

FY2005 First Half Results Meeting

Results for the six months ended September 30, 2005

FY2005: Year ending March 31, 2006

November 25, 2005

Ryosan Co., Ltd.

Notice

This presentation contains forward-looking statements regarding business performance, which may differ substantially from actual results, depending on certain risks and uncertainties, the most significant of which are listed below.

- Economic conditions in key markets (Japan and the rest of Asia), rapid changes in consumption patterns and supply-demand balance for products
- Sharp fluctuations in the ¥/\$ exchange rate
- Substantial fluctuation in prices in capital markets

Consolidated results for the six months ended September 30, 2005

	2005/9			2004/9		
	of Total	% Chg. YoY		of Total	% Chg. YoY	
Net sales	¥ 100 million 1,631	% 100.0	% +2.9	¥ 100 million 1,586	% 100.0	% +17.4
Gross margin	131	8.0	+0.8	130	8.2	+23.3
SG&A expenses	78	4.8	+3.3	75	4.8	+9.1
Operating income	52	3.2	(2.6)	54	3.4	+50.8
Ordinary income	52	3.2	(8.3)	57	3.6	+40.3
Net income	32	2.0	(4.2)	34	2.1	+61.7
EPS	¥89.64		(¥4)	¥93.53		+¥38
BPS	¥3,125		+¥123	¥3,001		+¥167

Business segment results for the six months ended September 30, 2005

	2005/9				2004/9			
	Sales	% Chg. YoY	OP	% Chg. YoY	Sales	% Chg. YoY	OP	% Chg. YoY
	¥ 100 million	%	¥ 100 million	%	¥ 100 million	%	¥ 100 million	%
Semiconductors	848	+0.4	35	(4.4)	844	+24.1	37	+35.9
Electronic Components	617	+3.5	26	+22.3	596	+10.9	22	+46.7
Electronic Equipment	131	+26.5	3	(18.7)	104	+3.5	4	+32.9
Ryosan Products	34	(15.7)	3	(51.2)	40	+29.8	6	+54.3
Unallocable expenses	—	—	(16)	—	—	—	(15)	—
Consolidated	1,631	+2.9	52	(2.6)	1,586	+17.4	54	+50.8

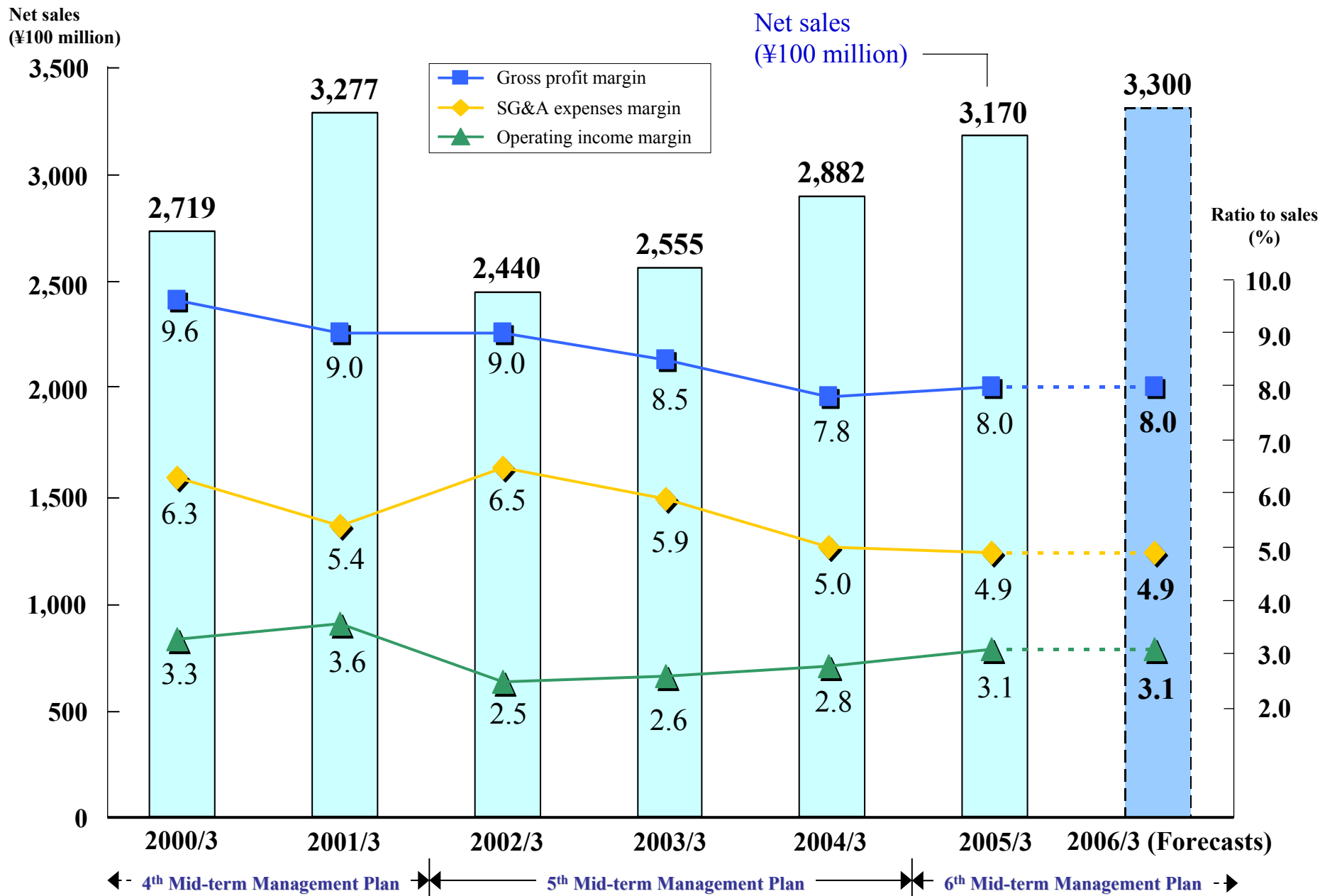
Consolidated forecasts for fiscal year ending March 31, 2006

