

**Consolidated Earnings Report for Fiscal 2007, Ended March 31, 2008**

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 Securities code: 8140  
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Stock listing: First Section, Tokyo Stock Exchange  
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Scheduled date of the Annual General Meeting of Shareholders: June 20, 2008

Scheduled payment date of for fiscal year-end dividend: June 5, 2008

Scheduled filing date of the Annual Securities Report: June 23, 2008

Millions of yen rounded down

**1 . Consolidated results for the fiscal year ended March 31, 2008**

(April 1, 2007 to March 31, 2008)

**(1) Consolidated operating results**

(% figures represent year-on-year increase or decrease)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2007	286,098	(7.9)	10,737	6.7	11,277	8.9	6,738	5.8
Fiscal 2006	310,654	(4.8)	10,064	(6.8)	10,356	(3.0)	6,366	(3.4)

	Net income per share	Net income per share after dilution	Return on equity	Ordinary income to net assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal 2007	187.15	—	5.6	6.3	3.8
Fiscal 2006	174.54	—	5.4	5.7	3.2

(Reference)

Equity in earnings (losses) of non-consolidated subsidiaries and affiliates: FY2007 — million yen  
 FY2006 — 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, 2008	174,022	118,911	68.3	3,348.70
March 31, 2007	183,254	120,367	65.6	3,296.41

(Reference)

Shareholders equity: March 31, 2008 118,782 million yen  
 March 31, 2007 120,228 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 2007	9,057	(665)	(5,899)	43,077
Fiscal 2006	8,241	745	(4,350)	40,880

## 2. Dividends

(Millions of yen rounded down unless otherwise stated)

	Dividends per share for the fiscal year			Dividends (Full fiscal year)	Payout ratio (consolidated) %	Dividends to net assets ratio (Consolidated) %
	Interim dividend (Yen)	Fiscal year-end dividend (Yen)	Annual dividend (Yen)			
Fiscal 2007	40.00	40.00	80.00	2,857	42.7	2.4
Fiscal 2006	40.00	40.00	80.00	2,917	45.8	2.5
Fiscal 2008 (forecast)	40.00	40.00	80.00		44.4	

## 3. Forecast of results for the fiscal year ending March 31, 2009 (April 1, 2008 to March 31, 2009)

(% figures for the full year represent year-on-year increase or decrease,

% figures for the interim period are the increase / (decrease) for the corresponding period of the previous fiscal year)

	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
Interim period	136,000	(6.0)	4,700	(9.1)	5,200	(5.9)	3,000	(7.7)	85.18
Fiscal year ending March 31, 2009	275,000	(3.9)	9,800	(8.7)	10,600	(6.0)	6,300	(6.5)	180.15

## 4. Other

- (1) Changes in the scope of consolidation and application of the equity method: None
- (2) Changes in accounting principles, procedures and presentation methods in connection with the preparation of consolidated financial statements  
(Recorded under "Changes in important items considered fundamental to the preparation of consolidated financial statements").
  - i. Changes in accordance with revisions to accounting and other standards: Yes  
Note: For details, please refer to "Changes in important items considered fundamental to the preparation of consolidated financial statements" on page 20.
  - ii. Changes in items other than (i) above: No
- (3) Number of share issued and outstanding (common shares)
  - i. Number of shares issued and outstanding as of the fiscal year-end (including treasury stock)
    - March 31, 2008: 36,500,000 shares
    - March 31, 2007: 36,500,000 shares
  - ii. Number of treasury stock as of the fiscal year-end
    - March 31, 2008: 1,028,717 shares
    - March 31, 2007: 27,550 shares

Note: For details regarding the number of shares used to calculate net income per share on a consolidated basis, please refer to "Per share information" on page 34.

(Reference) Overview of non-consolidated operating results

### 1. Non-consolidated results for the fiscal year ended March 31, 2008

(April 1, 2007 to March 31, 2008)

#### (1) Non-consolidated operating results

(% figures represent year-on-year increase or decrease)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2007	212,419	(8.5)	7,574	7.4	9,455	7.3	5,499	3.3
Fiscal 2006	232,037	(1.8)	7,052	0.9	8,812	4.4	5,324	9.6

	Net income per share	Net income per share after dilution
	Yen	Yen
Fiscal 2007	152.75	—
Fiscal 2006	145.98	—

(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, 2008	152,780	109,552	71.7	3,088.49
March 31, 2007	162,339	111,032	68.4	3,044.28

(Reference)

Shareholders equity:                      March 31, 2008      109,552    million yen  
    March 31, 2007      111,032    million yen

**2. Forecast of non-consolidated results for the fiscal year ending March 31, 2009**

(April 1, 2008 to March 31, 2009)

(% figures for the full year represent year-on-year increase or decrease,

% figures for the interim period are the increase / (decrease) for the corresponding period of the previous fiscal year)

	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
Interim period	100,000	(6.0)	3,300	(6.8)	4,700	(2.9)	2,700	(5.0)	76.66
Fiscal year ending	200,000	(5.8)	6,900	(8.9)	9,000	(4.8)	5,200	(5.5)	148.69
March 31, 2009									

Caution with respect to forward-looking statements:

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. In addition, net income per share has been calculated taking into consideration the acquisition of treasury stock. Moreover, please refer to “1. Results of Operations” on pages 4 through 8 of this document for the assumptions and conditions that form the basis of forward-looking statements.

# 1. Results of Operations

## (1) Analysis of Operating Results

### Results of Operations for Fiscal 2007 (the Fiscal Year Ended March 31, 2008)

#### 1. Overview

During the fiscal year ended March 31, 2008, the global economy confronted mixed conditions. On the one hand, demand growth by developing nations coupled with firm economic conditions in advanced countries contributed to a steady worldwide operating environment. Toward the second half of the fiscal year, however, instability in financial markets triggered by sub-prime loan issues in the United States together with the sharp rise in raw material costs including crude oil as well as rapid depreciation in the value of the U.S. dollar, led to a growing sense of economic slowdown. In the electronics industry, Ryosan's principal field of operation, operating conditions were favorable. This was attributable to increased global demand for flat-screen televisions and growing demand for cellphones, personal computers and related devices mainly by developing nations.

Under these circumstances, the Ryosan Group reported a decline in overall revenues owing mainly to the drop in semiconductor segment and related activities. In the fiscal year under review, net sales fell 7.9% compared with the previous fiscal year to ¥286,098 million. On the earnings front, operating income and ordinary income climbed 6.7% and 8.9% year on year, respectively, to ¥10,737 million and ¥11,277 million. Net income rose 5.8% compared with the previous fiscal year to ¥6,738 million.

#### 2. Business Segment Information

##### a. Semiconductors

The Ryosan Group is engaged in the sale of memories, system LSIs and discrete semiconductors. The Group is also active in the development and marketing of system LSIs. In the fiscal year ended March 31, 2008, segment sales dropped 11.9% compared with the previous fiscal year to ¥148,909 million impacted by declines in sales of system LSIs for car audio equipment and memories for cellphones, servers and related products. Operating income also fell 10.2% year on year to ¥7,260 million.

##### b. Electronic Components

In the Electronic Components segment, the Ryosan Group is engaged in the sale of display devices, power supplies and mechanical components. In the fiscal year under review, sales of LCDs for personal navigation devices (PNDs), mechanical components for game consoles and other products increased. As a result, sales in this segment edged up 0.1% compared with the previous fiscal year to ¥103,142 million. From a profit perspective, operating income jumped 22.4% year on year to ¥4,403 million reflecting successful efforts to cutback operating expenses.

##### c. Electronic Equipment

The Ryosan Group sells systems equipment and facilities equipment in the Electronic Equipment segment. The 12-month period ended March 31, 2008 saw lower sales of OA systems equipment, laser equipment and other products. Accounting for these factors, segment sales declined 16.4% compared with the previous fiscal year to ¥25,665 million. Operating income decreased 4.3% year on year to ¥1,009 million.

##### d. Ryosan Products

The Ryosan Group manufactures and markets heat sinks (devices that dissipate the heat generated by semiconductors). In fiscal 2007, sales of heat sinks used in flat-screen televisions and air conditioning equipment increased. As a result, sales in this segment rose 6.7% compared with the previous fiscal year to ¥8,380 million while operating income climbed 14.6% year on year to ¥738 million.

#### 3. Geographical Segment Information

##### a. Japan

In the 12-month period ended March 31, 2008, sales of memories for cellphones and servers, LCDs for digital still cameras and other products contracted. Accounting for these factors, sales in Japan declined 8.4% compared with the previous fiscal year to ¥212,419 million. Operating income, on the other hand increased 7.4% year on year to ¥7,574 million.

##### b. Asia

In the fiscal year under review, sales in Asia edged down 2.1% compared with the previous fiscal year to ¥89,667 million owing to the drop in sales of system LSIs for car audio equipment, LCDs for PDAs and other products. Operating income, however, increased 11.3% year on year to ¥2,503 million.

The aforementioned amounts do not include consumption and other taxes.

## **(Outlook for the Next Fiscal Period)**

### **(1) Projected Operating Results**

Looking ahead, the sub-prime loan crisis is expected to impact the U.S. economy in earnest. Taking into consideration potential repercussions on Europe and developing nations, which continue to enjoy high rates of economic growth, concerns surrounding an overall downturn are mounting.

