

October 29, 2009

First Half Consolidated Earnings Report for Fiscal 2009, Ending March 31, 2010

Company name: Ryosan Company, Limited
Securities code: 8140

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

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Scheduled filing date of quarterly earnings report: November 12, 2009

Scheduled payment date of for fiscal year-end dividend: December 1, 2009

(Millions of yen rounded down)

1. Consolidated Operating Results for the First Half of Fiscal 2009 (April 1, 2009 to September 30, 2009)

(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 2009	87,587	(33.3)	1,541	(67.5)	1,873	(65.7)	924	(72.2)
First Half Fiscal 2008	131,225	—	4,743	—	5,461	—	3,328	—

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
First Half Fiscal 2009	26.82	—
First Half Fiscal 2008	94.33	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets o	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
September 30, 2009	154,099	115,643	75.0	3,352.10
March 31, 2009	148,987	116,499	78.1	3,376.78

(Reference)

Shareholders' equity: Sep. 30, 2009: 115,533 million yen
Mar. 31, 2009: 116,386 million yen

2. Dividends

(Record Date)	Dividends per Share				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2008	—	40.00	—	40.00	80.00
Fiscal 2009	—	20.00			
Fiscal 2009 (Forecast)			—	40.00	60.00

Note: Revision to dividend forecast for the first half of the fiscal year ending March 31, 2010: No

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2010 (April 1, 2009 to March 31, 2010)

(% 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	185,000	(16.2)	4,000	(34.9)	4,500	(38.0)	2,400	(38.8)	69.63

Note: Revisions to consolidated operating forecasts for the first half of the fiscal year ending March 31, 2010: Yes

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: No
- (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: No
 2. Changes in items other than 1. above: No
- (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, 2009	34,500,000 shares	Mar. 31, 2009	34,500,000 shares
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 2. Total number of treasury stock as of the period-end:

Sep. 30, 2009	33,881 shares	Mar. 31, 2009	33,358 shares
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 3. Average number of shares for the period (Cumulative total for the quarterly consolidated period)

First half fiscal 2009	34,466,377 shares	First half fiscal 2008	35,288,918 shares
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Cautionary Statement Concerning Operating Results Forecasts and Other Special Items

The forecasts of consolidated operating results and other forward-looking statements contained in this Report 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. Moreover, please refer to “3. Qualitative Information and Other Matters Concerning Consolidated Forecasts for the Fiscal Year Ending March 31, 2010” on page 5 of this document for the operating results forecasts.

[Qualitative Information / Financial Statements and Other]

1. Qualitative Information and Other matters Concerning Consolidated Operating Results for the First Half of Fiscal 2009

(1) Overview

In overall terms, the global economy continued to confront extremely harsh operating conditions throughout the six-month period from April 1, 2009 to September 30, 2009 (the first two quarters of fiscal 2009). This was despite signs that the abrupt downturn in the economy from autumn 2008 had bottomed out, buoyed by the positive impacts of economic stimulus measures implemented by various nations. In the electronics industry, Ryosan's principal field of business, production took a favorable turn in certain areas amid ongoing inventory adjustments. Manufacturing was, however, significantly below those levels experienced prior to the economic downturn.

Against the backdrop of this prevailing business environment, the Ryosan Group took steps to reduce business costs while at the same time reviewing and renewing its business model in response to the persistent business scale contraction trend. Buffeted by the substantial decline in semiconductor and electronic component demand, however, the Ryosan Group reported a significant year-on-year drop in both revenues and earnings. For the first half of the fiscal year ending March 31, 2010, net sales amounted to ¥87,587 million, a decrease of 33.3% compared with the corresponding period of the previous fiscal year. From a profit perspective, operating income declined 67.5% year on year to ¥1,541 million, ordinary income contracted 65.7% to ¥1,873 million and net income fell 72.2% compared with the corresponding period of the previous fiscal year to ¥924 million.