	2006/3 (Forecasts)			2005/3 (Results)		
	¥ 100 million	of Total %	% Chg. YoY %	¥ 100 million	of Total %	% Chg. YoY %
Net sales	3,300	100.0	+4.1	3,170	100.0	+10.0
Gross margin	263	8.0	+4.2	252	8.0	+12.1
SG&A expenses	162	4.9	+5.0	154	4.9	+6.0
Operating income	101	3.1	+2.9	98	3.1	+23.3
Ordinary income	102	3.1	(3.2)	105	3.3	+18.0
Net income	63	1.9	+7.4	58	1.9	+2.8
EPS	¥172.72		+¥14	¥158.53		+¥8
BPS	¥3,178		+¥117	¥3,061		+¥127

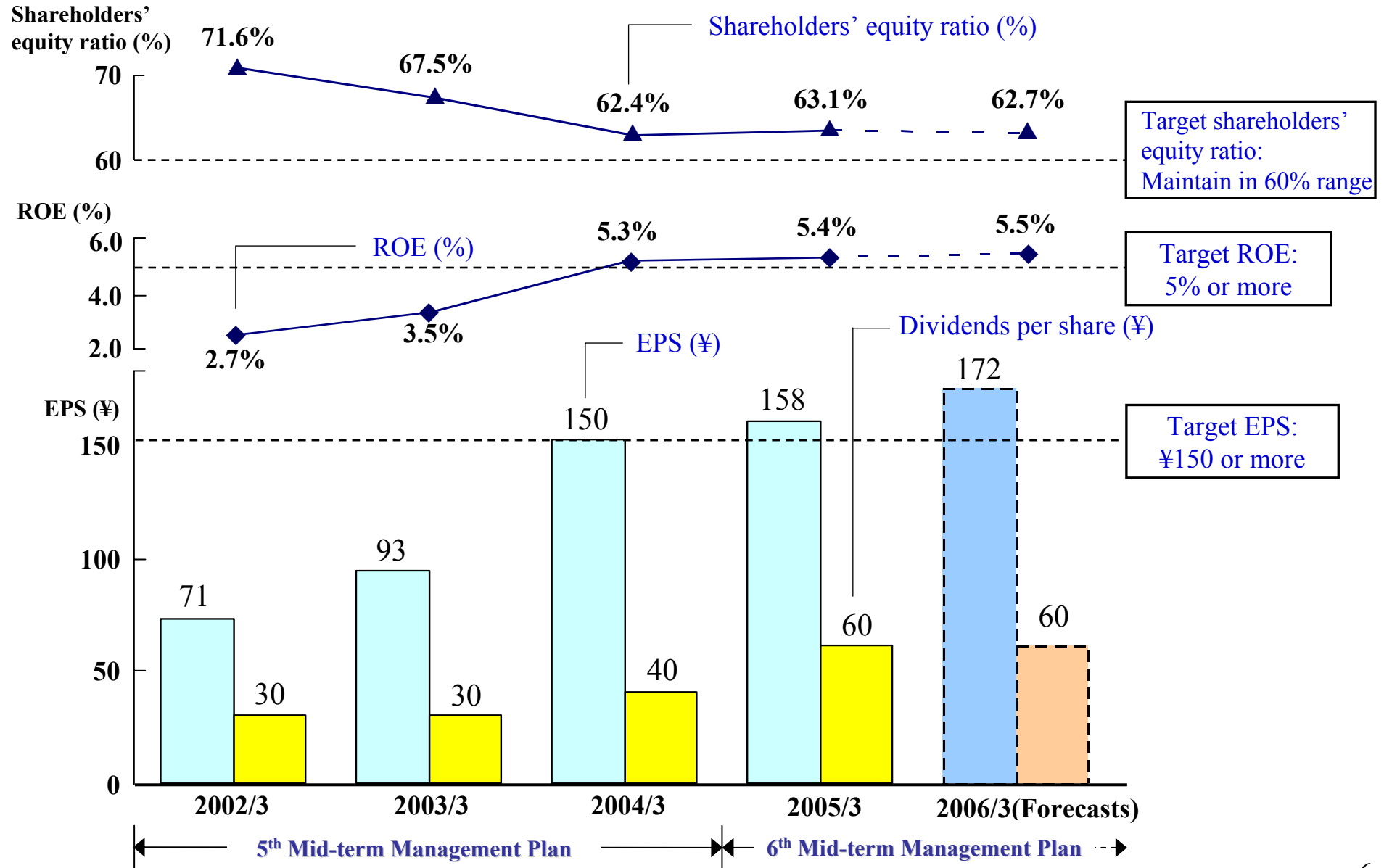
Business segment forecasts for fiscal year ending March 31, 2006