Against the backdrop of this forecast operating environment, the Ryosan Group will continue to implement the three basic strategies outlined in its 7th medium-term management plan: “Growth,” “Segmentation” and “the Establishment of a Strong Management Infrastructure.” Despite these endeavors, however, the Ryosan Group is anticipating a decline in both revenues and earnings. This is attributable to the drop in sales of display devices and the decline in profit margins.

Operating forecasts for the fiscal year ending March 31, 2009 are as follows:

	Billions of yen	YoY change (%)
Net sales	275.0	(3.9)
Operating income	9.8	(8.7)
Ordinary income	10.6	(6.0)
Net income	6.3	(6.5)

## **2. Projected Operating Results by Business Segment**

### **a. Semiconductors**

In the Semiconductor segment, Ryosan is projecting lower sales of system LSIs for car audio equipment and cellphones, ASICs for camera modules and other products. As a result, sales in this segment are forecast to dege down 0.1% compared with the fiscal year under review to ¥148,800 million, while operating income is expected to climb 3.3% year on year to ¥7,500 million.

### **b. Electronic Components**

Sales of LCDs for PNDs and digital still cameras and related products are anticipated to decline in the Electronic Components segment. On this basis, segments sales are forecast to fall 12.7 % compared with the fiscal year ended March 31, 2008 to ¥90,000 million. In line with the drop in sales, operating income is expected to contract 18.3% year on year to ¥3,600 million.

### **c. Electronic Equipment**

In the Electronic Equipment segment, sales of automotive systems equipment, laser equipment and other products are expected to rise. Accounting for these factors, segment sales are forecast to increase 7.5% compared with the fiscal year under review to ¥27,600 million. Despite the growth in sales, operating income is anticipated to drop 15.8% year on year to ¥850 million.

### **d. Ryosan Products**

Higher sales of heat sinks for use in flat-screen televisions and other products are projected in the Ryosan Products segment. As a result, segment sales are forecast to edge up 2.6% compared with the fiscal year ended March 31, 2008 to ¥8,600 million. Operating income is also anticipated to surge 35.5% year on year to ¥1,000 million.

Note: The aforementioned forecasts are subject to certain risks and uncertainties. Accordingly, actual results may differ materially from forecasts for a variety of factors. Principal among these factors are the following:

- Economic trends in the Ryosan Group’s major markets (Japan, Asia and other markets); rapid changes in consumer trends and sudden shifts in supply and demand dynamics
- Significant fluctuations in the dollar/yen exchange rate
- Major shifts in capital markets.

## **(2) Analysis of Financial Condition**

### **(Analysis of Assets, Liabilities, Net Assets and Cash Flows)**

#### **1. Status of Assets, Liabilities, Net Assets and Cash Flows as of March 31, 2008**

##### **a. Assets**

Total assets as of March 31, 2008 stood at ¥174,022 million, a decrease of ¥9,231 million compared with the end of the previous fiscal year. Major components comprised trade note and accounts receivable as well as investment securities, which declined ¥11,455 million and ¥1,812 million, respectively. Other components included marketable securities and accrued income, which increased ¥2,002 million and ¥1,397 million, respectively.

##### **b. Liabilities**

Total liabilities declined ¥7,776 million compared with March 31, 2007 to ¥55,110 million. This is mainly attributable to the drop in trade note and accounts payable, which declined ¥6,935 million compared with the end of the previous fiscal year.

##### **c. Net assets**

Net assets including minority interests as of the end of fiscal 2007 stood at ¥118,911 million a decrease of ¥1,455 million compared with the end of the previous fiscal year. In the fiscal year under review, retained earnings climbed ¥3,840 million and treasury stock increased ¥2,883 million. Valuation and conversions on the other hand declined ¥2,403 million. These and other factors contributed to the movement in net assets. As a result, the net assets to total assets climbed from 65.6% at the end of the previous fiscal year to 68.3%.

##### **d. Cash flows**

Cash and cash equivalents as of March 31, 2008 stood at ¥43,077 million an increase of ¥2,197 million compared with the end of the previous fiscal year.

##### **i. Cash flows from operating activities**

Net cash provided by operating activities amounted to ¥9,057 million. In addition to income before income taxes totaling ¥11,267 million, major cash inflows included decrease in accounts receivable of ¥9,464 million. Major cash outflow comprised the decrease in accounts payable amounting to ¥5,517 million.

##### **ii. Cash flows from investing activities**

Net cash used in investing activities for the fiscal year under review was ¥665 million. Principal cash outflows were purchases of property, plant and equipment and purchases of investment securities of ¥548 million and ¥311 million, respectively.

##### **iii. Cash flows from financing activities**

Net cash used in financing activities totaled ¥5,899 million. For the fiscal year ended March 31, 2008, major cash outflows were cash dividends paid of ¥2,897 million and repurchase of treasury stock totaling ¥2,884 million.

#### **2. Forecasts for Assets, Liabilities, Net Assets and Cash Flows for Fiscal 2008**

In fiscal 2008, net cash provided by operating activities is forecast to remain essentially unchanged on a year-on-year basis. While income before income taxes is anticipated to decline, this will be offset by the drop in accounts receivable reflecting lower sales.

Cash flows from investing activities are similarly forecast to remain unchanged compared with the fiscal year under review. For the fiscal year ending March 31, 2009, the Company is budgeting capital expenditures of around ¥900 million.

Cash flows from financing activities are anticipated to remain consistent on a year-on-year basis. In the 12-month period ending March 31, 2009, Ryosan is expecting to repurchase the same level of treasury stock as in the fiscal year under review as well as pay the same amount of cash dividends.

Accounting for these factors, cash and cash equivalents as of March 31, 2009 are expected to remain essentially unchanged from the end of the fiscal year under review.

(Trends in cash flow-related indicators)

Trends in key cash flow-related indicators for the Ryosan Group are provided as follows:

	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007
Net assets to total assets (%)	62.5	63.1	64.1	65.6	68.3
Net assets to total assets (%) (Market capitalization basis)	48.5	57.9	62.9	60.3	48.0
Cash flow to Interest-bearing Liabilities (Years)	1.1		0.5	0.6	0.5
Interest coverage ratio (Times)	45.3		49.8	24.0	37.4

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 stock.
- 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 sheets. Interest expense represents interest paid as shown on the consolidated statements of cash flows.
- The interest coverage ratio is presented with a minus sign when operating cash flows are negative.

### **(3) Basic Policy Regarding the Allocation of Profits / Dividends for Fiscal 2007 and Fiscal 2008**

#### **Basic Policy Regarding the Allocation of Profits**

Ryosan recognizes that the return of profits to shareholders is one of the Company's important business policies. At the same time, the Company also works to increase consolidated basic net income per share. Accordingly, Ryosan's fundamental policy is to achieve incremental yet steady and sustained increases in profits returned to shareholders. The details of the Company's profit allocation policy are set out in each successive mid-term management plan. The 7th Medium-Term Management Plan, from fiscal 2007 through to fiscal 2009, calls for continued efforts to "Advance Financial Strategies for Improved Corporate Value," "Ensure Shareholder Return based on a Comprehensive Dividend Policy" and "Strategic Acquisition of Treasury Stock as well as M&A and Other Initiatives." Furthermore, Ryosan is targeting a consolidated dividend payout ratio of 40% or more as a part of its proactive profit allocation policy.

#### **Dividends for Fiscal 2007 and Fiscal 2008**

For the fiscal year ended March 31, 2008, Ryosan has declared a year-end ordinary dividend of ¥40 per share. Together with the interim ordinary dividend of ¥40 per share, the Company will pay an ordinary dividend payment for the full fiscal year of ¥80 per share.

For the fiscal year ending March 31, 2009, Ryosan is forecasting an ordinary dividend payment for the full fiscal year of ¥80 per share. This comprises an interim ordinary dividend of ¥40 per share and a year-end ordinary dividend of ¥40 per share.

### **(4) Business Risk**

The Ryosan Group, its 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 Group's management based on information available as of the end of fiscal 2007 (March 31, 2008).

a. Sudden Changes in the Economic Environment

The Ryosan Group's consolidated revenues are derived from the level of demand generated by customers of device manufacturers. Against this backdrop, the Group's performance 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 performance and its financial position can be expected to deteriorate in the event of economic downturn and a resulting slowdown in demand in its principal markets, such as Japan, Asia and other regions.

b. Exchange Rate Fluctuation

The Ryosan Group engages in the manufacture and sale of 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 Company's balance sheet date. In principle, appreciation of the yen against major currencies impacts negatively on Ryosan's performance, while a weak yen impacts favorably. As a result, Ryosan's consolidated operating results and financial position are subject to fluctuations in foreign exchange rates.

c. Overseas Business Risk

The Ryosan Group 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 the Ryosan Group's operating results and its financial position.

- (i) Unforeseen changes in statutory and regulatory requirements and adverse changes in tax requirements
- (ii) Inadequate and insufficient local infrastructure in the countries in which the Ryosan Group operates
- (iii) Development of adverse political factors
- (iv) Social unrest arising out of war, acts of terrorism and other developments

d. Capital Market Volatility

As a part of its business activities the Ryosan Group holds shares in 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 performance and financial position are subject to substantial changes in stock markets.

e. Liability for Retirement Benefits

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



## 2. The Ryosan Group

The Ryosan Group comprises Ryosan Company, Limited (“Ryosan” or “the Company”), eight consolidated subsidiaries and nine non-consolidated subsidiaries.

Ryosan operates as a trading house that specializes in semiconductors, electronic components and electronic equipment, which it sells to manufacturers of electronic equipment and other customers both domestically and overseas. Ryosan also develops, manufactures and sells its own-brand products.

