

July 31, 2008

## First-Quarter Consolidated Earnings Report for Fiscal 2008, Ending March 31, 2009

Company name: Ryosan Company, Limited  
 Securities code: 8140  
 Representative: Naoto Mimatsu, President  
 Inquiries: Harumitsu Seki  
 Managing Director and General Manager  
 Financing and Accounting Headquarters

Stock listing: First Section, Tokyo Stock Exchange  
 (URL <http://www.ryosan.co.jp>)

TEL: +81-3-3862-2591

Scheduled filing date of quarterly earnings report: August 14, 2008

(Millions of yen rounded down)

### 1. Consolidated Operating Results for the First Quarter of Fiscal 2008 (April 1, 2008 to June 30, 2008)

#### (1) Consolidated Operating Results (Cumulative)

(% 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	%
First Quarter Fiscal 2008	62,991		2,138		2,392		1,415	
First Quarter Fiscal 2007	68,972	(8.6)	2,582	1.3	2,651	(3.6)	1,524	(0.5)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
First Quarter Fiscal 2008	39.96	—
First Quarter Fiscal 2007	41.80	—

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
June 30, 2008	171,391	119,013	69.4	3,366.07
March 31, 2008	174,022	118,911	68.3	3,348.70

(Reference)

Shareholders' equity: Jun. 30, 2008: 118,878 million yen  
 Mar. 31, 2008: 118,782 million yen

### 2. Dividends

(Record Date)	Dividends per Share				
	Jun. 30, 2008	Sep. 30, 2008	Dec. 31, 2008	Mar. 31, 2009	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2007	—	40.00	—	40.00	80.00
Fiscal 2008	—	—	—	—	—
Fiscal 2008 (Forecast)	—	40.00	—	40.00	80.00

Note: Revision to dividend forecast for the first quarter of the fiscal year ending March 31, 2009: No

### 3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2009 (April 1, 2008 to March 31, 2009) [Reference]

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

	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		4,700		5,200		3,000		85.18
Full Fiscal Year	275,000	(3.9)	9,800	(8.7)	10,600	(6.0)	6,300	(6.5)	180.15

Note: Revisions to consolidated operating forecasts for the first quarter of the fiscal year ending March 31, 2009: No

#### 4. Other

- (1) Changes in Important Subsidiaries during the Period (Changes in Special Subsidiaries Involving Changes in the Scope of Consolidation: No
- (2) Application of the Simplified Accounting Method and Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements: Yes
- (3) Changes in Accounting Principles, Procedures and Presentation Methods in connection with the Preparation of Quarterly Consolidated Financial Statements (Recorded under “Changes in Important Items Considered Fundamental to the Preparation of Quarterly Consolidated Financial Statements”)
  1. Changes in accordance with revisions to accounting standards and related practices: Yes
  2. Changes in items other than 1. above: NoNote: Please refer to “Qualitative Information / Financial Statements and Other” 4. Other on page 5 for details.
- (4) Number of Shares Issued and Outstanding (Common Stock)
  1. Total number of shares issued and outstanding (including treasury stock) as of the period-end:

Jun. 30, 2008	36,500,000 shares	Mar. 31, 2008	36,500,000 shares
---------------	-------------------	---------------	-------------------
  2. Total number of treasury stock as of the period-end:

Jun. 30, 2008	1,183,513 shares	Mar. 31, 2008	1,028,717 shares
---------------	------------------	---------------	------------------
  3. Average number of shares for the period (Cumulative total for the quarterly consolidated period)

First quarter fiscal 2008	35,428,223 shares	First quarter fiscal 2007	36,472,256 shares
---------------------------	-------------------	---------------------------	-------------------

#### *Cautionary Statement Concerning Operating Results Forecasts and Other Special Items*

[Regarding the use of operating results forecasts]

The aforementioned forecasts were made based on information available to management as of the date of this report. Actual results could differ significantly from forecasts due to a variety of factors.

