

October 30, 2008

First Half Consolidated Earnings Report for Fiscal 2008, Ending March 31, 2009

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(Millions of yen rounded down)

1. Consolidated Operating Results for the First Half of Fiscal 2008 (April 1, 2008 to September 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 Half Fiscal 2008	131,225		4,743		5,461		3,328	
First Half Fiscal 2007	144,628	(8.7)	5,172	(3.1)	5,525	(0.1)	3,252	(6.9)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
First Half Fiscal 2008	94.33	—
First Half Fiscal 2007	89.43	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
September 30, 2008	173,019	119,321	68.9	3,412.56
March 31, 2008	174,022	118,911	68.3	3,348.70

(Reference)

Shareholders' equity: Sep. 30, 2008: 119,195 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	—	40.00	—	—	—
Fiscal 2008 (Forecast)	—	—	—	40.00	80.00

Note: Revision to dividend forecast for the first half 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
Full Fiscal Year	260,000	(9.1)	8,400	(21.8)	9,300	(17.5)	5,700	(15.4)	162.99

Note: Revisions to consolidated operating forecasts for the first half of the fiscal year ending March 31, 2009: Yes

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 6 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:

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

Sep. 30, 2008	1,571,636 shares	Mar. 31, 2008	1,028,717 shares
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 3. Average number of shares for the period (Cumulative total for the half yearly consolidated period)

First half fiscal 2008	35,288,918 shares	First half fiscal 2007	36,374,301 shares
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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 Half of Fiscal 2008

(1) Overview

During the first two quarters of fiscal 2008, the six-month period from April 1, 2008 to September 30, 2008, a slowdown in the global economy became increasingly evident. As the gravity and depth of the sub-prime loan crisis expanded, most major financial institutions recorded deterioration in their earnings, particularly in Europe and the United States, prompting a growing number of business failures. In addition, the price of natural resources, which peaked at high levels, placing significant downward pressure on corporate sector earnings, the drop in personal consumption and other factors, fueled a growing sense of uncertainty with regard to future economic conditions. In the electronics industry, Ryosan's principal field of activity, conditions were characterized by an overall slump. This is attributable to a variety of factors including weak automobile sales in the United States and a drop in the prices of digital audio visual (AV) related products, which had until recently experienced steady growth.

Under this prevailing business environment, the Ryosan Group continued to push forward under the guidance of its seventh medium-term management plan. During the period under review, the Group worked diligently to promote a growth strategy while at the same time implementing measures aimed at improving its earnings structure. As a result, consolidated net sales for the six-month period ended September 30, 2008 were ¥131,225 million, a decrease of 9.3% compared with the corresponding period of the previous fiscal year. This mainly reflects the drop in sales of liquid crystal displays (LCDs) for personal navigation devices (PNDs) as well as ASICs for camera modules. From a profit perspective, operating income declined 8.3% compared with the corresponding period of the previous fiscal year to ¥4,743 million, ordinary income edged down 1.1% year on year to ¥5,461 million. Net income, on the other hand, increased 2.3% compared with the corresponding period of the previous fiscal year to ¥3,328 million,

(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 two quarters of the fiscal year ending March 31, 2009, sales of ASICs for camera modules, system LSIs for digital AV devices and other products declined. As a result, Semiconductor segment sales fell 4.8% compared with the corresponding period of the previous fiscal year to ¥71,549 million. On the earnings front, operating income contracted 3.6% year on year to ¥3,544 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 PNDs, as well as other products decreased. Accounting for these factors, Electronic Components segment sales declined 19.4% compared with the corresponding period of the previous fiscal year to ¥43,545 million, while operating income fell 14.7% year on year to ¥1,893 million.

c. Electronic equipment

In the Electronic Equipment segment, the Ryosan Group markets systems equipment and facilities equipment. Buoyed by an upswing in sales of car navigation systems equipment and other products,

segment sales amounted to ¥12,177 million, an increase of 7.7% compared with the corresponding period of the previous fiscal year. On a year-on-year basis, operating income on the other hand declined 17.5% to ¥302 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 two quarters 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 declined 5.0% compared with the corresponding period of the previous fiscal year to ¥3,952 million. From a profit perspective, on the other hand, operating income jumped 38.0% year on year to ¥429 million.