	2006/3 (Forecasts)				2005/3 (Results)			
	Sales	% Chg. YoY	OP	% Chg. YoY	Sales	% Chg. YoY	OP	% Chg. YoY
	¥ 100 million	%	¥ 100 million	%	¥ 100 million	%	¥ 100 million	%
Semiconductors	1,754	+4.2	70	+4.2	1,682	+15.8	67	+17.5
Electronic Components	1,222	+5.2	49	+19.2	1,161	+1.8	41	+31.6
Electronic Equipment	257	+3.1	6	(18.2)	249	+13.7	8	+13.3
Ryosan Products	67	(13.9)	6	(43.2)	77	+11.4	11	+3.8
Unallocable expenses	—	—	(31)	—	—	—	(29)	—
Consolidated	3,300	+4.1	101	+2.9	3,170	+10.0	98	+23.3

Consolidated Results Trend



Management Benchmarks Trend



Semiconductors Sales Breakdown (Interim)

Semiconductors

《Interim Results》

Unit : ¥100million; Year-on-year figures represent growth rates

	2004/9	2005/9 (Plan at Beginning of the period)	2005/9 (Results)		
				% Chg YoY	Vs.Plan
Memories	127	135	95	(25.2%)	(29.6%)
System LSIs	471	450	500	+6.2%	+11.1%
Discrete	247	235	253	+2.4%	+7.7%
Total	845	820	848	+0.4%	+3.4%

《Comments on Interim Results》

[Memories] : Although sales of DRAMs for servers and digital consumer products rose, those for PCs declined.

[System LSIs] : Sales of ICs used in RFID tags, photo printers, and DVDs increased, while a drop was posted for ASICs for cell phones.

[Discrete] : Higher sales of LCD drivers for cell phones were reported.

Semiconductors Sales Breakdown (Full-year)

Semiconductors

《Full-year Forecasts》

Unit : ¥100million; Year-on-year figures represent growth rates

	2005/3	2006/3 (Plan at Beginning of the period)	2006/3 (Forecasts)		
				% Chg YoY	Vs.Plan
Memories	269	310	232	(13.8%)	(25.2%)
System LSIs	953	950	990	+3.9%	+4.2%
Discrete	460	500	532	+15.7%	+6.4%
Total	1,682	1,760	1,754	+4.2%	(0.3%)

《Comments on Full-year Forecasts》

- [Memories] : Although sales for DRAMs for servers and digital consumer products are expected to rise, those for PCs are projected to decline.
- [System LSIs] : Favorable sales are expected to be posted for ICs used in RFID tags and microcomputers for car audio, while a drop is projected for ASICs for cell phones.
- [Discrete] : Higher sales of LCD drivers for PC monitors and solid sales of LCD drivers for cell phones are forecasted.

《Interim Results and Full-year Forecasts》

Unit : ¥100million; Year-on-year figures represent growth rates

	Interim			Full-year		
	2004/9	2005/9	% Chg. YoY	2005/3	2006/3(Forecasts)	% Chg. YoY
NEC Electronics <small>(Included NEC Compound Semiconductor Devices)</small>	661	630	(4.7%)	1,245	1,270	+2.0%

《Comments on Interim Results》

- Sales of ASICs for cell phones declined, while a drop was posted for LCD drivers for cell phones and DSCs.
- Sales of ICs for photo printers and DVDs increased.

《Comments on Full-year Forecasts》

- Solid sales of microcomputers for car audio, LCD drivers for PC monitors, and PDP drivers are projected.
- A decline in sales of ASICs for cell phones is expected.