Effective from the fiscal year ending March 31, 2009, Ryosan Company, Limited has applied the Accounting Standard for Quarterly Financial Reporting Statement No. 12 issued by the Accounting Standards Board of Japan (ASBJ) on March 14, 2007 and the Guidance on Accounting Standard for Quarterly Financial Reporting Guidance No. 14 issued by the ASBJ on March 14, 2007. Furthermore, quarterly consolidated financial statements have been prepared in accordance with the Regulation for Quarterly Consolidated Financial Reporting.

## [Qualitative Information / Financial Statements and Other]

### 1. Qualitative Information and Other Matters Concerning Consolidated Operating Results for the First Quarter of Fiscal 2008

#### (1) Overview

During the first quarter of fiscal 2008 (April 1, 2008 to June 30, 2008), downward pressure continued to mount on the global economy. As the impacts of the sub-prime loan crisis, resulting in a drop in the operating results of certain major financial institutions, and other factors on the real economy became increasingly evident the trend toward an economic downturn grew stronger particularly in the United States. Exacerbating difficult operating conditions, fears of inflation also continued to mount, triggered by a sharp rise in the prices of such natural resources as crude oil as well as general consumer goods including food. Taking into consideration the aforementioned circumstances, concerns in connection with future economic uncertainty grew stronger. In the electronics industry, in which Ryosan is principally engaged, results were impacted by the slump in automobile sales in the United States. On a positive note, demand for such digital audio visual (AV) related products as flat screen televisions remained firm in relative terms.

Under this prevailing business environment, the Ryosan Group continued to push forward under the guidance of its seventh medium-term management plan, working diligently to promote a growth strategy and to implement measures aimed at improving its earnings structure in an effort to lift its business performance. Despite these endeavors, the Group's operating results were impacted by a drop in sales of ASICs for camera modules, LCDs for digital still cameras and other products. Accounting for these factors, net sales for the first quarter of the fiscal year ending March 31, 2009 amounted to ¥62,991 million, an 8.7% decline compared with the corresponding period of the previous fiscal year. From a profit perspective, operating income fell 17.2% year on year to ¥2,138 million, ordinary income declined 9.8% to ¥2,392 million and net income decreased 7.1% compared with the corresponding period of the previous fiscal year to ¥1,415 million. On this basis, the Ryosan Group recorded lower year-on-year revenues and earnings for the period under review.

#### (2) An Overview of Operating Results by Business Segment

##### a. Semiconductors

In the Semiconductors segment, the Ryosan Group is engaged in the sale of memories, system LSIs and discrete semiconductors. The Group is also active in the development of system LSIs. In the first quarter of the fiscal year ending March 31, 2009, sales of system LSIs for car audio equipment, ASICs for camera modules and other products declined. As a result, Semiconductor segment sales fell 4.2% compared with the corresponding period of the previous fiscal year to ¥34,811 million. On the earnings front, operating income dropped 19.3% year on year to ¥1,542 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. During the period under review, sales of LCDs for digital still cameras and for personal navigation devices (PNDs) decreased. Accounting for these factors, Electronic Components segment sales declined 15.9% compared with the corresponding period of the previous fiscal year to ¥20,822 million, while operating income fell 9.4% year on year to ¥905 million.

##### c. Electronic equipment

In the Electronic Equipment, the Ryosan Group markets systems equipment and facilities equipment. Buffeted by a decline in sales of equipment for manufacturing magnetic heads and other products, segment sales amounted to ¥5,342 million, a drop of 8.2% compared with the corresponding period of the previous fiscal year. On a year-on-year basis, operating income also declined 13.9% to ¥155 million.

#### d. Ryosan products

In this segment, the Ryosan Group manufactures and markets heat sinks, which are devices that dissipate the heat generated by semiconductors. During the first quarter of the fiscal year under review, sales of heat sinks used in measuring equipment as well as other products declined. As a result, segment sales edged down 2.6% compared with the corresponding period of the previous fiscal year to ¥2,014 million. From a profit perspective, on the other hand, operating income jumped 49.5% year on year to ¥241 million.