The following table provides an overview of industry segments and the activities of Ryosan and its consolidated subsidiaries.

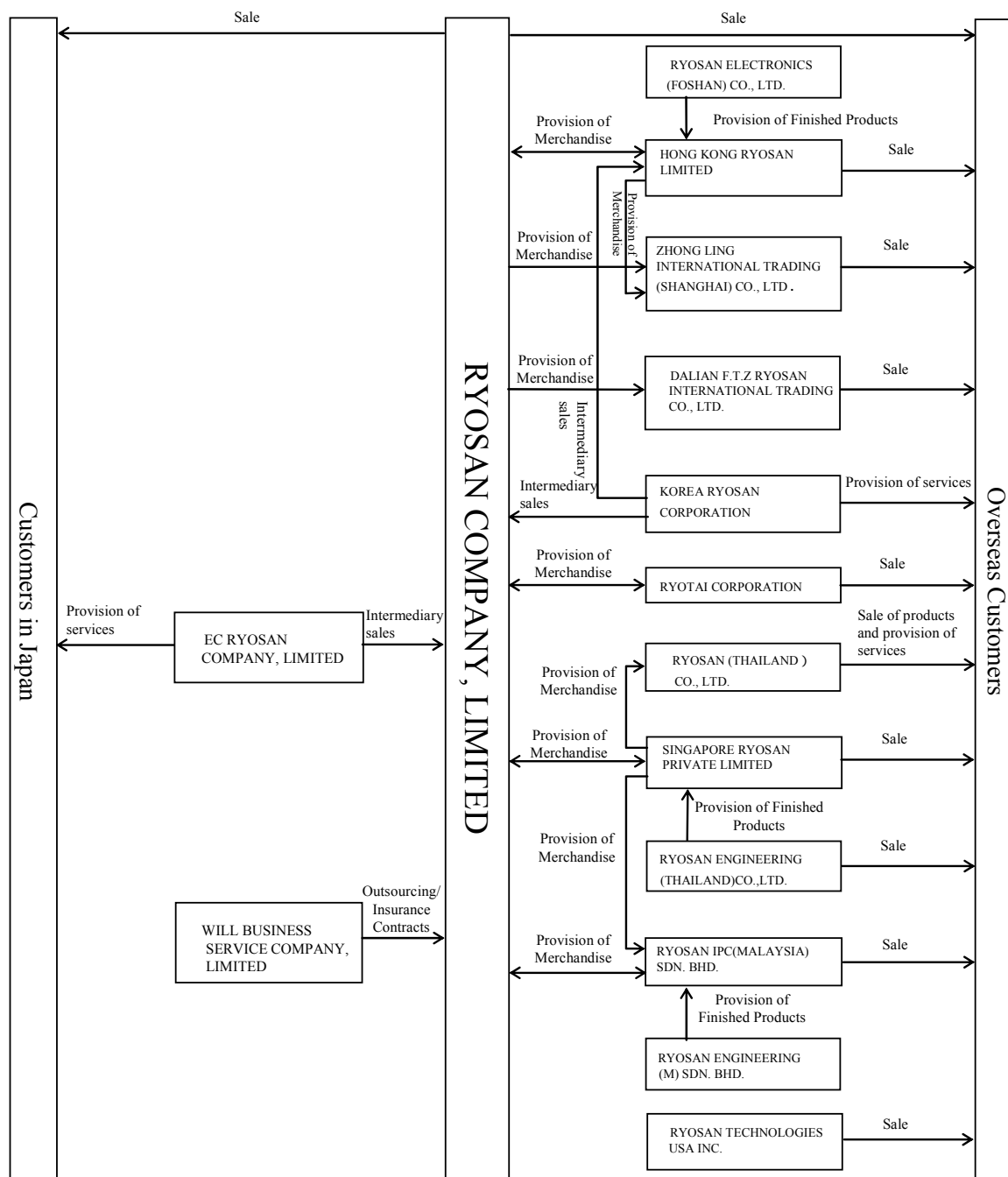
Segment	Main Products	Sales Companies	Development and Manufacturing Companies
Semiconductors	Memories System LSIs Discrete semiconductors	Ryosan Company, Limited  HONG KONG RYOSAN LIMITED	
Electronic Components	Display devices Power supplies Mechanical components	SINGAPORE RYOSAN PRIVATE LIMITED	
Electronic Equipment	Systems equipment Facilities equipment	RYOTAI CORPORATION	
Ryosan Products	Heat sinks (for semiconductor circuit elements)	RYOSAN IPC (MALAYSIA) SDN. BHD. KOREA RYOSAN CORPORATION  ZHONG LING INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	Ryosan Company, Limited  RYOSAN ENGINEERING (M) SDN.BHD.  RYOSAN ENGINEERING (THAILAND) CO., LTD.

Information about Ryosan’s principal non-consolidated subsidiaries is as follows:

(Non-consolidated subsidiaries)

Company Name	Business Activities
Will Business Service Company, Limited	Insurance agent and building maintenance
EC Ryosan Company, Limited	Sales agent for electronic components
RYOSAN TECHNOLOGIES USA INC.	Sales of semiconductors and electronic components
RYOSAN (THAILAND) CO., LTD.	Sales of semiconductors and electronic components
DALIAN F.T.Z. RYOSAN INTERNATIONAL TRADING CO., LTD.	Sales of semiconductors and electronic components
RYOSAN ELECTRONICS (FOSHAN) CO., LTD.	Manufacture and sales of heat sinks

The Group's organization chart is provided as follows.



Note: Companies identified with a asterisk are non-consolidated subsidiaries not accounted for by the equity method. All other companies are consolidated subsidiaries.

### 3. Management Policies

#### (1) Fundamental Management Policies

Since our establishment, 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 electronic 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 (supplying data), the Solutions Function (supplying technology), and the Distribution Function (supplying logistics). By constantly enhancing these three functions, Ryosan will raise customer satisfaction and increase its existence value.

#### (2) Targeted Management Indicators

The Ryosan Group has adopted net income per share and consolidated dividend payout ratio as key management indicators. Guided by these benchmarks, the Company aims to secure financial soundness while at the same time pursuing further improvements in its corporate value.

In line with our 7th Medium-Term Management Plan, which covers the period from fiscal 2007 through fiscal 2009, we aim to secure net income per share exceeding ¥200 in the final year of the plan and a consolidated dividend payout ratio of more than 40% each fiscal year.

#### (3) Medium- and Long-Term Management Strategies

Looking ahead, the Ryosan Group is expected to confront an operating environment characterized by intense globalization and rapid change. Against this backdrop, demands for the corporate sector to more adequately fulfill their corporate social responsibility (CSR) are also anticipated to rise.

Under these circumstances, the Ryosan Group has formulated its 7th Medium-Term Management Plan, which covers the period from fiscal 2007 through fiscal 2009. In line with its ongoing "Basic Stance," Ryosan continues to focus on "Pursuing Management Essence, Advancing Management Innovation, and Yielding Management Results." These three activities are the key to conducting "Open and Transparent Corporate Management" and "Business Activities with Abundant Creativity."

To realize its Basic Stance, Ryosan is taking significant strides in the implementation of its "Three Basic Strategies": the Growth Strategy, Segment Strategy, and the Strategy to Establish a Strong Business Infrastructure. The following is an outline of these "Three Basic Strategies."

##### 1. Growth Strategy as a systems coordinator:

We will establish four growth strategies:

- A comprehensive product lineup to broaden the Group's operating spheres
- Efforts to ensure complete sales of all inventories and maximum utilization of technological capabilities
- Overseas semiconductor product business expansion
- China bloc conception including Hong Kong, China, Taiwan and Korea business expansion

##### 2. Segment Strategy as a system coordinator:

We will qualitatively strengthen individual strategies for four product segments:

- Semiconductor Business Strategy: Strategic mainstay business
- Electronic Components Business Strategy: Stable cornerstone business
- Electronic Equipment Business Strategy: Synergy-driving business
- Products Business Strategy: Signature trading business

3. Strategy to Establish a Strong Business Infrastructure that supports growth and reinforces operations:

We will implement four management reforms:

- Establish highly social corporate governance
- Qualitatively strengthen management structure
- Further reform of the personnel system
- Strengthen RS (Ryosan) Culture

**(4) Issues to be Addressed**

The electronics industry, the Ryosan Group's primary field of business, is undergoing significant and dynamic reorganization. This includes a succession of capital and business tieups among electric equipment manufacturers as well as the withdrawal from unprofitable businesses. In addition, semiconductor manufacturers are undertaking a realignment of their activities, pursuing alliances and reviewing sales route strategies and procedures with the aim of ensuring their operating survival. Taking the aforementioned into consideration, and as a semiconductor trading house, Ryosan has positioned efforts to accurately grasp industry trends and formulate appropriate countermeasures as its most important management issues.

At the same time, the Ryosan Group recognizes the recent slump in its operating performance as a matter of the utmost significance. Accordingly, the Group will place added weight on its growth strategies as the means to overcome this sense of stagnation. Looking ahead, Ryosan will work aggressively to broaden the Group's operating spheres by further expanding its comprehensive product lineup and implementing a multiple vendor business model. In enhancing the capabilities of complete sales of all inventories while strengthening efforts to maximize the utilization of the Group's technological capabilities, Ryosan will further nurture the trust of its customers and suppliers. This is expected to contribute to improved operating results.