Elpida Memory Products Sales

Semiconductors

《Interim Results and Full-year Forecasts》

Unit : ¥100million; Year-on-year figures represent growth rates

	Interim			Full-year		
	2004/9	2005/9	% Chg. YoY	2005/3	2006/3(Forecasts)	% Chg. YoY
Elpida Memory	86	70	(18.6%)	194	185	(4.6%)

《Comments on Interim Results》

- Although higher domestic sales were reported, overseas sales dropped.
- While sales of DRAMs for servers and digital consumer products increased, DRAMs for PCs declined.

《Comments on Full-year Forecasts》

- Higher domestic sales and lower sales overseas are projected.
- Although sales of DRAMs for servers and digital consumer products are expected to increase, DRAMs for PCs are forecasted to decline.

《Interim Results and Full-year Forecasts》

Unit : ¥100million; Year-on-year figures represent growth rates

	Interim			Full-year		
	2004/9	2005/9	% Chg. YoY	2005/3	2006/3(Forecasts)	% Chg. YoY
Philips	34	50	+47.1%	72	108	+50.0%
Memories	31	16	(48.4%)	57	34	(40.4%)
ASSP	15	54	+260.0%	69	113	+63.8%
Total	80	121	+51.3%	197	256	+29.9%

《Comments on Interim Results》

[Philips] : Sales of ICs for RFID tags rose.

[Memories] : Sales of products for DSCs and PDPs dropped.

[ASSP] : Sales of LCD drivers for cell phones increased.

《Comments on Full-year Forecasts》

[Philips] : Continued increase in sales of ICs for RFID tags is projected.

[Memories] : Sluggish sales of products for PDPs will continue.

[ASSP] : Continued solid sales of LCD drivers for cell phones are expected.

1. NEC Electronics Products

《Make products compatible with all platforms and reinforce sales support system》

SoC Platform

Digital AV devices : Expand sales to China and Korea

Cell phones : Expand sales to Korea

MCU Platform

ALL Flash microcomputers : Expand sales to multiple markets

Individual Components

LCD drivers : Enhance compatibility with various LCD panel sizes, small to large

Compound semiconductors : Expand sales to China, Taiwan, and Korea

2. Elpida Memory Products

- Reinforce sales in the field of digital consumer products
 - Mobile devices
 - Digital AV (DSCs, STBs, DTVs, DVDs)
- Build businesses with sustainable growth in the areas of servers and personal computers

3. Philips Products

- Reinforce technical support system
 - Digital TVs (LOC, Nexperia)
 - RFID
 - Multiple markets (general-purpose devices)

4. Other New-resource Semiconductor Products

- Build a specialist system by product category
 - Memories (NOR flash memory devices, SRAMs)
 - ASSP (ISP, display controllers and drivers)

《Withdrawal of Fabless Semiconductor Business》

Ryosan originally established a fourth business model, Commercialize the Fabless Semiconductor Business, but decided to withdraw from this business because the outlook for commercialization remained unpromising.

Looking ahead, we will leverage the semiconductor design and development expertise accumulated through the fabless semiconductor business to further advance our Solution Function.

Electronic Components Sales Breakdown (Interim)

Electronic
Components

《Interim Results》

Unit : ¥100million; Year-on-year figures represent growth rates

	2004/9	2005/9 (Plan at Beginning of the period)	2005/9 (Results)		
				% Chg YoY	Vs.Plan
Display Devices	248	230	290	+16.9%	+26.1%
Power Supplies	36	38	42	+16.7%	+10.5%
Mechanical Components	312	266	286	(8.3%)	+7.5%
Total	596	534	617	+3.5%	+15.5%

《Comments on Interim Results》

[Display Devices] : Sales of LCDs for PDAs soared, while those for cell phones dropped.

[Power Supplies] : Sales of rechargeable batteries for cell phones increased.

[Mechanical Components] : Although higher sales of components for game devices and cars were posted, sales of PC connectors and battery chargers for DSCs declined.

Electronic Components Sales Breakdown (Full-year)

Electronic
Components

《Full-year Forecasts》

Unit : ¥100million; Year-on-year figures represent growth rates

	2005/3	2006/3 (Plan at Beginning of the period)	2006/3 (Forecasts)		
				% Chg YoY	Vs.Plan
Display Devices	486	510	563	+15.8%	+10.4%
Power Supplies	74	80	83	+12.2%	+3.8%
Mechanical Components	601	535	576	(4.2%)	+7.7%
Total	1,161	1,125	1,222	+5.2%	+8.6%

《Comments on Full-year Forecasts》

[Display Devices] : Higher sales of LCDs for PDAs and DSCs are projected.

[Power Supplies] : Higher sales of rechargeable batteries for cell phones, AC adapters for photo printers, and other products are expected.