### (3) An Overview of Operating Results by Geographic Region

#### a. Japan

In the first quarter of fiscal 2008, The Ryosan Group posted lower year-on-year sales of ASICs for camera modules, LCDs for digital still cameras and other products in Japan. As a result, domestic sales decreased 8.4% compared with the corresponding period of the previous fiscal year to ¥45,905 million. On the earnings front, operating income also declined 19.8% year on year to ¥1,428 million.

#### b. Asia

During the period under review, sales of system LSIs for car audio equipment and other products declined throughout Asia. Accounting for these factors, sales in the region dropped 8.8% compared with the corresponding period of the previous fiscal year to ¥20,482 million. Operating income declined 3.5% year on year to ¥552 million.

## **2. Qualitative Information and Other Matters Concerning Consolidated Financial Position for the End of the First Quarter of Fiscal 2008**

### (1) An Overview of Financial Position

Total assets as of June 30, 2008 stood at ¥171,391 million, a decrease of ¥2,630 million compared with the end of the previous fiscal year.

Net assets amounted to ¥119,013 million as of the end of the first quarter of fiscal 2008, up ¥101 million compared with March 31, 2008. As a result, the equity ratio (net assets to total assets) was 69.4%.

### (2) An Overview of Cash Flows

Cash and Cash equivalents as of the end of the first quarter of the fiscal year ending March 31, 2009 stood at ¥43,423 million, an increase of ¥346 million compared with the end of the previous fiscal year.

#### (Cash flows from operating activities)

Cash flows provided by operating activities amounted to ¥1,529 million. The principal cash inflows were income before income taxes and minority interests of ¥2,283 million and decrease in accounts receivable of ¥4,661 million. Major cash outflows during the first quarter of the fiscal year ending March 31, 2009 were decrease in accounts payable totaling ¥2,456 million and income taxes paid of ¥1,876 million.

#### (Cash flows from investing activities)

Net cash used in investing activities for the period under review was ¥61 million. This reflected purchases of property, plant and equipment.

#### (Cash flows from financing activities)

Net cash used in financing activities was ¥1,188 million. The principal cash outflow for the period under review was cash dividends paid, which totaled ¥1,418 million.

## **3. Qualitative Information and Other Matters Concerning Consolidated Forecasts for the Fiscal Year Ending March 31, 2009**

The Ryosan Group has not revised its consolidated forecasts for the fiscal year ending March 31, 2009

announced on May 12, 2008. Looking ahead, the Ryosan Group will promptly disclose any revisions to its consolidated forecasts based on a careful assessment of trends in its operating results.

#### **4. Other**

(1) Changes in Important Subsidiaries during the Period (Changes in Special Subsidiaries Involving Changes in the Scope of Consolidation:

None.

(2) Application of the Simplified Accounting Method and Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements:

The simplified accounting method is used in certain cases where the monetary effect is considered negligible.

(3) Changes in Accounting Principles, Procedures and Presentation Methods in connection with the Preparation of Quarterly Consolidated Financial Statements:

1. Effective from the first quarter of the fiscal year ending March 31, 2009, Ryosan Company, Limited has applied the Accounting Standard for Quarterly Financial Reporting Statement No. 12 issued by the Accounting Standards Board of Japan (ASBJ) on March 14, 2007 and the Guidance on Accounting Standard for Quarterly Financial Reporting Guidance No. 14 issued by the ASBJ on March 14, 2007. Furthermore, quarterly consolidated financial statements have been prepared in accordance with the Regulation for Quarterly Consolidated Financial Reporting.

2. In connection with inventories held for sale in the ordinary course of business, the Ryosan Group has historically adopted the lower of cost or market value determined by the moving average method. Effective from the first quarter of the fiscal year ending March 31, 2009, the Ryosan Group has adopted ASBJ Statement No. 9 “Accounting Standard for the Measurement of Inventories.” As a result, inventories are in principle stated at cost, cost being determined by the moving average method (with book values written down due to decreased profitability of balance sheet asset amounts).