(3) An Overview of Operating Results by Geographic Region

a. Japan

In the six-month period ended September 30, 2008, the Ryosan Group posted lower year-on-year sales of LCDs for PNDs, ASICs for camera modules and other products in Japan. As a result, domestic sales decreased 9.2% compared with the corresponding period of the previous fiscal year to ¥96,538 million. On the earnings front, operating income also declined 7.5% year on year to ¥3,276 million.

b. Asia

During the period under review, sales of LCDs for digital still cameras, system LSIs for digital AV devices and other products declined throughout Asia. Accounting for these factors, sales in the region dropped 11.7% compared with the corresponding period of the previous fiscal year to ¥41,339 million. Operating income also declined 6.2% year on year to ¥1,178 million.

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

(1) An Overview of Financial Position

Total assets as of September 30, 2008 stood at ¥173,019 million, a decrease of ¥1,003 million compared with the end of the previous fiscal year.

Net assets amounted to ¥119,321 million as of the end of the first half of fiscal 2008, up ¥409 million compared with March 31, 2008. As a result, the equity ratio (net assets to total assets) was 68.9%.

(2) An Overview of Cash Flows

Cash and cash equivalents as of the end of the first half of the fiscal year ending March 31, 2009 stood at ¥41,955 million, a decrease of ¥1,122 million compared with the end of the previous fiscal year.

(Cash flows from operating activities)

Cash flows provided by operating activities amounted to ¥3,767 million. The principal cash inflows were income before income taxes and minority interests of ¥5,282 million and decrease in accounts receivable of ¥3,961 million. Major cash outflows during the first half of the fiscal year ending March 31, 2009 were decrease in accounts payable totaling ¥2,610 million and income taxes paid of ¥2,060 million.

(Cash flows from investing activities)

Net cash used in investing activities for the period under review was ¥3,401 million. This reflected payment for time deposits amounting to ¥3,000 million, increase in loans of ¥273 million and purchases of property, plant and equipment totaling ¥127 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥1,388 million. The principal cash outflows for the period under review were repurchases of treasury stock amounting to ¥1,260 million and cash dividends paid, which totaled ¥1,418 million. For these reasons, Ryosan recorded an increase in short-term borrowings, net of ¥1,290 million for the period.

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

Looking ahead, the burgeoning financial crisis throughout the United States and Europe is expected to increasingly impact the state of the real economy. At the same time, economic growth in developing nations, which had continued to enjoy steady conditions, is anticipated to slow. As a result, the global economy as a whole is forecast to exhibit growing signs of an overall downturn. Taking into consideration the aforementioned forecast conditions, results for the first two quarters and an anticipated drop in demand for semiconductors, electronic components and related products during the second half of the fiscal year under review, the Ryosan Group has revised its consolidated forecasts of business results for the fiscal year ending March 31, 2009, previously announced on May 12, 2008, as follows.

[Forecasts of consolidated operating results]

Millions of yen unless otherwise stated

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
Previous forecast (A)	275,000	9,800	10,600	6,300	180.15
Revised forecast (B)	260,000	8,400	9,300	5,700	162.99
Change (B – A)	(15,000)	(1,400)	(1,300)	(600)	—
Change (%)	(5.5)	(14.3)	(12.3)	(9.5)	—
FY 2007	286,098	10,737	11,277	6,738	187.15

[Forecast of non-consolidated operating results]

Millions of yen unless otherwise stated

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
Previous forecast (A)	200,000	6,900	9,000	5,200	148.69
Revised forecast (B)	190,000	5,600	7,500	4,300	122.96
Change (B – A)	(10,000)	(1,300)	(1,500)	(900)	—
Change (%)	(5.0)	(18.8)	(16.7)	(17.3)	—
FY 2007	212,419	7,574	9,455	5,499	152.75

(Forecast Operating Results by Business Segment)

a. Semiconductors

In the Semiconductors segment, Ryosan is projecting lower sales of ASICs for camera modules, system LSIs for digital AV devices and other products. As a result, sales in this segment are forecast to decline 6.0% year on year to ¥140,000 million. On the earnings front, operating income is also expected to contract 11.2% to ¥6,450 million.