[Mechanical Components] : Although a rise in sales of camera modules for cell phones is forecasted, sales of printed circuit boards for DVDs and DSCs are projected to drop.

Electronic Equipment Sales Breakdown (Interim)

Electronic
Equipment

《Interim Results》

Unit : ¥100million; Year-on-year figures represent growth rates

	2004/9	2005/9 (Plan at Beginning of the period)	2005/9 (Results)		
				% Chg YoY	Vs.Plan
Facilities Equipment	50	40	35	(30.0%)	(12.5%)
System Equipment	54	70	96	+77.8%	+37.1%
Total	104	110	131	+26.5%	+19.1%

《Comments on Interim Results》

[Facilities Equipment] : Sales of manufacturing equipment for magnetic heads dropped.

[System Equipment] : Increases in sales of office automation equipment and Internet communication equipment were posted.

Electronic Equipment Sales Breakdown (Full-year)

Electronic
Equipment

《Full-year Forecasts》

Unit : ¥100million; Year-on-year figures represent growth rates

	2005/3	2006/3 (Plan at Beginning of the period)	2006/3 (Forecasts)		
				% Chg YoY	Vs.Plan
Facilities Equipment	102	102	86	(15.7%)	(15.7%)
System Equipment	147	140	171	+16.3%	+22.1%
Total	249	242	257	+3.1%	+6.2%

《Comments on Full-year Forecasts》

[Facilities Equipment] : A drop in sales of manufacturing equipment for magnetic heads is expected.

[System Equipment] : Increases in sales of boards used in cars, office automation equipment, and Internet communication equipment are projected.

Ryosan Products Sales Breakdown (Interim)

Ryosan
Products

《Interim Results》

Unit : ¥100million; Year-on-year figures represent growth rates

	2004/9	2005/9 (Plan at Beginning of the period)	2005/9 (Results)		
				% Chg YoY	Vs.Plan
Domestic	33	29	26	(21.1%)	(10.3%)
Overseas	8	7	8	+0.0%	+14.3%
Total	41	36	34	(15.7%)	(5.6%)

《Comments on Interim Results》

[Domestic] : Sales of heatsinks for measuring instruments dropped.

[Overseas] : Posted a slight sales increase for heatsinks for MFP and others.

Ryosan Products Sales Breakdown (Full-year)

Ryosan
Products

《Full-year Forecasts》

Unit : ¥100million; Year-on-year figures represent growth rates

	2005/3	2006/3 (Plan at Beginning of the period)	2006/3 (Forecasts)		
				% Chg YoY	Vs.Plan
Domestic	62	58	52	(16.1%)	(10.3%)
Overseas	16	15	15	(6.3%)	+0.0%
Total	77	73	67	(13.9%)	(8.2%)

《Comments on Full-year Forecasts》

[Domestic] : Sales of heatsinks are expected to plummet, due to weak demand for measuring instruments.

[Overseas] : Sales of heatsinks for home audio devices are projected to decline.

Domestic and Overseas Sales Breakdown

《Interim Results and Full-year Forecasts》

Unit : ¥100million; Year-on-year figures represent growth rates

	Interim			Full-year		
	2004/9	2005/9	% Chg. YoY	2005/3	2006/3(Forecasts)	% Chg. YoY
Consolidated net sales	1,586	1,631	+2.9%	3,170	3,300	+4.1%
Domestic	1,042	1,030	△1.2%	2,096	2,000	△4.6%
Overseas	543	600	+10.5%	1,074	1,300	+21.0%
Chinese Market	159	193	+21.4%	327	396	+21.1%

* Approximately 39% of total overseas sales was to Japanese companies. (Results for the six months ended September 30, 2005)