Taking into consideration this change in accounting standard, and in comparison with the previous method, gross profit; operating income, and; ordinary income each decline by ¥122 million, while income before income taxes and minority interests decreases by ¥235 million.

The impact of this change on business segments is identified in individual business segment information.

3. From a consolidated account settlement perspective, the Ryosan Group has undertaken all essential adjustments following adoption of the Practical Issues Task Force No. 18 “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” issued by the ASBJ on May 17, 2006 from the first quarter of the fiscal year ending March 31, 2009.

## 5. Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2009

### (1) First Quarter Consolidated Balance Sheet

(Millions of yen)

	First Quarter of the Fiscal Year Ending March 31, 2009 (As of June 30, 2008)	Fiscal Year Ended March 31, 2008 (As of March 31, 2008)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	25,431	25,087
Trade notes and accounts receivable	83,162	87,219
Marketable securities	17,992	17,992
Inventories	17,911	17,139
Accrued income	2,701	2,287
Deferred tax assets	390	525
Other current assets	456	407
Allowance for doubtful accounts	(235)	(225)
Total current assets	147,811	150,432
<b>Fixed assets:</b>		
Property, plant and equipment:		
Buildings and structures	5,338	5,402
Land	8,204	8,210
Other fixed assets	926	996
Total property, plant and equipment	14,469	14,610
Intangible fixed assets:		
Goodwill	86	101
Other intangible fixed assets	611	585
Total intangible fixed assets	698	687
Investments and other assets:		
Investment securities	4,277	4,042
Deferred tax assets	2,115	2,265
Other	3,238	3,209
Allowance for doubtful accounts	(1,134)	(1,140)
Allowance for loss on investments	(85)	(85)
Total investments and other assets	8,412	8,292
Total fixed assets	23,580	23,590
Total assets	171,391	174,022

(Millions of yen)

	First Quarter of the Fiscal Year Ending March 31, 2009 (As of June 30, 2008)	Fiscal Year Ended March 31, 2008 (As of March 31, 2008)
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Trade notes and accounts payable	41,460	43,519
Short-term bank loans	4,857	4,090
Accrued income taxes	852	2,120
Reserve for bonuses	481	—
Other current liabilities	2,207	2,916
Total current liabilities	49,858	52,646
<b>Long-term liabilities:</b>		
Employees' retirement benefits	2,207	2,149
Other long-term liabilities	312	314
Total long-term liabilities	2,519	2,463
Total liabilities	52,378	55,110
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	17,690	17,690
Additional paid-in capital	19,122	19,122
Retained earnings	85,454	85,457
Treasury stock	(3,309)	(2,940)
Total shareholders' equity	118,958	119,329
<b>Valuation and conversions:</b>		
Net unrealized gain on other marketable securities	662	520
Gain (loss) on deferred hedges	4	(6)
Foreign currency translation adjustments	(746)	(1,061)
Total valuation and conversions	(80)	(547)
<b>Minority interests</b>		
Total net assets	119,013	118,911
Total liabilities and net assets	171,391	174,022

**(2) First Quarter Consolidated Statement of Income**

(Millions of yen)