(2) An Overview of Operating Results by Business Segment

a. Semiconductors

In the Semiconductor 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 half of the fiscal year ending March 31, 2010, sales of system LSIs for digital AV devices, car audio equipment and other products declined. As a result, Semiconductor segment sales contracted 37.7% compared with the corresponding period of the previous fiscal year to ¥44,565 million, while segment operating income fell 67.5% to ¥1,152 million.

b. Electronic components

In the Electronic Components segment, the Ryosan Group is active in the sale of display devices, power supplies and mechanical components. During the period under review, sales of LCDs for DSCs and PNDs as well as other products decreased. Accounting for these factors, sales in the Electronic Components segment declined 32.5% compared with the corresponding period of the previous fiscal year to ¥29,394 million. On the earnings front, operating income dropped 48.0% year on year to ¥985 million.

c. Electronic equipment

The Ryosan Group markets systems equipment and facilities equipment in the Electronic Equipment segment. Reflecting the drop in liquid crystal panel manufacturing equipment sales and other products for the first half of the fiscal year ending March 31, 2010, sales in the Electronic Equipment segment decreased 5.2% compared with the corresponding period of the previous fiscal year to ¥11,539 million. On a year-on-year basis, segment operating income contracted 12.4% to ¥265 million.

d. Ryosan products

In the Ryosan Products segment, the Group manufactures and markets heat sinks, which are devices that dissipate the heat generated by semiconductors. During the first half of the fiscal year under review, Ryosan Products segment sales amounted to ¥2,088 million, a decrease of 47.2% compared with the corresponding

period of the previous fiscal year. This was largely attributable to the decline in sales of certain products including heat sinks for FA equipment. Turning to segment earnings, operating income dropped 62.0% compared with the corresponding period of the previous fiscal year to ¥163 million.

(3) An Overview of Operating Results by Geographic Region

a. Japan

In the six-month period ended September 30, 2009, the Ryosan Group posted lower year-on-year sales of LCDs for PNDs, system LSIs for large disk array equipment and other products in Japan. Accounting for these factors, domestic sales declined 29.7% compared with the corresponding period of the previous fiscal year to ¥67,878 million. From a profit perspective, operating income in Japan amounted to ¥957 million, a significant decline of 70.8% year on year.

b. Asia

Sales in Asia of systems LSIs for digital AV devices and car audio equipment as well as other products deteriorated during the first six months of the fiscal year ending March 31, 2010. As a result, sales in this region dropped 42.8% compared with the corresponding period of the previous fiscal year to ¥23,657 million. Operating income also contracted 66.7% year on year to ¥392 million.

2. Qualitative Information and Other Matters Concerning Consolidated Financial Position for the End of the First Half of Fiscal 2009

(1) An Overview of Financial Position

Total assets as of September 30, 2009 stood at ¥154,099 million, an increase of ¥5,112 million compared with the end of the previous fiscal year.

Net assets amounted to ¥115,643 million as of the end of the period under review, ¥856 million lower than the previous fiscal year-end. Taking these factors into consideration, the equity ratio (net assets to total assets) was 75.0%.

(2) An Overview of Cash Flows

Cash and cash equivalents as of September 30, 2009 stood at ¥53,163 million. This was ¥3,160 million higher than the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities for the six-month period ended September 30, 2009 amounted to ¥6,713 million, an increase of ¥2,945 million compared with the corresponding period of the previous fiscal year. In addition to income before income taxes totaling ¥1,818 million, the major cash inflow for the period under review was the increase in accounts payable of ¥7,265 million. This more than offset the principal cash outflow of ¥2,526 million representing the increase in accounts receivable.