b. Electronic Components

Sales of LCDs for PNDs and digital still cameras as well as other products are anticipated to decline in the

Electronics Components segment. On this basis, segment sales are forecast to drop 16.3% year on year to ¥86,300 million while operating income is anticipated to fall 21.6% year on year to ¥3,450 million.

c. Electronic Equipment

In the Electronic Equipment segment, sales of car navigation systems equipment and other products are expected to increase. Despite an anticipated rise of 1.7% year on year in segment sales to ¥26,100 million, operating income is nevertheless forecast to drop 43.5% year on year to ¥570 million.

d. Ryosan Products

Lower sales of heat sinks for measuring equipment and other products are projected in the Ryosan Products segment. On this basis, segment sales are forecast to decline 9.3% year on year to ¥7,600 million. Operating income is also anticipated to edge down 1.1% year on year to ¥730 million.

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 ¥38 million, while income before income taxes and minority interests decreases by ¥151 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 Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheet

(Millions of yen)

	First Half of the Fiscal Year Ending March 31, 2009 (As of September 30, 2008)	Fiscal Year Ended March 31, 2008 (As of March 31, 2008)
ASSETS		
Current assets:		
Cash and deposits	24,963	25,087
Trade notes and accounts receivable	83,332	87,219
Marketable securities	16,992	17,992
Merchandise	16,947	16,313
Finished products	331	303
Raw materials	317	329
Work in process	136	191
Accrued income	2,993	2,287
Deferred tax assets	590	525
Other current assets	586	408
Allowance for doubtful accounts	(186)	(225)
Total current assets	147,004	150,432
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	5,269	5,402
Land	8,202	8,210
Other fixed assets (net)	844	996
Total property, plant and equipment	14,317	14,610
Intangible fixed assets:		
Goodwill	68	101
Other intangible fixed assets	596	585
Total intangible fixed assets	661	687
Investments and other assets:		
Investment securities	3,619	4,042
Deferred tax assets	2,415	2,265
Long-term deposits	3,500	500
Other	2,677	2,709
Allowance for doubtful accounts	(1,105)	(1,140)
Allowance for loss on investments	(71)	(85)
Total investments and other assets	11,085	8,292
Total fixed assets	26,014	23,590
Total assets	173,019	174,022

(Millions of yen)

	First Half of the Fiscal Year Ending March 31, 2009 (As of September 30, 2008)	Fiscal Year Ended March 31, 2008 (As of March 31, 2008)
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	40,990	43,519
Short-term bank loans	5,387	4,090
Accrued income taxes	2,048	2,120
Other current liabilities	2,708	2,916
Total current liabilities	51,134	52,646
Long-term liabilities:		
Employees' retirement benefits	2,247	2,149
Other long-term liabilities	316	314
Total long-term liabilities	2,563	2,463
Total liabilities	53,697	55,110
NET ASSETS		
Shareholders' equity:		
Common stock	17,690	17,690
Additional paid-in capital	19,122	19,122
Retained earnings	87,367	85,457
Treasury stock	(4,200)	(2,940)
Total shareholders' equity	119,979	119,329
Valuation and conversions:		
Net unrealized gain on other marketable securities	343	520
Gain (loss) on deferred hedges	(9)	(6)
Foreign currency translation adjustments	(1,118)	(1,061)
Total valuation and conversions	(784)	(547)
Minority interests		
Total net assets	119,321	118,911
Total liabilities and net assets	173,019	174,022

(2) Consolidated Quarterly Statement of Income (Cumulative)

(Millions of yen)