With respect to its profit structure, Ryosan will strictly adhere to business management principles that control output by measuring input ("controlling today's costs by forecasting tomorrow's revenue") at each of its sales and manufacturing bases both at home as well as overseas. At the same time, Ryosan will continue to emphasize detailed performance-based management in an effort to secure steady improvement.

At any rate, the Ryosan Group will seek to enhance its value in the electronics market. In this way, Ryosan will improve its performance to a level commensurate with its value, and thus meet the expectations of shareholders.

#### 4 - (1) Consolidated Balance Sheets

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

ITEM	As of March 31, 2007		As of March 31, 2008		Increase / (Decrease)
<b>ASSETS</b>					
<b>I. Current assets:</b>	158,329	86.4	150,432	86.4	(7,896)
1. Cash and cash deposits	25,003		25,087		83
2. Trade notes and accounts receivable	98,674		87,219		(11,455)
3. Marketable securities	15,990		17,992		2,002
4. Inventories	16,968		17,139		170
5. Accrued income	890		2,287		1,397
6. Deferred tax assets	572		525		(46)
7. Other current assets	458		407		(51)
8. Allowance for doubtful accounts	(228)		(225)		2
<b>II. Fixed assets:</b>	24,925	13.6	23,590	13.6	(1,335)
1. Property, plant and equipment	14,832	8.1	14,610	8.4	(222)
(1) Buildings and structures	5,656		5,402		(253)
(2) Land	8,209		8,210		1
(3) Other fixed assets	967		996		29
2. Intangible fixed assets	926	0.5	687	0.4	(238)
3. Investments and other assets	9,166	5.0	8,292	4.8	(874)
(1) Investment securities	5,854		4,042		(1,812)
(2) Deferred tax assets	1,471		2,265		794
(3) Other	3,242		3,209		(32)
(4) Allowance for doubtful accounts	(1,323)		(1,140)		182
(5) Allowance for loss on investments	(78)		(85)		(7)
<b>Total assets</b>	<b>183,254</b>	<b>100.0</b>	<b>174,022</b>	<b>100.0</b>	<b>(9,231)</b>

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

ITEM	As of March 31, 2007		As of March 31, 2008		Increase / (Decrease)
<b>LIABILITIES</b>					
<b>I. Current liabilities:</b>	60,404	33.0	52,646	30.3	(7,757)
1. Trade notes and accounts payable	50,454		43,519		(6,935)
2. Short-term bank loans	4,779		4,090		(689)
3. Accrued expenses	1,207		1,177		(29)
4. Accrued income taxes	2,615		2,120		(494)
5. Other current liabilities	1,347		1,739		391
<b>II. Long-term liabilities:</b>	2,482	1.3	2,463	1.4	(18)
1. Employees' retirement benefits	2,020		2,149		128
2. Other long-term liabilities	462		314		(147)
<b>Total liabilities</b>	<b>62,886</b>	<b>34.3</b>	<b>55,110</b>	<b>31.7</b>	<b>(7,776)</b>
<b>NET ASSETS</b>					
<b>I. Shareholders' equity:</b>	118,372	64.6	119,329	68.5	957
1. Common stock	17,690	9.7	17,690	10.1	—
2. Additional paid-in capital	19,122	10.4	19,122	11.0	0
3. Retained earnings	81,616	44.5	85,457	49.1	3,840
4. Treasury stock	(57)	(0.0)	(2,940)	(1.7)	(2,883)
<b>II. Valuation and conversions:</b>	1,856	1.0	(547)	(0.3)	(2,403)
1. Net unrealized gain on other marketable securities	1,711	0.9	520	0.3	(1,191)
2. Gain on deferred hedges	0	0.0	(6)	(0.0)	(6)
3. Foreign currency translation adjustments	144	0.1	(1,061)	(0.6)	(1,205)
<b>III. Minority Interests</b>	139	0.1	129	0.1	(10)
<b>Net assets</b>	<b>120,367</b>	<b>65.7</b>	<b>118,911</b>	<b>68.3</b>	<b>(1,455)</b>
<b>Total liabilities and net assets</b>	<b>183,254</b>	<b>100.0</b>	<b>174,022</b>	<b>100.0</b>	<b>(9,231)</b>

#### 4 - (2) Consolidated Statements of Income

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

ITEM	Fiscal 2006 (April 1, 2006 to March 31, 2007)		Fiscal 2007 (April 1, 2007 to March 31, 2008)		Increase / (Decrease)
<b>I. Net sales</b>	310,654	100.0	286,098	100.0	(24,556)
<b>II. Cost of sales</b>	283,702	91.3	260,906	91.2	(22,796)
Gross profit	26,951	8.7	25,191	8.8	(1,759)
<b>III. Selling, general and administrative expenses</b>	16,886	5.5	14,454	5.0	(2,432)
1. Packaging and freight expenses	853		754		(99)
2. Transfer to allowance for doubtful accounts	1,407		—		(1,407)
3. Directors' remuneration	559		579		20
4. Employees' salaries	3,534		3,721		186
5. Bonuses	1,254		1,398		143
6. Retirement benefit expenses	539		450		(89)
7. Employee benefits	769		794		24
8. Depreciation and amortization	840		683		(156)
9. Others	7,126		6,072		(1,053)
Operating income	10,064	3.2	10,737	3.8	672
<b>IV. Non-operating income</b>	741	0.2	1,008	0.3	266
1. Interest income	164		226		62
2. Dividend income	82		72		(10)
3. Management consultation fee	76		155		78
4. Refund on cancellation of insurance contracts	—		118		118
5. Miscellaneous income	419		436		16
<b>V. Non-operating expenses</b>	449	0.1	468	0.2	18
1. Interest expense	344		242		(101)
2. Foreign exchange loss	42		144		101
3. Miscellaneous expenses	62		81		18
Ordinary income	10,356	3.3	11,277	3.9	920

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

ITEM	Fiscal 2006 (April 1, 2006 to March 31, 2007)		Fiscal 2007 (April 1, 2007 to March 31, 2008)		Increase / (Decrease)
<b>VI. Extraordinary gains</b>	1,236	0.4	140	0.0	(1,095)
1. Gain on sales of property, plant and equipment	1		2		1
2. Gain on reversal of allowance for doubtful accounts			138		138
3. Gain on sales of investment securities	1,192		—		(1,192)
4. Gain on sales of golf membership rights	28		—		(28)
5. Gain on refund of golf membership rights	15		—		(15)
<b>VII. Extraordinary losses</b>	959	0.3	150	0.0	(808)
1. Loss on sales and disposal of property, plant and equipment	60		36		(23)
2. Loss on devaluation of investment securities			88		88
3. Loss on liquidation of affiliated companies			17		17
4. Provision of allowance for loss on investments	33		7		(25)
5. Loss on devaluation of golf membership rights	2		—		(2)
6. Lump-sum payment for withdrawal from welfare pension fund	863		—		(863)
<b>Income before income taxes and minority interests</b>	10,634	3.4	11,267	3.9	633
Income taxes    current	4,675	1.5	4,456	1.5	(218)
Income taxes    deferred	(407)	(0.1)	71	0.0	478
Minority interests	0	0.0	0	0.0	0
<b>Net income</b>	6,366	2.0	6,738	2.4	372



#### 4 - (3) Consolidated Statements of Changes in Shareholders' Equity, Valuation and Conversions

Fiscal 2006 (April 1, 2006 to March 31, 2007)

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

	Shareholders' Equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	17,690	19,122	78,253	(52)	115,014
Increase (decrease) during the fiscal year ended March 31, 2007					
Appropriation of earnings as cash dividends			(1,458)		(1,458)
Distribution of surplus			(1,458)		(1,458)
Appropriation of earnings as directors' bonus			(85)		(85)
Net income			6,366		6,366
Acquisition of treasury stock				(5)	(5)
Disposal of treasury stock		0		0	0
Net changes in items excluding shareholders' equity during the period					
Total increase (decrease) during the fiscal year ended March 31, 2007		0	3,362	(5)	3,357
Balance as of March 31, 2007	17,690	19,122	81,616	(57)	118,372

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

	Valuation and Conversions				Minority interests	Total net assets
	Net unrealized gain on other marketable securities	Gain on deferred hedges	Foreign currency translation adjustments	Total valuation and conversions		
Balance as of March 31, 2006	2,409		(30)	2,378	131	117,524
Increase (decrease) during the fiscal year ended March 31, 2007						
Appropriation of earnings as cash dividends						(1,458)
Distribution of surplus						(1,458)
Appropriation of earnings as directors' bonus						(85)
Net income						6,366
Acquisition of treasury stock						(5)
Disposal of treasury stock						0
Net changes in items excluding shareholders' equity during the period	(697)	0	175	(522)	7	(514)
Total increase (decrease) during the fiscal year ended March 31, 2007	(697)	0	175	(522)	7	2,843
Balance as of March 31, 2007	1,711	0	144	1,856	139	120,367

Fiscal 2007 (April 1, 2007 to March 31, 2008)

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

	Shareholders' Equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	17,690	19,122	81,616	(57)	118,372
Increase (decrease) during the fiscal year ended March 31, 2008					
Distribution of surplus			(2,897)		(2,897)
Net income			6,738		6,738
Acquisition of treasury stock				(2,884)	(2,884)
Disposal of treasury stock		0		1	1
Net changes in items excluding shareholders' equity during the period					
Total increase (decrease) during the fiscal year ended March 31, 2008		0	3,840	(2,883)	957
Balance as of March 31, 2008	17,690	19,122	85,457	(2,940)	119,329