(Cash flows from investing activities)

Net cash used in investing activities for the first half of the fiscal year ending March 31, 2010 totaled ¥503 million, ¥2,898 million lower than the corresponding period of the previous fiscal year. The principal cash outflow for the period was the purchase of property, plant and equipment totaling ¥550 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥2,702 million, an increase of ¥1,314 million compared with the corresponding period of the previous fiscal year. During the period under review, Ryosan recorded a decrease in short-term borrowings, net of ¥1,240 million and undertook cash dividends paid totaling ¥1,378 million.

3. Qualitative Information and Other Matters Concerning Consolidated Forecasts for the Fiscal Year Ending March 31, 2010

Looking ahead, Ryosan anticipates that a significant amount of time will be required before a self-sustained recovery in the global economy eventuates. Accordingly, a strong sense of uncertainty is expected to permeate throughout the Group's future operating environment. Taking into account the aforementioned factors, the principal markets in which Ryosan operates are projected to confront persistent harsh business conditions. Based on the Ryosan Group's consolidated operating results for the first half of the fiscal year ending March 31, 2010 as well as an anticipated increase in demand for semiconductors, electronic components and related products during the second half of the fiscal year under review compared with estimates identified at the beginning of the period, the Company has decided to revise its consolidated forecasts of operating results for the full fiscal year ending March 31, 2010 previously announced on May 12, 2009. Brief details are provided 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)	170,000	3,400	3,800	2,200	63.83
Revised Forecast (B)	185,000	4,000	4,500	2,400	69.63
Change (B - A)	15,000	600	700	200	—
Change (%)	8.8	17.6	18.4	9.1	—
FY2008	220,871	6,145	7,263	3,919	111.83

(Forecast Operating Results by Business Segment)

a. Semiconductors

In the Semiconductor segment, Ryosan is projecting lower sales of system LSIs for digital AV devices and car audio equipment as well as other products. As a result, sales in this segment are forecast to decline 19.6% year on year to ¥94,000 million. On the earnings front, operating income is also expected to contract 38.6% to ¥3,000 million.

b. Electronic components

Sales of game console components, LCDs for digital AV devices and other products are anticipated to decrease in the Electronic Components segment. On this basis, segment sales are forecast to drop 21.5% year on year to ¥59,600 million while operating income is anticipated to fall 23.8% to ¥2,150 million.

c. Electronic equipment

In the Electronic Equipment segment, sales of systems equipment for in-vehicle electrical use and MFPs as well as other products are expected to increase. As a result, segment sales are forecast to climb 26.6% year on year to ¥27,000 million. Operating income is also anticipated to rise 24.2% to ¥550 million.

d. Ryosan products

Lower sales of heat sinks for FA equipment and other products are projected in the Ryosan Products segment. On this basis, segment sales are forecast to decline 34.5% year on year to ¥4,400 million. Operating income is also anticipated to decrease 31.9% to ¥350 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: None.

5. Consolidated Quarterly Financial Statements
(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	First Half of the Fiscal Year Ending March 31, 2010 (As of September 30, 2009)	Fiscal Year Ended March 31, 2009 (As of March 31, 2009)
ASSETS		
Current assets:		
Cash and deposits	48,165	50,003
Trade notes and accounts receivable	58,179	56,124
Marketable securities	4,999	—
Merchandise and finished products	13,052	14,688
Work in process	60	59
Raw materials and stored goods	172	191
Accrued income	3,900	1,737
Income tax refund receivable	43	239
Deferred tax assets	400	380
Other current assets	388	630
Allowance for doubtful accounts	(119)	(104)
Total current assets	129,243	123,950
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	5,011	5,131
Land	8,136	8,184
Lease assets (net)	393	463
Other fixed assets (net)	1,072	774
Total property, plant and equipment	14,614	14,554
Intangible fixed assets:	552	628
Investments and other assets:		
Investment securities	3,389	2,890
Long-term deposits	3,500	3,500
Deferred tax assets	1,658	2,153
Other	2,297	2,529
Allowance for doubtful accounts	(1,057)	(1,101)
Allowance for loss on investments	(98)	(118)
Total investments and other assets	9,689	9,853
Total fixed assets	24,856	25,036
Total assets	154,099	148,987