	First Half of the Fiscal Year Ending March 31, 2009 (April 1, 2008 to September 30, 2008)
Net sales	131,225
Cost of Sales	119,316
Gross Profit	11,908
Selling, general and administrative expenses	
Packaging and freight expenses	366
Directors' remuneration	254
Employees' salaries	1,842
Bonuses	686
Retirement benefit expenses	231
Employee benefits	400
Depreciation and amortization	290
Others	3,093
Total selling, general and administrative expenses	7,165
Operating income	4,743
Non-operating income	
Interest income	96
Dividend income	319
Management consultation fee	76
Gain on foreign exchange	78
Miscellaneous income	243
Total non-operating income	813
Non-operating expenses	
Interest expense	73
Miscellaneous expenses	21
Total non-operating expenses	94
Ordinary income	5,461
Extraordinary gains	
Gain on reversal of allowance for doubtful accounts	84
Gain on reversal of allowance for loss on investment	13
Total extraordinary gains	98
Extraordinary losses	
Loss on disposal of property, plant and equipment	30
Loss on devaluation of inventories	112
Loss on devaluation of investment securities	131
Loss on devaluation of golf club memberships	3
Total extraordinary losses	277
Income before income taxes and minority interests	5,282
Income taxes current	2,034
Income taxes deferred	(85)
Total income taxes	1,949
Minority interests	4
Net income	3,328

(3) Consolidated Quarterly Statement of Cash Flows

(Millions of yen)

	First Half of the Fiscal Year Ending March 31, 2009 (April 1, 2008 to September 30, 2008)
Cash flows from operating activities:	
Income before income taxes and minority interests	5,282
Depreciation and amortization	382
Decrease in allowance for doubtful accounts	(84)
Increase in employees' retirement benefits	101
Interest an dividend income	(415)
Interest expense	73
Loss on sale and disposal of property, plant and equipment	30
Loss on devaluation of investment securities	131
Decrease in accounts receivable	3,961
Increase in inventories	(553)
Decrease in accounts payable	(2,610)
Other	(811)
Subtotal	5,487
Interest and dividends received	413
Interest paid	(72)
Income taxes paid	(2,060)
Net cash provided by operating activities	3,767
Cash flows from investing activities:	
Payments for time deposits	(3,000)
Purchases of property, plant and equipment	(127)
Proceeds from sales of property, plant and equipment	9
Purchases of intangible fixed assets	(2)
Payments for the acquisition of shares in affiliates	(6)
Increase in loans	(273)
Net cash used in investing activities	(3,401)
Cash flows from financing activities:	
Increase in short-term borrowings, net	1,290
Repurchases of treasury stock	(1,260)
Cash dividends paid	(1,418)
Net cash used in financing activities	(1,388)
Effect of foreign currency translation adjustments on cash and cash equivalents	(100)
Net increase in cash and cash equivalents	(1,122)
Cash and cash equivalents at the beginning of the period	43,077
Cash and cash equivalents at the end of the period	41,955

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 Half of the Fiscal Year Ending March 31, 2009 (April 1, 2008 to September 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	71,549	43,545	12,177	3,952	131,225	—	131,225
(2) Internal Sales between Segments of Exchange	—	—	—	—	—	—	—
Total Sales	71,549	43,545	12,177	3,952	131,225	—	131,225
Operating Expenses	68,005	41,652	11,875	3,523	125,056	1,426	126,482
Operating Income	3,544	1,893	302	429	6,169	(1,426)	4,743

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 ¥1,426 million in the first half of the fiscal year ending March 31, 2009. These expenses consisted principally of Ryosan’s 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 and Ryosan Products segments decline by ¥29 million, ¥4 million and ¥4 million, respectively.

[Geographical Segment Information]

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

(Millions of yen)

	Japan	Asia	Total	Eliminations or Corporate	Consolidated
Sales and Operating Income					
Sales:					
(1) Sales to External Customers	90,051	41,174	131,225	—	131,225
(2) Internal Sales between Segments of Exchange	6,487	164	6,651	(6,651)	—
Total Sales	96,538	41,338	137,877	(6,651)	131,225
Operating Expenses	93,262	40,160	133,422	(6,939)	126,482
Operating Income	3,276	1,178	4,455	287	4,743

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.
- 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 ¥36 million and ¥2 million, respectively

[Overseas Sales]

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

(Millions of yen)

	Asia	Total
Overseas Sales	52,321	52,321
Consolidated Net Sales	—	131,225
Ratio of Overseas Sales to Consolidated Net Sales (%)	39.9	39.9

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).

(6) Notes Regarding Substantial Changes in Shareholders' Equity

None.

