



# ROHM Group Report 2017

〈Additional Volume〉 Annual Financial Report 2017

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## Management Policies

### Management Policies

#### (1) ROHM's Basic Management Policy

The ROHM Group believes that, in creating and improving our overall corporate value, promoting the development of innovative products and high-quality manufacturing within our corporate business activities will both improve customer satisfaction and contribute to society. Those results will in turn boost employee confidence and pride, and inspire new challenges. Moreover, the added-values created by these business activities should be allocated in appropriate proportions to all constituents, including shareholders, employees, and stakeholders of local communities, while retained earnings should be allotted to business investment and efforts to increase competitive strength. To pursue this objective, it is also crucial to obtain the understanding and cooperation of all those with a stake in the company's performance. Therefore, since making the ROHM Group more attractive to stakeholders is one of the important missions of company management, these activities are incorporated into operations throughout the ROHM Group and seriously undertaken for the CSV (Created Shared Value) they deliver.

With these perspectives, the ROHM Group has committed itself to developing market-leading products. As a fundamental policy, the Group pursues a stable supply of high quality, cost-competitive products in high volume through optimal utilization of its distinctive production technologies that will help to maintain a leading position in the global semiconductor and electronic components market.

#### (2) Mid-to Long-term Corporate Strategies

In order to build the foundations for mid-to long-term growth needed to serve continuously globalizing markets, the ROHM Group is promoting the following growth strategies.

##### ① ROHM's 4 Growth Solutions

###### <Analog Solutions>

With car electronics evolving at lightning speed and IoT reaching new bounds, the ROHM Group will be developing advanced analog solutions fused with digital technologies, such as high-performance power management ICs incorporated with digital control capabilities and multifunctional LED driver ICs. We will also expand the reference business in and around the automotive and industrial equipment markets by cooperating with leading processor manufacturers.

###### <Power Solutions>

Because of the growing needs to conserve and more efficiently use energy, the ROHM Group had been developing and strengthening lineups of SiC devices of smaller sizes and greatly reduced power loss compared to conventional Si semiconductors. These products have been adopted for a variety of applications centered around the automotive and industrial equipment markets. We will, therefore, continue promoting the best power solutions for customers by combining our core analog power technologies with high-performance power ICs, IGBTs, power MOSFETs, etc.

###### <Sensor Solutions>

The market for sensor-related devices is expanding on the increased use of detection technologies, therefore the ROHM Group will be applying its production technologies and sensor control technologies to strengthening lineups of sensor-related devices such as MEMS accelerometers, brightness sensing devices and thin film piezo devices(\*1). Moreover, we will address the diversity of IoT needs and other markets by combining these devices with wireless

communication and control technologies.

\*1. Thin film piezo devices

Piezo devices convert applied pressure into voltage and vice-versa. They are used for sensors and other oscillation circuits.

#### <Mobile Solutions>

With smartphones trending towards increasingly higher functionality and wearable electronics markets growing, the ROHM Group will be using the broad scope of technologies we have fostered as a semiconductor manufacturer to develop the world's smallest devices, which will include upgrading our lineups of products in our innovative RASMID® series(\*2) of components that deliver both dramatic miniaturization and ultra-high dimensional precision.

\*2. RASMID® (ROHM Advanced Smart Micro Device) Series

The smallest lineup of components in the world, developed utilizing breakthrough manufacturing methods for unprecedented miniaturization and ultra high dimensional precision (±10μm).

#### ② Enhancement Strategies for the Automotive, Industrial Equipment and New Markets

The automotive market, which is seeing increased computerization, and the industrial equipment market, which continues to grow at a steady pace, require a stable supply of high quality, high reliability products – all of which the ROHM Group can extremely provide. In the automotive and industrial equipment markets, ROHM aims to raise its sales ratio by strengthening its production systems. Also, in the IoT and other markets where growth is expected, the ROHM Group will aggressively reclaim markets by making use of the semiconductor technologies that it has cultivated.

#### ③ Sales Enhancement Strategy for Overseas Customers

Markets are globalizing at an almost delirious speed, therefore the ROHM Group is strengthening sales activities to capture and keep overseas customers not only in Europe and the USA but also in Asia and other emerging countries where markets are growing and globalizing rapidly. We are building systems to cover the full gamut of services from product configuration to development, sales and technical support, which will enable us to meet a wide range of needs of overseas customers and achieve our aim of increasing both sales and shares of overseas markets.