(Millions of yen)

	First Half of the Fiscal Year Ending March 31, 2010 (As of September 30, 2009)	Fiscal Year Ended March 31, 2009 (As of March 31, 2009)
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	28,793	21,888
Short-term bank loans	3,241	4,773
Lease obligations	148	157
Accrued expenses	830	1,024
Reserve for bonuses	8	—
Accrued income taxes	670	109
Other current liabilities	2,032	1,738
Total current liabilities	35,726	29,691
Long-term liabilities:		
Lease obligations	322	394
Employees' retirement benefits	2,123	2,086
Other long-term liabilities	283	315
Total long-term liabilities	2,730	2,796
Total liabilities	38,456	32,488
NET ASSETS		
Shareholders' equity:		
Common stock	17,690	17,690
Additional paid-in capital	19,114	19,114
Retained earnings	80,921	81,443
Treasury stock	(83)	(82)
Total shareholders' equity	117,642	118,165
Valuation and conversions:		
Net unrealized gain on other marketable securities	353	14
Gain (loss) on deferred hedges	(5)	3
Foreign currency translation adjustments	(2,456)	(1,797)
Total valuation and conversions	(2,108)	(1,779)
Minority interests		
Total net assets	115,643	116,499
Total liabilities and net assets	154,099	148,987

(2) Consolidated Quarterly Statements of Income (Cumulative) e

(Millions of yen)

	First Half of the Fiscal Year Ended March 31, 2009 (April 1, 2008 to September 30, 2008)	First Half of the Fiscal Year Ending March 31, 2010 (April 1, 2009 to September 30, 2009)
Net sales	131,225	87,587
Cost of Sales	119,316	80,115
Gross Profit	11,908	7,472
Selling, general and administrative expenses		
Packaging and freight expenses	366	270
Provision of allowance for doubtful accounts	—	35
Directors' remuneration	254	208
Employees' salaries	1,842	1,601
Bonuses	686	436
Retirement benefit expenses	231	223
Employee benefits	400	328
Depreciation and amortization	290	391
Others	3,093	2,433
Total selling, general and administrative expenses	7,165	5,931
Operating income	4,743	1,541
Non-operating income		
Interest income	96	48
Dividend income	319	103
Gain on foreign exchange	78	1
Management consultation fee	76	53
Miscellaneous income	243	156
Total non-operating income	813	364
Non-operating expenses		
Interest expense	73	23
Miscellaneous expenses	21	9
Total non-operating expenses	94	33
Ordinary income	5,461	1,873
Extraordinary gains		
Gain on sales of property, plant and equipment	—	1
Gain on sales of investment securities	—	12
Gain on reversal of allowance for doubtful accounts	84	—
Reversal of allowance for investment loss	13	10
Total extraordinary gains	98	24
Extraordinary losses		
Loss on sales and disposal of property, plant and equipment	30	2
Impairment loss	—	50
Loss on devaluation of inventories	112	—
Loss on sales of investment securities	—	14
Loss on devaluation of investment securities	131	6
Loss on devaluation of golf membership rights	3	4
Total extraordinary losses	277	78
Income before income taxes and minority interests	5,282	1,818
Income taxes — current	2,034	666
Income taxes — deferred	(85)	225
Total income taxes	1,949	892
Minority interests in income	4	2
Net income	3,328	924