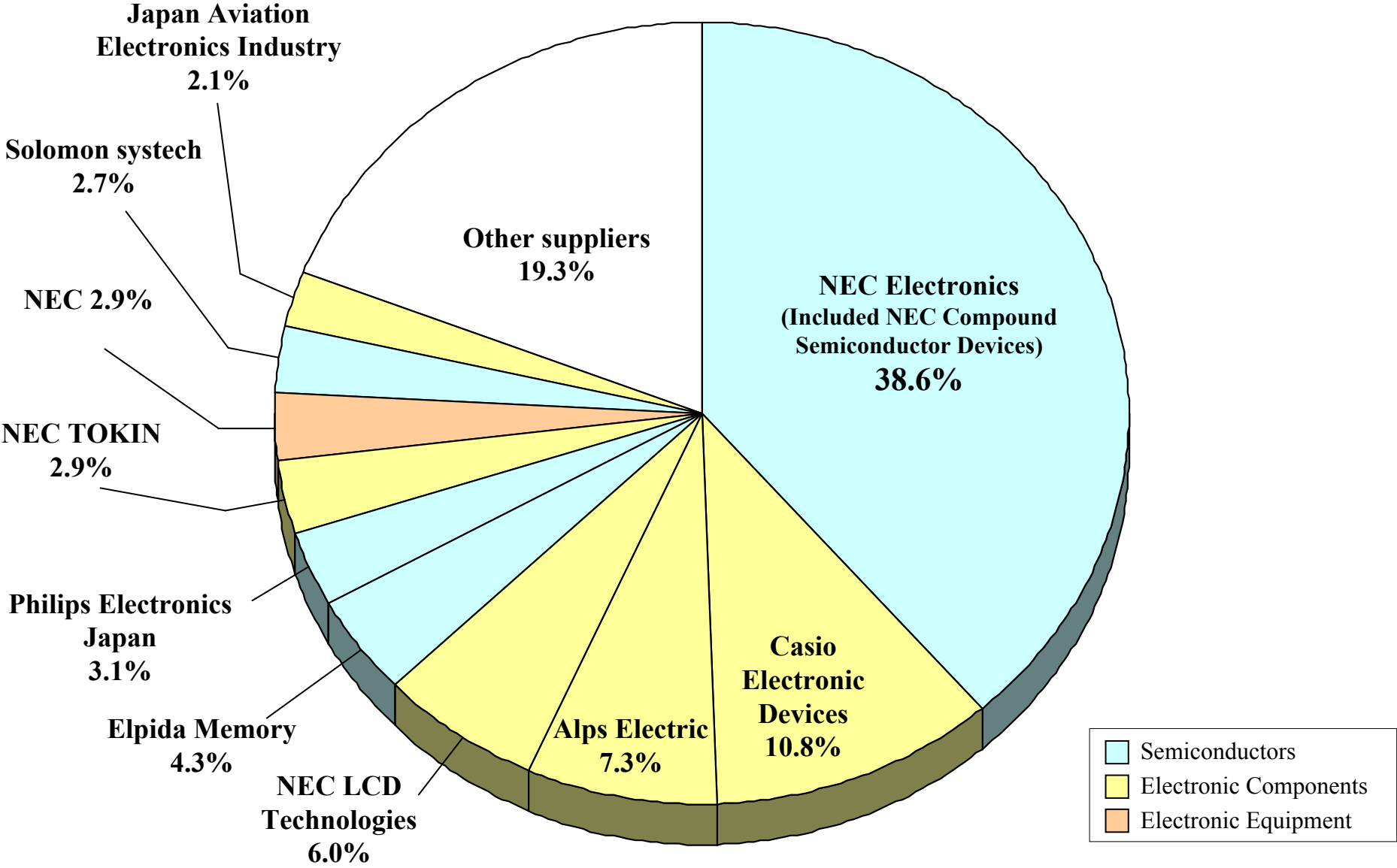
Key Clients Ranked by Ryosan's Consolidated Sales

	Top 1-10	Top 11-20	Top 21-30	Top 31-40
Clients (alphabetical order)	Alps Electric CASIO Fuji Photo film HITACHI Matsushita Electric Industrial MiTAC (T) Mitsubishi Electric NEC Pioneer SANYO	Advantest Alpine Bussan Microelectronics Calsonic Kansei Fujitsu Furuno Electric JVC KENWOOD MINTON OPTIC (T) SANYO EPSON IMAGING DEVICES	Brother Industries Clarion DENSO Japan Radio Nikon Nintendo Pantech&Curitel (K) TAKATA TOSHIBA YAMAHA	B.M Nagano KONICA MINOLTA HOLDINGS Matsushita Electric Works OMRON SEGA SHARP Sumitomo Electric Industries TAIYO YUDEN YASUKAWA Electric YAZAKI METER
Percentage sales of all clients	(Top 10) 45%	(Top 20) 59%	(Top 30) 66%	(Top 40) 70%

* Rank and percentage share are based on results for the six months ended September 30, 2005.