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

	Valuation and Conversions				Minority interests	Total net assets
	Net unrealized gain on other marketable securities	Gain on deferred hedges	Foreign currency translation adjustments	Total valuation and conversions		
Balance as of March 31, 2007	1,711	0	144	1,856	139	120,367
Increase (decrease) during the fiscal year ended March 31, 2008						
Distribution of surplus						(2,897)
Net income						6,738
Acquisition of treasury stock						(2,884)
Disposal of treasury stock						1
Net changes in items excluding shareholders' equity during the period	(1,191)	(6)	(1,205)	(2,403)	(10)	(2,413)
Total increase (decrease) during the fiscal year ended March 31, 2008	(1,191)	(6)	(1,205)	(2,403)	(10)	(1,455)
Balance as of March 31, 2008	520	(6)	(1,061)	(547)	129	118,911

#### 4 - (4) Consolidated Statements of Cash Flows

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

ITEM	Fiscal 2006 (April 1, 2006 to March 31, 2007)	Fiscal 2007 (April 1, 2007 to March 31, 2008)	Increase / (Decrease)
<b>I. Operating activities:</b>			
Income before income taxes	10,634	11,267	633
Depreciation and amortization	968	843	(124)
Increase (decrease) in allowance for doubtful accounts	1,203	(138)	(1,342)
Increase in employees' retirement benefits	150	134	(15)
Decrease in directors' severance payments	(438)	—	438
Interest and dividend income	(246)	(298)	(52)
Interest expense	344	242	(101)
Gain on sales of property, plant and equipment	(1)	(2)	(1)
Loss on sales and disposal of property, plant and equipment	60	36	(23)
Gain on sales of investment securities	(1,192)	—	1,192
Loss on devaluation of investment securities	—	88	88
Loss on liquidation of affiliated companies	—	17	17
Lump-sum payment for withdrawal from welfare pension fund	863	—	(863)
Other expenses	(18)	(499)	(480)
Decrease in accounts receivable	1,309	9,464	8,155
Decrease (increase) in inventories	2,043	(652)	(2,696)
Decrease in accounts payable	(1,158)	(5,517)	(4,359)
Directors' bonuses paid	(85)	—	85
Decrease in other assets and liabilities	(824)	(1,037)	(212)
Subtotal	13,613	13,948	335
Interest and dividends received	251	299	48
Interest paid	(343)	(243)	99
Lump-sum payment for withdrawal from welfare pension fund paid	(851)	—	851
Income taxes paid	(4,428)	(4,946)	(517)
Net cash provided by operating activities	8,241	9,057	816
<b>II. Investing activities:</b>			
Net increase in time deposits	(507)	103	610
Proceeds from redemption of securities	700	—	(700)
Purchases of property, plant and equipment	(694)	(548)	146
Proceeds from sale of property, plant and equipment	6	8	2
Purchases of intangible fixed assets	(12)	(11)	0
Purchases of investment securities	(833)	(311)	521
Proceeds from sale of investment securities	2,194	—	(2,194)
Investments in affiliated companies	(59)	(21)	37
Increase in loans	(497)	—	497
Proceeds from collection of loans	392	117	(275)
Increase in investments and other assets	57	—	(57)
Net cash provided by (used in) investing activities	745	(665)	(1,411)
<b>III. Financing activities:</b>			
Decrease in short-term borrowings, net	(1,426)	(119)	1,307
Repurchase of treasury stock	(5)	(2,884)	(2,878)
Proceeds from retirement of treasury stock	0	1	0
Cash dividends paid	(2,917)	(2,897)	20
Cash dividends paid to minority shareholders	(1)	—	1
Net cash used in financing activities	(4,350)	(5,899)	(1,549)
<b>IV. Effect of foreign currency translation adjustments on cash and cash equivalents</b>	76	(295)	(372)
<b>V. Net increase in cash and cash equivalents</b>	4,713	2,197	(2,515)
<b>VI. Cash and cash equivalents at the beginning of the period</b>	36,167	40,880	4,713
<b>VII. Cash and cash equivalents at the end of the period</b>	40,880	43,077	2,197

#### **4 – (5) Important Factors that Form the Basis for Preparation of Consolidated Financial Statements**

There have been no important changes since the most recent Annual Securities Report (submitted on June 25, 2007). Accordingly, this information has been omitted.

#### **4 – (6) Changes in Important Items Considered Fundamental to the Preparation of Consolidated Financial Statements**

Changes in depreciation methods in accordance with revisions to the Corporation Tax Law

Tangible fixed assets acquired after April 1, 2007 are primarily depreciated based on the revised Corporation Tax Law in accordance with revisions to the Corporation Tax Law (Partial Revision of the Income Tax and Other Taxes Law No. 6 enacted on March 30, 2007) and implementation guidelines (Implementation Guidance for Partial Revision of the Corporation Tax Law No. 83 issued on March 30, 2007).

The impact on the Company's profit and loss as a result of this change is considered immaterial.

(Additional Information)

In accordance with revisions to the Corporation Tax Law, the Company will depreciate tangible fixed assets acquired on or prior to March 31, 2007 in equal amounts over a period of five years commencing the next consolidated fiscal year from when depreciation to the ceiling value was completed.

The impact on the Company's profit and loss as a result of this change is considered immaterial.

#### 4 – (7) Notes to Consolidated Financial Statements

(Millions of yen, figures less than ¥1 million have been omitted, unless otherwise stated)

##### (Notes to consolidated balance sheets)

	As of March 31, 2007	As of March 31, 2008
1. Accumulated depreciation of tangible fixed assets	7,995	8,436
2. Non-consolidated subsidiary and affiliated company shares and other		
- Investment securities (shares)	94	68
- Other (equity)	233	255
3. Assets pledged as collateral		
- Investment securities	260	155
4. Guarantee contingent liabilities		
The unpaid balance of debt financing provided to non-consolidated subsidiaries by financial institutions guaranteed by the Company	47	
5. Number of shares issued and outstanding	36,500,000 common shares	36,500,000 common shares
Number of treasury stock held by the Company	27,550 common shares	1,028,717 common shares

##### 6. Accounting treatment of trade notes maturing at the end of the fiscal year

The settlement of trade notes maturing on the balance sheet date of the fiscal year is accounted for on the clearance date. As the balance sheet date of the previous fiscal year was a bank holiday, the trade notes maturing on the balance sheet date of the previous fiscal year, in the following amounts were included in trade notes at the end of the previous fiscal year.

- Trade notes and accounts receivable	3,934
- Trade payables	2,168

##### (Notes to consolidated statements of income)

	Fiscal 2006 (April 1, 2006 to March 31, 2007)	Fiscal 2007 (April 1, 2007 to March 31, 2008)
1. Research and development expenditure included in selling, general and administrative expenses	993	538
2. Breakdown of gain on sales of property, plant and equipment		
- Other	1	2
3. Breakdown of loss on sales and disposal of property, plant and equipment		
- Loss on disposal of buildings and structures	18	6
- Loss on sales of buildings and structures	—	1
- Other	42	27
Total	60	36

# **(Calculation Statement Relating to Changes in Consolidated Shareholders' Equity)**

Fiscal 2006, the fiscal year ended March 31, 2007

(April 1, 2006 to March 31, 2007)

## 1. Matters Relating to the Type and Number of Shares Issued and Outstanding and the Type and Number of Treasury Stock

(Thousands of shares)

	Number of Shares As of March 31, 2006	Increase	Decrease	Number of Shares As of March 31, 2007
Common shares issued and outstanding	36,500	—	—	36,500
Common shares of treasury stock (Note)	25	1	0	27

Notes:

1. The increase in treasury stock reflects the repurchase of common stock less than one trading unit of stock.
2. The decrease in treasury stock reflects the sale of common stock less than one trading unit of stock.

## 2. Matters Relating to Dividends

### (1) Dividend payment amount

(Millions of yen unless otherwise stated)

	Type of Shares	Total Cash Dividend Paid	Cash Dividend per Common Share (Yen)	Base Date	Effective Date
Annual General Meeting of Shareholders held on June 23, 2006	Common shares	1,458	40	Mar. 31, 2006	Jun. 23, 2006
Board of Directors' Meeting held on November 9, 2006	Common shares	1,458	40	Sept. 30, 2006	Dec. 1, 2006

### (2) Dividends for which the effective date falls after the fiscal year ended March 31, 2008 included in dividends for which the base date falls within the fiscal year ended March 31, 2007

(Millions of yen unless otherwise stated)

	Type of Shares	Source of Dividend Payments	Total Cash Dividend Paid	Cash Dividend per Common Share (Yen)	Base Date	Effective Date
Board of Directors' Meeting held on May 11, 2007	Common shares	Retained earnings	1,458	40	Mar. 31, 2007	Jun. 7, 2007

Fiscal 2007, the fiscal year ended March 31, 2008

(April 1, 2007 to March 31, 2008)

## 1. Matters Relating to the Type and Number of Shares Issued and Outstanding and the Type and Number of Treasury Stock

(Thousands of shares)

	Number of Shares As of March 31, 2007	Increase	Decrease	Number of Shares As of March 31, 2008
Common shares issued and outstanding	36,500	—	—	36,500
Common shares of treasury stock (Note)	27	1,001	0	1,028

Notes:

1. The increase in common share treasury stock reflects the repurchase of 1,000,000 shares in accordance with a resolution of the Board of Directors and the repurchase of common stock less than one trading unit of stock.
2. The decrease in treasury stock reflects the sale of common stock less than one trading unit of stock.