#### ④ Production Innovation

To stably grow our business over the mid-to long-term, the ROHM Group will be configuring its network of production sites to quickly supply products all around the world. We will also be using RPS (Rohm Production System) activities to reduce waste and enhance efficiency, and will be looking to cut costs by shortening lead-times and further improving quality in all aspects of operations. Moreover, to make "Zero Defects" a reality, we will be developing technologies and investing in equipment needed to build a state-of-the-art quality management system.

#### (3) Status of Corporate Governance Corporate Governance System

##### ① Status of Efforts to Improve the Internal Control System

Enhancing our internal control system is one of the most important management topics. The ROHM Group is committed to maintaining proper business processes throughout the entire group, thereby fulfilling our corporate social responsibility requirements. We will promote our basic policies and conduct maintenance activities to build our internal control system while taking note of the following points.

1. System for ensuring that corporate Directors perform their duties in compliance with established laws, regulations, and our Articles

of Incorporation

- (a) In order to promote further progress of globalization, ROHM Group will comply not only with laws and regulations but also with the 10 principles of the United Nations Global Compact for a wide range of problems in the areas of human rights, labor, the environment, anti-corruption, etc. and promote the management focusing on CSR based on “ISO26000,” the international standards for social responsibility and “Electronic Industry Citizenship Coalition (EICC) Code of Conduct”, etc.
  - (b) Directors should perform their duties based on the in-house regulations such as “ROHM Group Business Conduct Guidelines” and the Basic Rules of the Board of Directors and ensure the compliance with all applicable laws and regulations as well as the Articles of Incorporation.
  - (c) The Director or Directors who are highly informed in a specific field should be responsible for the duties related to such field, while all Directors should hold discussions and monitor each other on a daily basis concerning the respective individual fields.
  - (d) Should a Director be found having committed an illegal act by another Director or a Company Auditor, it should be promptly reported to the Board of Directors and the Board of Company Auditors.
  - (e) In addition to two Outside Directors, five Outside Company Auditors should regularly hold the meeting to exchange information and opinions with each other and constantly check that Directors perform their duties in compliance with all applicable laws and regulations as well as the Articles of Incorporation.
  - (f) The Compliance Hotline (the internal hotline system (including the case where the hotline system independent from the management is set up at an outside law firm) and hotline system for suppliers) should be deployed to the entire ROHM Group including overseas entities to discover any illegal conduct of a Director and to prevent recurrence thereof.
2. System to save and control information related to Directors’ performance of duties
    - (a) Decisions regarding Directors’ performance of their duties, such as the minutes of general shareholders meetings, the minutes of the meetings of the Board of Directors, executive proposals, business plans for individual fiscal years, etc., should be saved in writing. The documents should be saved and controlled in compliance with all applicable laws and regulations as well as all in-house regulations.
    - (b) The directions and notices provided to Group companies or in-house divisions concerned shall be issued via email or in writing as a rule. The directions and notices shall be saved so as to be inspected at any time by Directors and Company Auditors.
    - (c) Information related to Directors’ performance of duties should be kept and controlled duly by relevant sections or divisions concerned, and the leak and unjust use of such information must be prevented by giving internal notice and information security training to all employees to ensure that they are fully aware of and comply with such rule.
  3. System to ensure that Directors perform their duties efficiently
    - (a) The Board of Directors should consist of a small number of Directors authorized to execute business operations to realize prompt executive decision-making.
    - (b) The Board of Directors should have Directors who are highly experienced in different fields. The Board should divide duties to the Director in charge of that certain field and have him/her perform the specific duties of that field.
    - (c) Issues that may have a considerable influence on corporate management should be examined, analyzed and reported by in-house project teams established separately for individual issues. Upon completion of such examination, prompt decisions should be made by way of a meeting of Board of Directors or executive proposals, as appropriate, based on the Articles of Incorporation and in-house regulations.
    - (d) The in-house written standards of in-house control procedures regarding various managerial issues such as risk control and information control should be strictly observed.
    - (e) To increase the competitiveness of ROHM Group and to ensure a fair amount of profits, business performance targets should be established as part of annual profit-raising projects for the entire ROHM Group and individual divisions, and progress and achievement status of such projects and targets should be controlled.
  4. System to ensure that employees perform their duties in compliance with all applicable laws and regulations as well as the Articles of Incorporation
    - (a) The Compliance Committee should be organized and across-the-group compliance actions should be taken by implementing the “ROHM Group Business Conduct Guidelines”. A compliance system of the Group companies should be created based on the system of our company, and a leader for each division should be nominated as a leader to raise the awareness of the importance of compliance and to ensure the ongoing compliance of each division.
    - (b) To cope with proprietary laws and regulations in a proper manner, not only the CSR Committee but also the Corporate Safety and Health Committee, Compliance Committee, Information Disclosure Committee, and Environmental Conservation Committee, should be committed to such actions as checking the status of compliance for the entire Group and performing ongoing educational activities.
    - (c) Under the control of the Information Disclosure Committee, individual sections and divisions should properly control insider information and educate employees in the interest of and raising awareness of the importance of strict information handling, to prevent insider trading.
    - (d) The Compliance Hotline (the internal hotline system (including the case where the hotline system independent from the management is set up at an outside law firm) and hotline system for suppliers) should be deployed to the entire ROHM Group including overseas entities, to uncover any illegal conduct of an employee and to prevent any recurrence thereof.
  5. System to ensure compliance of the Group’s corporate operations
    - (a) ROHM Group shares the corporate mission and policy, which are the basis of the founding spirit of the Company, and carries out the business activities with the concerted efforts as the Group in order to enhance the corporate values of the entire Group.
    - (b) Each Committee under the Company’s CSR Committee should supervise and control Group companies comprehensively to ensure proper execution of duties in each responsible area.
    - (c) Written standards applicable to the entire ROHM Group should