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

(Millions of yen)

	First Half of the Fiscal Year Ended March 31, 2008 (April 1, 2007 to September 30, 2007)
I. Net sales	144,628
II. Cost of sales	132,136
Gross profit	12,492
III. Selling, general and administrative expenses	7,320
Operating income	5,172
IV. Non-operating income	604
1. Interest income	123
2. Dividend income	49
3. Business guidance fee	79
4. Refund on cancellation of insurance contracts	114
5. Miscellaneous income	237
V. Non-operating expenses	251
1. Interest expense	138
2. Loss on foreign exchange	49
3. Miscellaneous expenses	63
Ordinary income	5,525
VI. Extraordinary gains	37
1. Gain on sale of property, plant and equipment	1
2. Gain on reversal of allowance for doubtful accounts	34
3. Gain on reversal of allowance for loss on investment	1
VII. Extraordinary expenses	70
1. Loss on sale and disposal of property, plant and equipment	22
2. Loss on devaluation of investment securities	47
Income before income taxes and minority interests	5,491
Income taxes — current	2,184
Income taxes — deferred	56
Loss in equity of minority interests	(1)
Net income	3,252

(2) Interim Consolidated Statement of Cash Flows

(Millions of yen)

	First Half of the Fiscal Year Ended March 31, 2008 (April 1, 2007 to September 30, 2007)
I. Cash flows from operating activities:	
Income before income taxes and minority interests	5,491
Depreciation and amortization	404
Decrease in transfer to allowance for doubtful accounts	(34)
Increase in employees' retirement benefits	68
Interest and dividend income	(173)
Interest expense	138
Gain on sale of property, plant and equipment	(1)
Loss on sale and disposal of property, plant and equipment	22
Loss on devaluation of investment securities	47
Decrease in notes and accounts receivable	4,269
Decrease in inventories	189
Decrease in notes and accounts payable	(1,260)
Other	(286)
Subtotal	8,877
Interest and dividends received	174
Interest paid	(138)
Income taxes paid	(2,572)
Net cash provided by operating activities	6,340
II. Cash flows from investing activities:	
Net decrease in time deposits	9
Purchases of property, plant and equipment	(292)
Proceeds from sale of property, plant and equipment	6
Purchases of intangible fixed assets	(3)
Purchases of investment securities	(199)
Proceeds from collection of loans	82
Net cash used in investing activities	(398)
III. Cash flows from financing activities:	
Decrease in short-term borrowings, net	(711)
Repurchases of treasury stock	(1,467)
Cash dividends paid	(1,458)
Net cash used in financing activities	(3,637)
IV. Effect of foreign currency translation adjustments on cash and cash equivalents	58
V. Net increase in cash and cash equivalents	2,246
VI. Cash and cash equivalents at the beginning of the period	40,880
VII. Cash and cash equivalents at the end of the period	43,127

(3) Segment Information

[Segment Information by Business Type]

For the First Half of the Fiscal Year Ended March 31, 2008 (April 1, 2007 to September 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	75,142	54,023	11,301	4,160	144,628	—	144,628
(2) Internal Sales Between Segments of Exchange	—	—	—	—	—	—	—
Total Sales	75,142	54,023	11,301	4,160	144,628	—	144,628
Operating Expenses	71,467	51,805	10,935	3,849	138,058	1,398	139,456
Operating Income	3,674	2,218	366	311	6,570	(1,398)	5,172

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 ¥1,398 million in the first half 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 Half of the Fiscal Year Ended March 31, 2008 (April 1, 2007 to September 30, 2007)

(Millions of yen)

	Japan	Asia	Total	Eliminations or Corporate	Consolidated
Sales and Operating Income					
Sales:					
(1) Sales to External Customers	98,030	46,598	144,628		144,628
(2) Internal Sales between Segments of Exchange	8,308	233	8,541	(8,541)	
Total Sales	106,338	46,832	153,170	(8,541)	144,628
Operating Expenses	102,796	45,576	148,372	(8,916)	139,456
Operating Income	3,541	1,256	4,797	374	5,172

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.

[Overseas Sales]

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

(Millions of yen)

	Asia	Total
Overseas Sales	59,366	59,366
Consolidated Net Sales		144,628
Ratio of Overseas Sales to Consolidated Net Sales (%)	41.0	41.0

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).