## 2. Matters Relating to Dividends

### (1) Dividend payment amount

(Millions of yen unless otherwise stated)

	Type of Shares	Total Cash Dividend Paid	Cash Dividend per Common Share (Yen)	Base Date	Effective Date
Board of Directors' Meeting held on May 11, 2007	Common shares	1,458	40	Mar. 31, 2007	Jun. 7, 2007
Board of Directors' Meeting held on November 8, 2007	Common shares	1,438	40	Sept. 30, 2007	Dec. 4, 2007

- (2) Dividends for which the effective date falls after the fiscal year ending March 31, 2009 included in dividends for which the base date falls within the fiscal year ended March 31, 2008

(Millions of yen unless otherwise stated)

	Type of Shares	Source of Dividend Payments	Total Cash Dividend Paid	Cash Dividend per Common Share (Yen)	Base Date	Effective Date
Board of Directors' Meeting held on May 12, 2008	Common shares	Retained earnings	1,418	40	Mar. 31, 2008	Jun. 5, 2008

(Notes to consolidated statements of cash flows)

The relationship between the balance of cash and cash equivalents at the end of the fiscal period and items recorded on the consolidated balance sheets.

(Millions of yen unless otherwise stated)

	As of March 31, 2007	As of March 31, 2008
Cash and cash deposits	25,003	25,087
Marketable securities	15,990	17,992
Time deposits with deposit terms exceeding three months	(113)	(1)
Bonds and notes with a redemption date exceeding three months from the date of acquisition	(0)	(0)
Cash and cash equivalents	40,880	43,077

## SEGMENT INFORMATION

### 1. Segment information by business type

Fiscal year ended March 31, 2007

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

	Semiconductors	Electronic components	Electronic equipment	Ryosan products	Total	Eliminations or corporate	Consolidated
<b>I Sales and operating income</b>							
Sales:							
(1) Sales to external Customers	169,012	103,075	30,709	7,855	310,654	-	310,654
(2) Internal sales between segments, or exchange	-	-	-	-	-	-	-
Total sales	169,012	103,075	30,709	7,855	310,654	-	310,654
Operating expenses	160,924	99,477	29,654	7,211	297,267	3,321	300,589
Operating income	8,088	3,598	1,054	644	13,386	(3,321)	10,064
<b>II Assets, depreciation and capital expenditures:</b>							
Total assets	77,167	44,953	13,165	5,347	140,634	42,620	183,254
Depreciation	534	229	73	116	954	13	968
Capital expenditure	317	220	78	90	707	-	707

Fiscal year ended March 31, 2008

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

	Semiconductors	Electronic components	Electronic equipment	Ryosan products	Total	Eliminations or corporate	Consolidated
<b>I Sales and operating income</b>							
Sales:							
(1) Sales to external Customers	148,909	103,142	25,665	8,380	286,098	-	286,098
(2) Internal sales between segments, or exchange	-	-	-	-	-	-	-
Total sales	148,909	103,142	25,665	8,380	286,098	-	286,098
Operating expenses	141,648	98,738	24,655	7,642	272,686	2,674	275,360
Operating income	7,260	4,403	1,009	738	13,412	(2,674)	10,737
<b>II Assets, depreciation and capital expenditures:</b>							
Total assets	67,040	45,438	11,604	5,537	129,619	44,402	174,022
Depreciation	397	227	60	145	831	12	843
Capital expenditure	146	123	31	223	526	-	526

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 ¥3,321 million in the fiscal year ended March 31, 2007 and ¥2,674 million in the fiscal year ended March 31, 2008. These expenses consisted principally of Ryosan's information



system investments and expenses related to Ryosan's planning, administration and accounting departments.

3. Total assets included in "Eliminations or corporate" were ¥42,620 million at March 31, 2007 and ¥44,402 million at March 31, 2008. 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

Fiscal year ended March 31, 2007

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

	Japan	Asia	Total	Eliminations or corporate	Consolidated
<b>I Sales and operating income</b>					
Sales:					
(1) Sales to external Customers	219,428	91,225	310,654		310,654
(2) Internal sales between segments, or exchange	12,609	400	13,010	(13,010)	
Total sales	232,037	91,626	323,664	(13,010)	310,654
Operating expenses	224,985	89,376	314,361	(13,772)	300,589
Operating income	7,052	2,250	9,302	762	10,064
<b>II Assets</b>	158,050	25,203	183,254		183,254

Fiscal year ended March 31, 2008

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

	Japan	Asia	Total	Eliminations or corporate	Consolidated
<b>I Sales and operating income</b>					
Sales:					
(1) Sales to external Customers	196,871	89,226	286,098		286,098
(2) Internal sales between segments, or exchange	15,548	440	15,989	(15,989)	
Total	212,419	89,667	302,087	(15,989)	286,098
Operating expenses	204,845	87,164	292,009	(16,648)	275,360
Operating income	7,574	2,503	10,078	659	10,737
<b>II Assets</b>	149,017	25,005	174,022		174,022

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

Fiscal year ended March 31, 2007

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

	Asia	Total
I Overseas sales	109,838	109,838
II Consolidated net sales		310,654
III Ratio of overseas sales to consolidated net sales (%)	35.4	35.4

Fiscal year ended March 31, 2008

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

	Asia	Total
I Overseas sales	112,604	112,604
II Consolidated net sales		286,098
III Ratio of overseas sales to consolidated net sales (%)	39.4	39.4

Notes:

1. Country and regional segments are classified on the basis of geographic proximity.
2. Principal countries and regions:  
Asia—Hong Kong, Korea, China, 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).

## Leases

### 1. Finance Leases other than Those that Transfer Ownership to the Lessee

#### (1) Acquisition cost, accumulated depreciation and period-end balance of lease assets

(Millions of yen unless otherwise stated)

	Fiscal 2006 (April 1, 2006 to March 31, 2007)		Fiscal 2007 (April 1, 2007 to March 31, 2008)	
	Vehicles and Transportation	Equipment, Furniture & Fittings	Vehicles and Transportation	Equipment, Furniture & Fittings
Acquisition cost	3	2,030	3	1,829
Accumulated depreciation	<u>1</u>	<u>1,197</u>	<u>2</u>	<u>1,260</u>
Period-end balance	<u><u>1</u></u>	<u><u>832</u></u>	<u><u>1</u></u>	<u><u>569</u></u>

#### (2) Period-end balance of unpaid lease expenses

Due within one year	316	196
Due after one year	<u>552</u>	<u>393</u>
Total	<u><u>869</u></u>	<u><u>589</u></u>

#### (3) Lease expense payment

398 330

#### (4) Accumulated depreciation

361 296

#### (5) Interest expenses

24 16

The straight-line method is used to calculate amortization over the useful life of the asset with no remaining value.

The difference between total lease expenses and the acquisition cost of leased assets is considered as the interest portion and the allocation of this interest is calculated by the interest method.

### 2. Operating Leases

#### The amount of unpaid lease expenses

Due within one year	32	67
Due after one year	<u>19</u>	<u>50</u>
Total	<u><u>52</u></u>	<u><u>117</u></u>

(Transactions with related parties)  
Fiscal 2006, the fiscal year ended March 31, 2007  
(April 1, 2006 to March 31, 2007)

Directors and Principal Individual Shareholders

(Millions of yen)

Position	Name	Address	Capital or Investment	Activities or Profession	Ratio of Ryosan Shares with Voting Rights Held (%)	Relationship		Transaction Details	Amount of Transaction	Account	Period-End Balance
						Interlocking Directors	Business Relationship				
Director	Tsuneo Sato	—	—	Ryosan Auditor, City-Yuwa Partners (Solicitor)	—	—	—	Legal advisor	3	—	—

Notes:

1. Consumption taxes are not included in the amount of transaction identified in the table above.
2. Tsuneo Sato is a member of City-Yuwa Partners. The Company has executed an agreement for City-Yuwa Partners to act as legal counsel. Legal counsel fees paid by Ryosan to City-Yuwa Partners are set in line with commonly accepted business practice and norms.

Fiscal 2007, the fiscal year ended March 31, 2008  
(April 1, 2007 to March 31, 2008)

Directors and Principal Individual Shareholders

(Millions of yen)

Position	Name	Address	Capital or Investment	Activities or Profession	Ratio of Ryosan Shares with Voting Rights Held (%)	Relationship		Transaction Details	Amount of Transaction	Account	Period-End Balance
						Interlocking Directors	Business Relationship				
Director	Tsuneo Sato	—	—	Ryosan Auditor, City-Yuwa Partners (Solicitor)	—	—	—	Legal advisor	3	—	—

Notes:

1. Consumption taxes are not included in the amount of transaction identified in the table above.
2. Tsuneo Sato is a member of City-Yuwa Partners. The Company has executed an agreement for City-Yuwa Partners to act as legal counsel. Legal counsel fees paid by Ryosan to City-Yuwa Partners are set in line with commonly accepted business practice and norms.

