076	12,880	4,297	118,743	37,835	156,579
		Depreciation	390	245	60	115	812	20	832
		Capital expenditures	500	87	22	51	661	—	661

Notes:

1. 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: systems equipment, production equipment

Ryosan products: heat sinks (for semiconductors)

2. Unallocated operating expenses included in “Eliminations or corporate” totaled ¥2,695 million in the fiscal year ended March 31, 2004 and ¥2,620 million in the fiscal year ended March 31, 2003. These expenses consisted principally of expenses related to the planning, general affairs, personnel and accounting departments of the parent company.

3. Total assets included in “Eliminations or corporate” were ¥35,203 million at March 31, 2004 and ¥37,835 million at March 31, 2003. These assets mainly include an excess fund for investment at the parent company (marketable securities), long-term investment funds (investment and marketable securities) and assets related to the administration department.

2. Geographical segment information

Year ended March 31, 2004

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

	Japan	Asia	Total	Eliminations or Corporate	Consolidated
I Sales and operating income					
Sales:					
Outside customers	223,996	64,244	288,240	—	288,240
Inter-area	7,094	769	7,864	(7,864)	—
Total	231,091	65,013	296,104	7,864)	288,240
Operating expenses	224,662	63,771	288,433	(8,156)	280,276
Operating income	6,429	1,242	7,671	292	7,964
II Assets	152,844	19,476	172,321	—	172,321

Year ended March 31, 2003

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

	Japan	Asia	Total	Eliminations or Corporate	Consolidated
I Sales and operating results					
Sales:					
Outside customers	194,371	61,174	255,545	—	255,545
Inter-area	5,373	295	5,668	(5,668)	—
Total	199,745	61,469	261,214	(5,668)	255,545
Operating expenses	194,168	60,297	254,465	(5,598)	248,867
Operating income	5,577	1,171	6,748	(70)	6,678
II Assets	142,501	14,077	156,579	—	156,579

Notes:

1. Country and regional segments are classified on the basis of geographic proximity.
2. Principal countries and regions:

Asia — Hong Kong, Singapore, Taiwan, Malaysia and others

3. Operating expenses are allocated to each geographical segment.

3. Overseas sales

Year ended March 31, 2004

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

		Asia	Total
I	Overseas sales	88,281	88,281
II	Consolidated net sales		288,240
III	Ratio of overseas sales to consolidated net sales	30.6	30.6

Year ended March 31, 2003

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

		Asia	Total
I	Overseas sales	70,908	70,908
II	Consolidated net sales		255,545
III	Ratio of overseas sales to consolidated net sales	27.7	27.7

Notes:

1. Country and regional segments are classified on the basis of geographic proximity.
2. Principal countries and regions:

   Asia — Hong Kong, Singapore, Taiwan and others
3. Overseas sales represent the total of export sales of the parent company and sales of its consolidated subsidiaries outside Japan (excluding intra-group sales).

9. MANUFACTURING, NEW ORDERS AND SALES

(1) Manufacturing

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

	Year Ended March 31, 2004	Year Ended March 31, 2003
Heat sinks	5,992	5,442

(2) New Orders

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

	Year Ended March 31, 2004	Year Ended March 31, 2003
Semiconductors	152,692	140,821
Electronic components	124,667	105,134
Electronic equipment	20,957	22,447
Ryosan Products	7,872	7,296
Total	306,189	275,699

(3) Sales

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

	Year Ended March 31, 2004	Year Ended March 31, 2003
Semiconductors		
Japan	102,405	93,644
Asia	42,869	40,598
Sub Total	145,274	134,243
Electronic components		
Japan	94,008	76,467
Asia	20,061	18,589
Sub Total	114,070	95,057
Electronic Equipment		
Japan	21,770	19,144
Asia	141	735
Sub Total	21,912	19,880
Ryosan Products		
Japan	5,812	5,114
Asia	1,171	1,249
Sub Total	6,983	6,363
Total	288,240	255,545