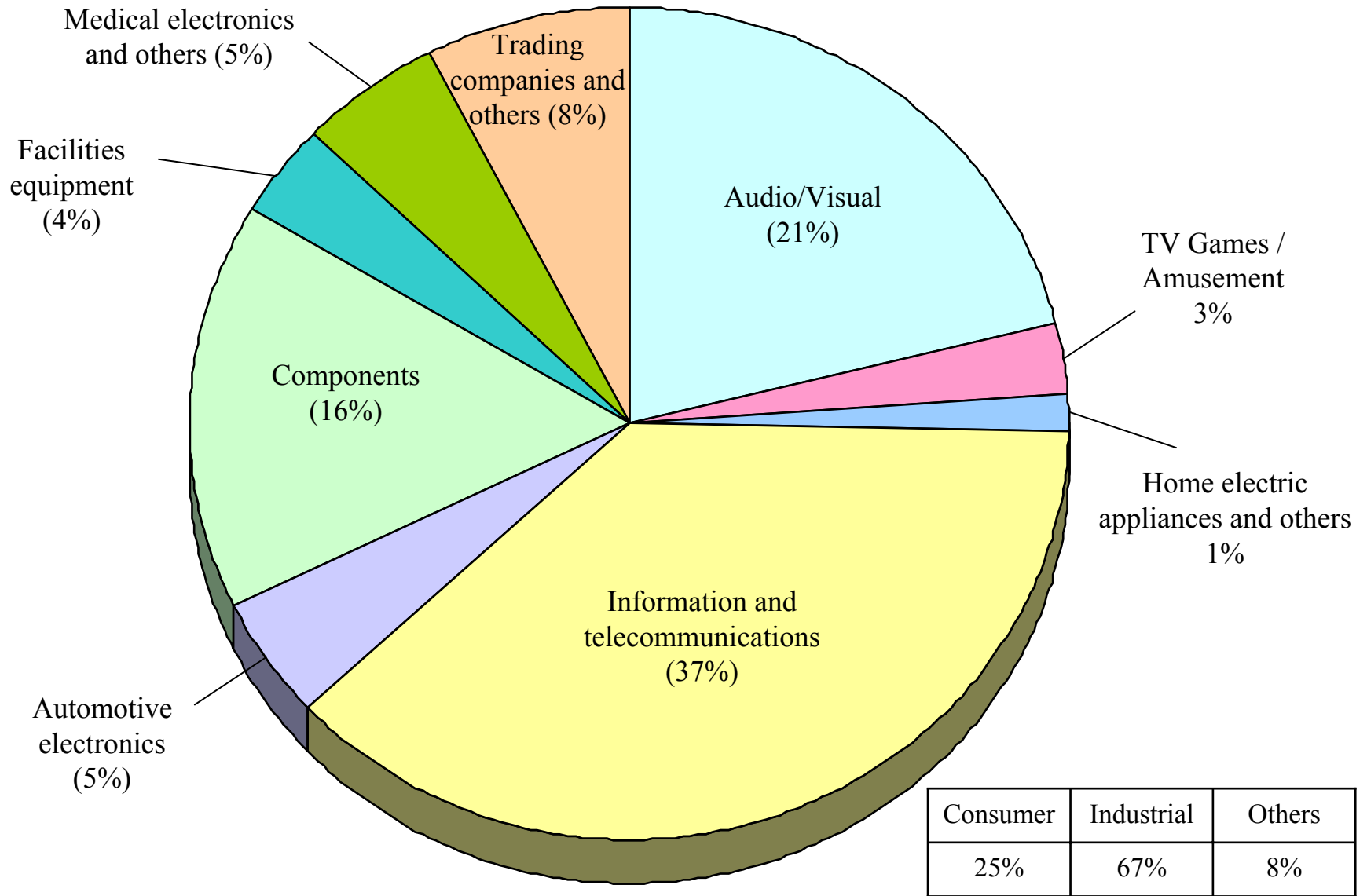
* (T) denotes a Taiwanese company, (K) a Korean company.

Main Suppliers



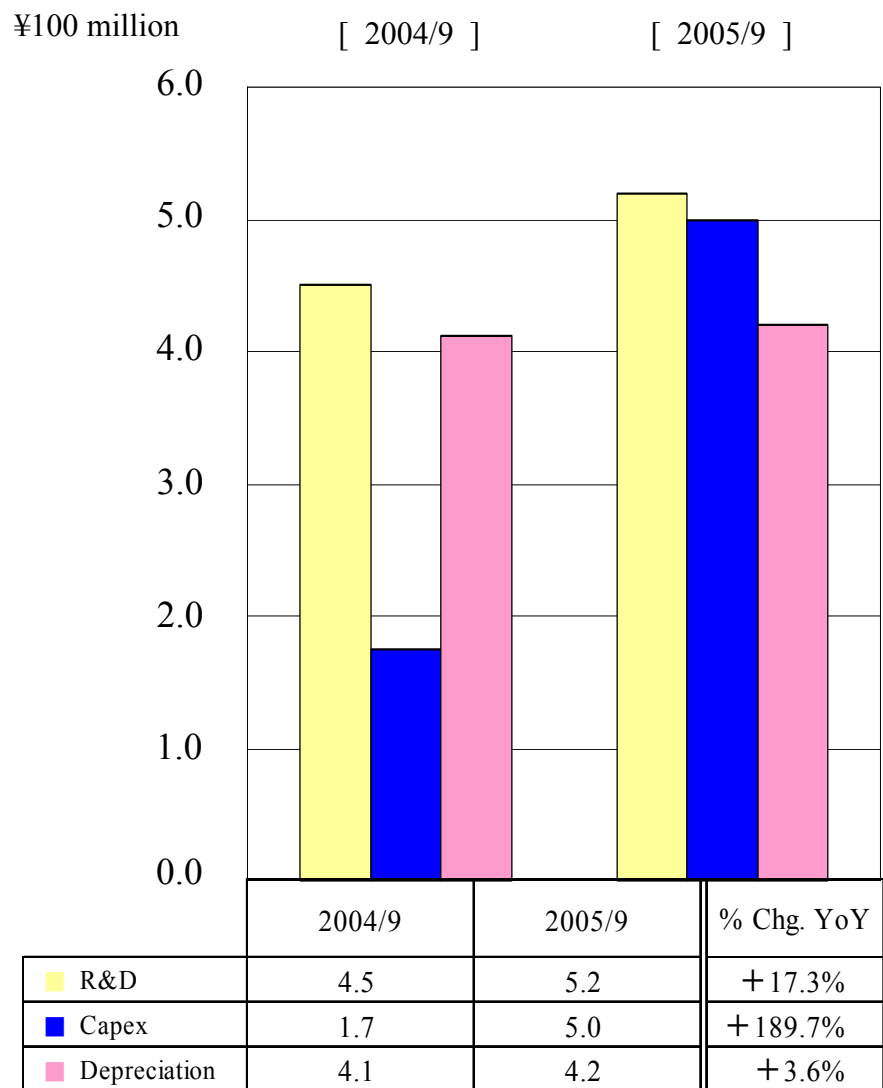
* Percentage share is based on sales of supplier's products for the six months ended September 30, 2005.

