

April 26, 2005

Ryosan Co., Ltd.

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Notice of Revision of Earnings Forecasts and Projected Dividend

Ryosan Co., Ltd. hereby serves notice that at a meeting of the Board of Directors today it revised its earnings forecasts for the fiscal year ended March 31, 2005 (April 1, 2004 to March 31, 2005). The Board also resolved to revise earlier forecasts for cash dividends per share for the year ended March 31, 2005.

1. Revisions to Earnings Forecasts

(1) Revised Consolidated Earnings Forecast for the Year Ended March 31, 2005 (April 1, 2004 to March 31, 2005)

(¥ million, %)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous forecast (A) (Nov. 18, 2004)	315,000	10,400	10,900	6,500
Revised forecast (B)	317,100	9,800	10,500	5,900
Change (B-A)	2,100	-600	-400	-600
Change (%)	0.7	-5.8	-3.7	-9.2
Results for year ended March 31, 2004	288,240	7,964	8,930	5,705

(2) Revised Non-consolidated Earnings Forecast for the Year Ended March 31, 2005 (April 1, 2004 to March 31, 2005)

(¥ million, %)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous forecast (A) (Nov. 18, 2004)	238,000	7,600	9,300	5,400
Revised forecast (B)	239,600	7,100	9,000	4,800
Change (B-A)	1,600	-500	-300	-600
Change (%)	0.7	-6.6	-3.2	-11.1
Results for year ended March 31, 2004	230,909	6,808	8,636	4,218

(3) Reasons for Revisions

Ryosan has raised its forecast for net sales slightly upward from the forecast announced on November 18, 2004. The company has downwardly revised its forecasts for both consolidated and non-consolidated earnings. One reason for this was an increase in personnel costs resulting from the payment-by-result salary system linked to consolidated operating income which was implemented for all Ryosan Group members as an incentive to increase earnings. The other main reason was the reduction of some investment securities to net realizable value by a charge to income

Note: The forecasts of results presented above have been formulated based on information currently available to the company. Accordingly, actual results may differ materially from these forecasts due to a variety of factors.

2. Revision of Projected Dividend

(1) Reason for Revision of Projected Dividend

Ryosan recognizes that shareholder returns is one of the company's important business policies, and the company also works to increase the consolidated basic net income per share. Ryosan's basic policy concerning shareholder returns is to maintain consistent growth in dividend payments. The details of the company's shareholder returns policy are set out in each successive mid-term management plan.

The current sixth mid-term management plan sets forth the allocation of consolidated net income to three parts: shareholder dividends, the repurchase of treasury stock and growth strategy investment. The plan calls for advanced financial strategies for improved corporate value. Based on this policy, Ryosan intended to actively repurchase treasury stock, and repurchased more than 4 million shares under the previous fifth mid-term management plan. However, more repurchases of treasury stock at this stage could run the risk of lowering the liquidity of the company's shares. As a result, Ryosan decided to change part of this policy and consider increasing the proportion of the shareholder dividend. Consequently, the company intends to increase the year-end dividend to ¥40 per share, and the full-year dividend to ¥60 per share.

The proposed dividend will be submitted for shareholder approval at the company's 49th annual Ordinary General Meeting of Shareholders to be held in late June 2005.

(2) Revised Forecast for Cash Dividends per Share for the Year Ending March 31, 2005

(Yen)

	Interim Dividend per Share	Year-end Dividend per Share	Full-Year Dividend per Share
Previous Forecast (May 20, 2004)	20	20	40
Revised Forecast	20	40	60
(Reference) Cash Dividend per Share for the Year Ended March 31, 2004	15	25	40