	First Quarter of the Fiscal Year Ending March 31, 2009 (April 1, 2008 to June 30, 2008)
<b>Net sales</b>	62,991
<b>Cost of Sales</b>	57,219
Gross Profit	5,771
<b>Selling, general and administrative expenses</b>	
Packaging and freight expenses	187
Directors' remuneration	123
Employees' salaries	914
Bonuses	351
Retirement benefit expenses	115
Employee benefits	193
Depreciation and amortization	143
Others	1,604
Total selling, general and administrative expenses	3,633
<b>Operating income</b>	2,138
<b>Non-operating income</b>	
Interest income	45
Dividend income	133
Management consultation fee	37
Miscellaneous income	85
Total non-operating income	302
<b>Non-operating expenses</b>	
Interest expense	36
Miscellaneous expenses	12
Total non-operating expenses	48
<b>Ordinary income</b>	2,392
<b>Extraordinary gains</b>	
Gain on reversal of allowance for doubtful accounts	12
Total extraordinary gains	12
<b>Extraordinary losses</b>	
Loss on disposal of property, plant and equipment	4
Loss on devaluation of inventories	112
Loss on devaluation of investment securities	3
Total extraordinary losses	121
<b>Income before income taxes and minority interests</b>	2,283
Income taxes    current	686
Income taxes    deferred	178
Total income taxes	865
Minority interests	1
<b>Net income</b>	1,415



**(3) First Quarter Consolidated Statement of Cash Flows**

(Millions of yen)

	First Quarter of the Fiscal Year Ending March 31, 2009 (April 1, 2008 to June 30, 2008)
<b>Cash flows from operating activities:</b>	
Income before income taxes and minority interests	2,283
Depreciation and amortization	188
Decrease in allowance for doubtful accounts	(12)
Increase in employees' retirement benefits	57
Interest an dividend income	(179)
Interest expense	36
Loss on sale and disposal of property, plant and equipment	4
Loss on devaluation of investment securities	3
Decrease in accounts receivable	4,661
Increase in inventories	(701)
Decrease in accounts payable	(2,456)
Other	(629)
Subtotal	3,256
Interest and dividends received	184
Interest paid	(36)
Income taxes paid	(1,876)
Net cash provided by operating activities	1,529
<b>Cash flows from investing activities:</b>	
Purchases of property, plant and equipment	(61)
Net cash used in investing activities	(61)
<b>Cash flows from financing activities:</b>	
Increase in short-term borrowings, net	598
Repurchases of treasury stock	(368)
Cash dividends paid	(1,418)
Net cash used in financing activities	(1,188)
<b>Effect of foreign currency translation adjustments on cash and cash equivalents</b>	<b>66</b>
<b>Net increase in cash and cash equivalents</b>	<b>346</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>43,077</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>43,423</b>

Effective from the first quarter of the fiscal year ending March 31, 2009, Ryosan Company, Limited has applied the Accounting Standard for Quarterly Financial Reporting Statement No. 12 issued by the Accounting Standards Board of Japan (ASBJ) on March 14, 2007 and the Guidance on Accounting Standard for Quarterly Financial Reporting Guidance No. 14 issued by the ASBJ on March 14, 2007. Furthermore, quarterly consolidated financial statements have been prepared in accordance with the Regulation for Quarterly Consolidated Financial Reporting.

#### (4) Notes Regarding Going Concern Assumptions

None.

#### (5) Segment Information

##### [Segment Information by Business Type]

For the First Quarter of the Fiscal Year Ending March 31, 2009 (April 1, 2008 to June 30, 2008)

(Millions of yen)

	Semiconductors	Electronic Components	Electronic Equipment	Ryosan Products	Total	Eliminations or Corporate	Consolidated
Sales and Operating Income							
Sales:							
(1) Sales to External Customers	34,811	20,822	5,342	2,014	62,991	—	62,991
(2) Internal Sales between Segments of Exchange	—	—	—	—	—	—	—
Total Sales	34,811	20,822	5,342	2,014	62,991	—	62,991
Operating Expenses	33,269	19,917	5,186	1,773	60,147	706	60,853
Operating Income	1,542	905	155	241	2,844	(706)	2,138

Notes:

- Methods of determining business segments and main products classified under each business segment
  - Business segments are classified on the basis of organization, product type and sales structure.
  - Main products of each business segment:
    - Semiconductors: memories, system LSIs, discrete semiconductors
    - Electronic components: display devices, power supplies, electromechanical parts
    - Electronic equipment: systems equipment, facilities equipment
    - Ryosan products: heat sinks (semiconductor circuit elements)
- Unallocated operating expenses included in “Eliminations or Corporate” totaled ¥706 million in the first quarter of the fiscal year ending March 31, 2009. These expenses consisted principally of Ryosan’s information system investment and expenses related to the Company’s planning, administration and accounting departments.
- Effective from the first quarter of the fiscal year ending March 31, 2009, the Ryosan Group has adopted ASBJ Statement No. 9 “Accounting Standard for the Measurement of Inventories” issued on July 5, 2006. As a result, the method for measuring inventories has changed from the lower of cost or market method to the cost method (with book values written down due to decreased profitability of balance sheet asset amounts).