Reference : Sales Ratio by Industry and Business Type (Consolidated)

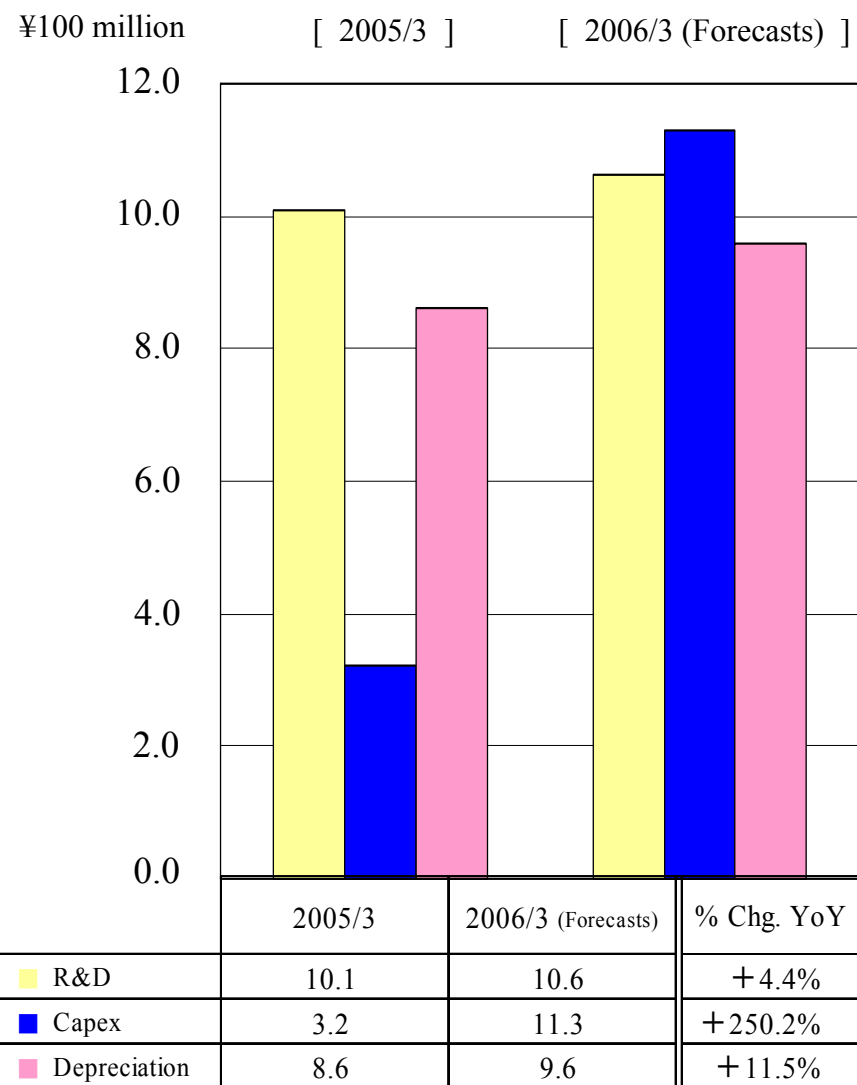


* Percentage of share is based on the sales of supplier's products for the six months ended September 30, 2005.

R&D, Capex, and Depreciation



Unit : ¥100million; Year-on-year figures represent growth rates



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