(Tax-effect accounting)

1. Breakdown of major causes of occurrence in deferred tax assets and deferred tax liabilities

	( Millions of yen unless otherwise stated)	
	Fiscal 2006	Fiscal 2007
	(April 1, 2006 to March 31, 2007)	(April 1, 2007 to March 31, 2008)
(Deferred tax assets)		
Amount exceeded amortization of software and other	684	618
Investment securities	559	600
Golf membership rights	145	145
Accrued bonuses	308	308
Accrued enterprise taxes	169	129
Provision for employees' retirement benefits	811	864
Provision for allowance for doubtful accounts	239	208
Other	300	275
Total deferred tax assets	3,219	3,150
(Deferred tax liabilities)		
Net unrealized gain on other marketable securities	(1,174)	(357)
Others	(8)	(8)
Total deferred tax liabilities	(1,183)	(365)
Total	2,036	2,785

Note: Included in net deferred tax assets as in the fiscal year ended March 31, 2007, an amount of ¥(8) million was reported in other current liabilities of the Company's balance sheet as fo March 31, 2007. Of an amount ¥ (8) million included in net deferred tax assets for the fiscal year ended March 31, 2008, ¥1 million is included in other current liabilities and ¥7 million in other long-term liabilities in the current liabilities and long-term liabilities, respectively, of the Company's consolidated balance sheet.

2. Breakdown of major differences between the statutory tax rate and the effective tax rate after adoption of tax-effect accounting

Fiscal 2006	Fiscal 2007
(April 1, 2006 to March 31, 2007)	(April 1, 2007 to March 31, 2008)
Information on the difference between the statutory tax rate and the effective tax rate is not presented for the fiscal year since the difference between the statutory tax rate and the effective tax rate was less than 5/100 and therefore considered immaterial.	Information on the difference between the statutory tax rate and the effective tax rate is not presented for the fiscal year since the difference between the statutory tax rate and the effective tax rate was less than 5/100 and therefore considered immaterial.

(Marketable securities)

1. Bonds and notes held to maturity with quoted market value

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

	As of March 31, 2007			As of March 31, 2008		
	Amount stated on consolidated balance sheet	Market value	Difference	Amount stated on consolidated balance sheet	Market value	Difference
Bonds and notes for which market value exceeds the amount stated on consolidated balance sheets	15,990	15,990	0	17,992	17,992	0

2. Other securities with quoted market values

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

		As of March 31, 2007			As of March 31, 2008		
		Acquisition cost	Amount stated on consolidated balance sheet	Difference	Acquisition cost	Amount stated on consolidated balance sheet	Difference
Securities for which the amount stated on consolidated balance sheets exceeds their acquisition costs	Stocks	1,610	4,506	2,896	1,620	2,607	986
Securities for which acquisition costs exceed the amount stated on consolidated balance sheets	Stocks	72	64	(8)	333	233	(100)
Total		1,683	4,570	2,887	1,954	2,840	886

3. Other securities sold in the fiscal year ended March 31, 2008

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

	As of March 31, 2007	As of March 31, 2008
Sales amount	2,194	—
Total profit from sales	1,192	—

4. Other securities without quoted market values

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

	As of March 31, 2007	As of March 31, 2008
	Amount stated on consolidated balance sheet	Amount stated on consolidated balance sheet
Other securities		
- Non-listed stocks	189	133
- Bonds and notes	1,000	1,000

Note: For the fiscal year ended March 31, 2007 the Company incurred an impairment loss totaling ¥17 million. The book value after accounting for impairment losses was charged to acquisition costs.

5. Other securities with maturities and bonds and notes held to maturity which the Company plans to redeem

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

			As of March 31, 2007	As of March 31, 2008
Bonds and notes	Commercial paper	Less than one year	15,990	17,992
		More than 10 years	—	—
	Other	Less than one year	—	—
		More than 10 years	1,000	1,000

(Derivatives)

Information relating to derivative transactions is considered immaterial to the preparation of this business report. Accordingly, derivative transaction information has been omitted.



(Retirement benefits)

1. Overview of retirement benefits plans adopted

Based on rules and regulations relating to retirement benefits, the Company maintains allowances for termination allowance plans, approved retirement annuity plans and defined contribution pension plans. Certain consolidated overseas subsidiaries maintain defined benefit plans.

2. Breakdown of benefit obligations

(Millions of yen unless otherwise stated)

	Fiscal 2006 (April 1, 2006 to March 31, 2007)	Fiscal 2007 (April 1, 2007 to March 31, 2008)
1. Projected benefit obligation	(4,469)	(4,701)
2. Fair value of plan assets	2,346	2,391
3. Unrecognized actuarial loss	49	115
4. Unrecognized prior service cost	53	46
5. Reserve for employee retirement benefits	(2,020)	(2,149)

Note: For certain consolidated subsidiaries, the simplified method is used to calculate benefit obligation.

3. Breakdown of benefit costs

(Millions of yen unless otherwise stated)

	Fiscal 2006 (April 1, 2006 to March 31, 2007)	Fiscal 2007 (April 1, 2007 to March 31, 2008)
1. Service cost	262	270
2. Interest cost	82	88
3. Expected return on plan assets	(17)	(17)
4. Expensed amount for differences in actuarial calculation	28	27
5. Amortization of prior service cost	7	7
Subtotal	364	376
6. Contribution to welfare pension fund	204	—
7. Contribution to defined contribution pension plan	7	103
Total pension cost	576	479

Notes:

- For consolidated subsidiaries that use the simplified method, pension cost is recorded as “service cost.”
- In addition to the aforementioned pension cost, the Company incurred an extraordinary loss totaling ¥863 million, representing lump-sum payment for withdrawal from welfare pension fund.

4. Calculation basis for retirement benefits

1. Method of attributing benefit to periods of service	Straight-line method	Straight-line method
2. Discount rate	2.0%	2.0%
3. Rate of expected return on plan assets	0.75%	0.75%
4. Amortization period for the difference in actuarial calculation	10 years	10 years
5. Amortization period for prior service costs	10 years	10 years

(Stock options and other)

Not applicable.

(Corporate integration and other)

Not applicable.

(Per share information)

	(Yen unless otherwise stated)	
	Fiscal 2006	Fiscal 2007
	(April 1, 2006 to March 31, 2007)	(April 1, 2007 to March 31, 2008)
1. Net assets per share	3,296.41	3,348.70
2. Net income per share	174.54	187.15

Notes:

1. Net income per share for the fiscal years ended March 31, 2007 and March 31, 2008 are calculated on the following basis:

	(Millions of yen unless otherwise stated)	
	Fiscal 2006	Fiscal 2007
	(April 1, 2006 to March 31, 2007)	(April 1, 2007 to March 31, 2008)
Net income	6,366	6,738
Net income applicable to common stock	6,366	6,738
Average number of shares for the period	36,473 thousand shares	36,005 thousand shares

(Important subsequent events)

Not applicable

## 5. MANUFACTURING, NEW ORDERS AND SALES

### 1. Manufacturing

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

	Fiscal 2006 (April 1, 2006 to March 31, 2007)	Fiscal 2007 (April 1, 2007 to March 31, 2008)
Heat sinks	6,671	7,004

### 2. New Orders

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

	Fiscal 2006 (April 1, 2006 to March 31, 2007)	Fiscal 2007 (April 1, 2007 to March 31, 2008)
Semiconductors	163,972	150,241
Electronic components	104,066	102,189
Electronic equipment	28,365	26,950
Ryosan products	7,912	8,423
Total	304,316	287,805

### 3. Sales

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

	Fiscal 2006 (April 1, 2006 to March 31, 2007)	Fiscal 2007 (April 1, 2007 to March 31, 2008)
Semiconductors	169,012	148,909
Electronic components	103,075	103,142
Electronic equipment	30,709	25,665
Ryosan products	7,855	8,380
Total	310,654	286,098

## 6 - (1) Non-Consolidated Balance Sheets

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

ITEM	As of March 31, 2007		As of March 31, 2008		Increase / (Decrease)
		%		%	
<b>ASSETS</b>					
<b>I. Current assets:</b>	137,509	84.7	129,201	84.6	(8,308)
1. Cash and cash deposits	21,816		21,765		(50)
2. Trade notes receivable	4,615		3,033		(1,581)
3. Trade accounts receivable	81,037		71,077		(9,960)
4. Marketable securities	15,990		17,992		2,002
5. Merchandise	11,636		11,656		19
6. Finished products	251		274		23
7. Raw materials	274		269		(4)
8. Work in process	186		158		(28)
9. Accrued income	924		2,289		1,365
10. Deferred tax assets	568		524		(43)
11. Other current assets	287		219		(67)
12. Allowance for doubtful accounts	(79)		(61)		17
<b>II. Fixed assets:</b>	24,829	15.3	23,579	15.4	(1,249)
1. Property, plant and equipment	14,371	8.9	14,156	9.2	(215)
(1) Buildings	5,382		5,159		(222)
(2) Structures	44		38		(6)
(3) Machinery and equipment	247		333		85
(4) Vehicles and transportation	0		0		(0)
(5) Tools, furniture and fittings	547		476		(70)
(6) Land	8,149		8,147		(1)
2. Intangible fixed assets	232	0.1	126	0.1	(106)
(1) Goodwill	184		78		(106)
(2) Telephone subscription rights	48		48		—
3. Investments and other assets	10,224	6.3	9,296	6.1	(927)
(1) Investment securities	5,760		3,974		(1,785)
(2) Shares of affiliated companies	1,248		1,219		(28)
(3) Equity investments	213		199		(14)
(4) Equity in affiliated companies	257		278		21
(5) Affiliated company long-term loan receivables	47		40		(6)
(6) Reorganization and other claims	1,179		1,016		(162)
(7) Deferred tax assets	1,471		2,265		794
(8) Other	1,305		1,404		98
(9) Allowance for doubtful accounts	(1,179)		(1,016)		162
(10) Allowance for loss on investments	(78)		(85)		(7)
<b>Total assets</b>	162,339	100.0	152,780	100.0	(9,558)