On this basis, and in comparison with the previous method, operating income for the Semiconductor, Electronic Components, Electronic Equipment and Ryosan Products segments decline by ¥97 million, ¥18 million, ¥2 million and ¥3 million, respectively.

**[Geographical Segment Information]**

For the First Quarter of the Fiscal Year Ending March 31, 2009 (April 1, 2008 to June 30, 2008)

(Millions of yen)

	Japan	Asia	Total	Eliminations or Corporate	Consolidated
Sales and Operating Income					
Sales:					
(1) Sales to External Customers	42,574	20,417	62,991	—	62,991
(2) Internal Sales between Segments of Exchange	3,331	65	3,396	(3,396)	—
Total Sales	45,905	20,482	66,387	(3,396)	62,991
Operating Expenses	44,476	19,929	64,406	(3,552)	60,853
Operating Income	1,428	552	1,981	156	2,138

## 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.
4. Effective from the first quarter of the fiscal year ending March 31, 2009, the Ryosan Group has adopted ASBJ Statement No. 9 “Accounting Standard for the Measurement of Inventories” issued on July 5, 2006. As a result, the method for measuring inventories has changed from the lower of cost or market method to the cost method (with book values written down due to decreased profitability of balance sheet asset amounts).

On this basis, and in comparison with the previous method, operating income in Japan and Asia decline by ¥120 million and ¥2 million, respectively

**[Overseas Sales]**

For the First Quarter of the Fiscal Year Ending March 31, 2009 (April 1, 2008 to June 30, 2008)

(Millions of yen)

	Asia	Total
Overseas Sales	24,737	24,737
Consolidated Net Sales		62,991
Ratio of Overseas Sales to Consolidated Net Sales (%)		39.3

## 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).

**(6) Notes Regarding Substantial Changes in Shareholders' Equity**  
None.

**[Reference Material]****Financial Statements and Other Information for the First Quarter of the Fiscal Year Ended March 31, 2008****(1) Summary of First Quarter Consolidated Statement of Income**

(Millions of yen)

	First Quarter of the Fiscal Year Ended March 31, 2008 (April 1, 2007 to June 30, 2007)
I. Net sales	68,972
II. Cost of sales	62,701
Gross profit	6,271
III. Selling, general and administrative expenses	3,689
Operating income	2,582
IV. Non-operating income	257
1. Interest and dividend income	97
2. Management consultation fee	40
3. Miscellaneous income	119
V. Non-operating expenses	188
1. Interest expense	72
2. Foreign exchange loss	93
3. Miscellaneous expenses	22
Ordinary income	2,651
VI. Extraordinary gains	1
1. Gain on sale of property, plant and equipment	1
VII. Extraordinary expenses	6
1. Loss on sale and disposal of property, plant and equipment	6
Income before income taxes and minority interests	2,645
Income taxes	1,125
Loss in equity of minority interests	(4)
Net income	1,524

**(2) Summary of First Quarter Consolidated Statement of Cash Flows**

(Millions of yen)