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	First Half of the Fiscal Year Ended March 31, 2009 (April 1, 2008 to September 30, 2008)	First Half of the Fiscal Year Ending March 31, 2010 (April 1, 2009 to September 30, 2009)
Cash flows from operating activities:		
Income before income taxes and minority interests	5,282	1,818
Depreciation and amortization	382	462
Impairment loss	—	50
Increase (decrease) in allowance for doubtful accounts	(84)	(18)
Increase (decrease) in employees' retirement benefits	101	33
Interest an dividend income	(415)	(152)
Interest expense	73	23
Loss (gain) on devaluation of investment securities	131	6
Loss (gain) on sale and disposal of property, plant and equipment	30	1
Decrease (increase) in accounts receivable	3,961	(2,526)
Decrease (increase) in inventories	(553)	1,515
Increase (decrease) in accounts payable	(2,610)	7,265
Other	(811)	(1,972)
Subtotal	5,487	6,506
Interest and dividends received	413	154
Interest paid	(72)	(23)
Income taxes (paid) refund	(2,060)	76
Net cash provided by operating activities	3,767	6,713
Cash flows from investing activities:		
Payment for time deposits	(3,000)	(1)
Purchases of property, plant and equipment	(127)	(550)
Proceeds from sale of property, plant and equipment	9	3
Purchase of intangible fixed assets	(2)	—
Proceeds from sale of intangible fixed assets	—	9
Purchases of investment securities	—	(23)
Proceeds from sale of investment securities	—	58
Payments for the acquisition of shares in affiliates	(6)	—
Proceeds from collection of loans	(273)	—
Net cash used in investing activities	(3,401)	(503)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	1,290	(1,240)
Payment of refund of lease obligations	—	(81)
Repurchases of treasury stock	(1,260)	(1)
Cash dividends paid	(1,418)	(1,378)
Cash dividends paid to minority shareholders	—	(1)
Net cash used in financing activities	(1,388)	(2,702)
Effect of foreign currency translation adjustments on cash and cash equivalents	(100)	(395)
Net increase (decrease) in cash and cash equivalents	(1,122)	3,112
Cash and cash equivalents at the beginning of the period	43,077	50,003
Increase in cash and cash equivalents from newly consolidated subsidiary	—	48
Cash and cash equivalents at the end of the period	41,955	53,163

(4) Notes Regarding Going Concern Assumptions

None.

(5) Segment Information

[Segment Information by Business Type]

For the First Half of the Fiscal Year Ended 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:

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 ¥1,426 million in the first half of the fiscal year ended 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.
3. Effective from the first quarter of the fiscal year ended 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.

For the First Half of the Fiscal Year Ending March 31, 2010 (April 1, 2009 to September 30, 2009)

(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	44,565	29,394	11,539	2,088	87,587	—	87,587
(2) Internal Sales between Segments of Exchange	—	—	—	—	—	—	—
Total Sales	44,565	29,394	11,539	2,088	87,587	—	87,587
Operating Expenses	43,412	28,409	11,273	1,925	85,021	1,024	86,046
Operating Income	1,152	985	265	163	2,566	(1,024)	1,541

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 ¥1,024 million in the first half of the fiscal year ending March 31, 2010. 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, 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:

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 ended 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

For the First Half of the Fiscal Year Ending March 31, 2010 (April 1, 2009 to September 30, 2009)

(Millions of yen)

	Japan	Asia	Total	Eliminations or Corporate	Consolidated
Sales and Operating Income					
Sales:					
(1) Sales to External Customers	64,254	23,333	87,587	—	87,587
(2) Internal Sales between Segments of Exchange	3,624	324	3,948	(3,948)	—
Total Sales	67,878	23,657	91,536	(3,948)	87,587
Operating Expenses	66,921	23,265	90,187	(4,141)	86,046
Operating Income	957	392	1,349	192	1,541

Notes:

1. Country and regional segments are classified on the basis of geographic proximity.

2. Principal countries and regions:
Asia: Hong Kong, Singapore, Taiwan, China, 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, 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:

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).

For the First Half of the Fiscal Year Ending March 31, 2010 (April 1, 2009 to September 30, 2009)

(Millions of yen)

	Asia	Total
Overseas Sales	29,997	29,997
Consolidated Net Sales	—	87,587
Ratio of Overseas Sales to Consolidated Net Sales (%)	34.3	34.3

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.