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

ITEM	As of March 31, 2007		As of March 31, 2008		Increase / (Decrease)
		%		%	
<b>LIABILITIES</b>					
<b>I. Current liabilities:</b>	48,856	30.1	40,796	26.7	(8,060)
1. Trade accounts payable	40,828		33,976		(6,852)
2. Short-term bank loans	3,452		2,274		(1,177)
3. Other payables	966		1,348		381
4. Accrued expenses	1,031		995		(36)
5. Accrued income taxes	2,372		1,904		(468)
6. Advances received	32		122		90
7. Deposits received	172		161		(11)
8. Other current liabilities	0		13		12
<b>II. Long-term liabilities:</b>	2,449	1.5	2,432	1.6	(17)
1. Employees' retirement benefits	1,994		2,124		130
2. Other long-term liabilities	455		307		(148)
<b>Total liabilities</b>	51,306	31.6	43,228	28.3	(8,078)
<b>NET ASSETS</b>					
<b>I. Shareholders' equity:</b>	109,321	67.3	109,040	71.4	(280)
1. Common stock	17,690	10.9	17,690	11.6	—
2. Additional paid-in capital	19,122	11.7	19,122	12.5	0
(1) Capital reserve	19,114		19,114		—
(2) Other additional paid-in capital	8		8		0
3. Retained earnings	72,565	44.7	75,168	49.2	2,602
(1) Profit reserve	1,371		1,371		—
(2) Other retained earnings	71,193		73,796		2,602
Other reserve	64,300		64,300		—
Retained earnings carried forward	6,893		9,496		2,602
4. Treasury stock	(57)	(0.0)	(2,940)	(1.9)	(2,883)
<b>II. Valuation and conversions:</b>	1,711	1.1	512	0.3	(1,198)
1. Net unrealized gain on other marketable securities	1,711	1.1	520	0.3	(1,191)
2. Gain (loss) of deferred hedges	(0)	(0.0)	(7)	(0.0)	(7)
<b>Total net assets</b>	111,032	68.4	109,552	71.7	(1,479)
<b>Total liabilities and net assets</b>	162,339	100.0	152,780	100.0	(9,558)

## 6 - (2) Non-Consolidated Statements of Income

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

ITEM	Fiscal 2006 (April 1, 2006 to March 31, 2007)		Fiscal 2007 (April 1, 2007 to March 31, 2008)		Increase / (Decrease)
		%		%	
<b>I. Net sales</b>	232,037	100.0	212,419	100.0	(19,617)
<b>II. Cost of sales</b>	210,786	90.8	192,882	90.8	(17,903)
Gross profit	21,251	9.2	19,537	9.2	(1,714)
<b>III. Selling, general and administrative expenses</b>	14,199	6.2	11,962	5.6	(2,236)
1. Packaging and freight expenses	567		534		(32)
2. Transfer to allowance for doubtful accounts	1,234		—		(1,234)
3. Directors' remuneration	469		488		19
4. Employees' salaries	2,627		2,881		253
5. Bonuses	1,065		1,186		120
6. Retirement benefit expenses	515		408		(107)
7. Employee benefits	647		699		52
8. Travel expenses	450		522		72
9. Rental expenses	702		675		(27)
10. Insurance premiums	93		66		(27)
11. Commission payments	988		954		(34)
12. Depreciation and amortization	745		603		(141)
13. Research and development expenses	993		538		(454)
14. Others	3,098		2,403		(695)
Operating income	7,052	3.0	7,574	3.6	522
<b>IV. Non-operating income:</b>	2,080	0.9	2,230	1.0	149
1. Interest income	9		17		7
2. Interest on marketable securities	67		108		41
3. Dividend income	887		792		(95)
4. Management consultation fee	682		778		96
5. Miscellaneous income	433		533		100
<b>V. Non-operating expenses:</b>	320	0.1	349	0.1	29
1. Interest expense	257		154		(102)
2. Foreign exchange loss	—		123		123
3. Miscellaneous expenses	62		70		8
Ordinary income	8,812	3.8	9,455	4.5	642

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

ITEM	Fiscal 2006 (April 1, 2006 to March 31, 2007)		Fiscal 2007 (April 1, 2007 to March 31, 2008)		Increase / (Decrease)
		%		%	
<b>VI. Extraordinary gains:</b>	1,207	0.5	180	0.1	(1,026)
1. Gain on reversal of allowance for doubtful accounts			180		180
2. Gain on sales of investment securities	1,192				(1,192)
3. Gain on refund of golf membership rights	15				(15)
<b>VII. Extraordinary losses</b>	958	0.4	144	0.1	(814)
1. Loss on sales and disposal of property, plant and equipment	59		27		(31)
2. Loss on devaluation of investment securities			88		88
3. Loss on liquidation of affiliated companies			20		20
4. Provision of allowance for loss on investments	33		7		(25)
5. Loss on devaluation of golf membership rights	2				(2)
6. Lump-sum payment for withdrawal from welfare pension fund	863				(863)
Income before income taxes	9,061	3.9	9,492	4.5	430
Income taxes — current	4,143	1.8	3,920	1.9	(222)
Income taxes — deferred	(406)	(0.2)	72	0.0	478
Net income	5,324	2.3	5,499	2.6	175

# 6 - (3) Non-Consolidated Statements of Changes in Shareholders' Equity, Valuation and Conversions

Fiscal year ended March 31, 2007

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

(millions of yen; figures less than ¥1 million have been omitted)

	Shareholders' equity									
	Common stock	Additional paid-in capital			Retained earnings				Treasury stock	Total share-holders' equity
		Capital reserve	Other additional paid-in capital	Total additional paid-in capital	Profit reserve	Other retained earnings		Total retained earnings		
						Other reserve	Retained earnings carried forward			
Balance as of March 31, 2006	17,690	19,114	8	19,122	1,371	60,300	8,572	70,244	(52)	107,005
Increase (decrease) during the fiscal year ended March 31, 2007										
Appropriation of earnings as cash dividends							(1,458)	(1,458)		(1,458)
Distribution of surplus							(1,458)	(1,458)		(1,458)
Appropriation of earnings as directors' bonus							(85)	(85)		(85)
Appropriation of earnings as transfer to other reserve						4,000	(4,000)			
Net income							5,324	5,324		5,324
Acquisition of treasury stock									(5)	(5)
Disposal of treasury stock			0	0					0	0
Net changes in items excluding shareholders' equity during the period										
Total increase (decrease) during the fiscal year ended March 31, 2007			0	0		4,000	(1,678)	2,321	(5)	2,315
Balance as of March 31, 2007	17,690	19,114	8	19,122	1,371	64,300	6,893	72,565	(57)	109,321

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

	Valuation and conversions			Total net assets
	Net unrealized gain on other marketable securities	Gain (loss) on deferred hedges	Total valuation and conversions	
Balance as of March 31, 2006	2,409		2,409	109,414
Increase (decrease) during the fiscal year ended March 31, 2007				
Appropriation of earnings as cash dividends				(1,458)
Distribution of surplus				(1,458)
Appropriation of earnings as directors' bonus				(85)
Appropriation of earnings as transfer to other reserve				
Net income				5,324
Acquisition of treasury stock				(5)
Disposal of treasury stock				0
Net changes in items excluding shareholders' equity during the period	(697)	(0)	(697)	(697)
Total increase (decrease) during the fiscal year ended March 31, 2007	(697)	(0)	(697)	1,618
Balance as of March 31, 2007	1,711	(0)	1,711	111,032



Fiscal year ended March 31, 2008

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

(In millions of yen, figures less than ±1 million have been omitted)

	Shareholders' equity									
	Common stock	Additional paid-in capital			Retained earnings				Treasury stock	Total share-holders' equity
		Capital reserve	Other additional paid-in capital	Total additional paid-in capital	Profit reserve	Other retained earnings		Total retained earnings		
						Other reserve	Retained earnings carried forward			
Balance as of March 31, 2007	17,690	19,114	8	19,122	1,371	64,300	6,893	72,565	(57)	109,321
Increase (decrease) during the fiscal year ended March 31, 2008										
Appropriation of earnings as cash dividends							(2,897)	(2,897)		(2,897)
Net income							5,499	5,499		5,499
Acquisition of treasury stock									(2,884)	(2,884)
Disposal of treasury stock			0	0					1	1
Net changes in items excluding shareholders' equity during the period										
Total increase (decrease) during the fiscal year ended March 31, 2008			0	0			2,602	2,602	(2,883)	(280)
Balance as of March 31, 2008	17,690	19,114	8	19,122	1,371	64,300	9,496	75,168	(2,940)	109,040

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

	Valuation and conversions			Total net assets
	Net unrealized gain on other marketable securities	Gain (loss) on deferred hedges	Total valuation and conversions	
Balance as of March 31, 2007	1,711	(0)	1,711	111,032
Increase (decrease) during the fiscal year ended March 31, 2008				
Appropriation of earnings as cash dividends				(2,897)
Net income				5,499
Acquisition of treasury stock				(2,884)
Disposal of treasury stock				1
Net changes in items excluding shareholders' equity during the period	(1,191)	(7)	(1,198)	(1,198)
Total increase (decrease) during the fiscal year ended March 31, 2008	(1,191)	(7)	(1,198)	(1,479)
Balance as of March 31, 2008	520	(7)	512	109,552

**Change in Directors** (Effective June 20, 2008)

(1) Candidate for Appointment as a New Director

New Appointment	Name	Current Position
Director and General Manager Production Headquarters	Satoshi Takabayashi	Assistant to the General Manager Production Headquarters