	First Quarter of the Fiscal Year Ended March 31, 2008 (April 1, 2007 to June 30, 2007)
I. Cash flows from operating activities:	
Income before income taxes and minority interests	2,645
Depreciation and amortization	213
Increase in transfer to allowance for doubtful accounts	41
Increase in employees' retirement benefits	21
Interest and dividend income	(97)
Interest expense	72
Gain on sale of property, plant and equipment	(1)
Loss on sale and disposal of property, plant and equipment	6
Decrease in notes and accounts receivable	6,021
Increase in inventories	(1,358)
Decrease in notes and accounts payable	(2,447)
Other	(189)
Subtotal	4,929
Interest and dividends received	109
Interest paid	(72)
Income taxes paid	(2,604)
Net cash provided by operating activities	2,362
II. Cash flows from investing activities:	
Net decrease in time deposits	10
Purchases of property, plant and equipment	(146)
Proceeds from sale of property, plant and equipment	4
Purchases of intangible fixed assets	(2)
Increase in loans	(236)
Proceeds from collection of loans	289
Other	11
Net cash used in investing activities	(70)
III. Cash flows from financing activities:	
Decrease in short-term borrowings, net	(309)
Repurchases of treasury stock	(1)
Cash dividends paid	(1,458)
Net cash used in financing activities	(1,769)
IV. Effect of foreign currency translation adjustments on cash and cash equivalents	167
V. Net increase in cash and cash equivalents	690
VI. Cash and cash equivalents at the beginning of the period	40,880
VII. Cash and cash equivalents at the end of the period	41,571

### (3) Segment Information

#### [Segment Information by Business Type]

For the First Quarter of the Fiscal Year Ended March 31, 2008 (April 1, 2007 to June 30, 2007)

(Millions of yen)

	Semiconductors	Electronic Components	Electronic Equipment	Ryosan Products	Total	Eliminations or Corporate	Consolidated
Sales and Operating Income							
Sales:							
(1) Sales to External Customers	36,338	24,744	5,820	2,068	68,972	—	68,972
(2) Internal Sales Between Segments of Exchange	—	—	—	—	—	—	—
Total Sales	36,338	24,744	5,820	2,068	68,972	—	68,972
Operating Expenses	34,427	23,746	5,639	1,907	65,720	669	66,390
Operating Income	1,911	998	180	161	3,251	(669)	2,582

#### 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, electromechanical parts
    - Electronic equipment: systems equipment, facilities equipment
    - Ryosan products: heat sinks (semiconductor circuit elements)
2. Unallocated operating expenses included in "Eliminations or Corporate" totaled ¥669 million in the first quarter of the fiscal year ended March 31, 2008. These expenses consisted principally of Ryosan's information system investment and expenses related to the Company's planning, administration and accounting departments.

**[Geographical Segment Information]**

For the First Quarter of the Fiscal Year Ended March 31, 2008 (April 1, 2007 to June 30, 2007)

(Millions of yen)

	Japan	Asia	Total	Eliminations or Corporate	Consolidated
Sales and Operating Income					
Sales:					
(1) Sales to External Customers	46,615	22,357	68,972		68,972
(2) Internal Sales between Segments of Exchange	3,511	97	3,609	(3,609)	
Total Sales	50,127	22,455	72,582	(3,609)	68,972
Operating Expenses	48,344	21,882	70,227	(3,837)	66,390
Operating Income	1,782	572	2,354	227	2,582

Notes:

- Country and regional segments are classified on the basis of geographic proximity.
- Principal countries and regions:  
Asia: Hong Kong, Singapore, Taiwan, Malaysia and others
- Operating expenses are allocated to each geographical segment.

**[Overseas Sales]**

For the First Quarter of the Fiscal Year Ended March 31, 2008 (April 1, 2007 to June 30, 2007)

(Millions of yen)

	Asia	Total
Overseas Sales	27,066	27,066
Consolidated Net Sales		68,972
Ratio of Overseas Sales to Consolidated Net Sales (%)	39.2	39.2

Notes:

- Country and regional segments are classified on the basis of geographic proximity.
- Principal countries and regions:  
Asia: Hong Kong, Korea, China, Taiwan and others
- Overseas sales represent the total of export sales of the parent company and sales of its consolidated subsidiaries outside Japan (excluding intra-group sales).