be established and implemented.

- (d) The compliant business operations of Group companies should be monitored by appointing employees of the Company or another Group company to Group companies’ Board of Directors or Company Auditors.
  - (e) A system should be operated that requires the Board of Directors’ resolution or an executive decision at the Company to settle critical issues at the Group companies level and periodical reports to the Company’s relevant divisions from Group companies should be made, thus enabling to control Group companies.
  - (f) An internal control system that includes the Company and significant Group companies should be established and reinforced through a framework that ensures financial reporting compliance and through efforts to conform to the auditing system.
  - (g) The Company’s internal auditing division under the direct control of the President should perform internal audits to check each Group company’s situations of execution of duties, compliance with all applicable laws and regulations as well as in-house regulations, risk management, etc.
6. Employees hired upon the request of a Company Auditor to assist the Company Auditor’s duties, independence of the employees from Directors and to ensure effectiveness of the Company Auditor’s instruction to such employees
    - (a) The Company should, upon Company Auditor’s request, appoint staff employees with proper capabilities.
    - (b) The staff of Company Auditors should be independent of duties related to the execution of corporate business. In the employment, transfer and evaluation of performance of Company Auditors’ staff, opinions from the Board of Company Auditors shall be respected.
  7. System for Directors and employees of the Company and its subsidiaries to report to Company Auditors, other systems for reporting to Company Auditors and system for employees not to be treated disadvantageously by the reason of such reports
    - (a) Should a Director be found to have committed an illegal conduct in the performance of Directors’ duties, any neglect in the obligation of being duly conscious as good Directors, or any fact that may damage the Company considerably, etc. by another Director, it should be promptly reported to the Board of Company Auditors.
    - (b) The meetings of committees, not only the CSR Committee but also the Risk Management/BCM Committee, Compliance Committee, and Information Disclosure Committee should be attended by full-time Company Auditors as observers, and individual committees should make periodical reports on their activities to the Company Auditors by submitting meeting minutes or by other appropriate means.
    - (c) A system should be retained whereby the status and results of business operations can be properly reported to Company Auditors through executive proposals and reports.
    - (d) Directors and employees of the Company and Group companies should promptly make a necessary report if they are asked by Company Auditors to make a report of their business operations.
    - (e) A section in charge of the Compliance Hotline should make periodical reports on situations and results thereof to Company Auditors.
    - (f) Employees that have reported to Company Auditors shall not

disadvantageously treated by the reason of such reports according to applicable laws and regulations as well as in-house regulations.

8. Other systems to ensure that the audits by Company Auditors are performed effectively
  - (a) Concerning the status of the operation of the internal control system, Directors should report to the Board of Company Auditors where requested.
  - (b) The internal audit division should strengthen the collaboration with the Company Auditors and report the results of audit periodically.
  - (c) All Company Auditors should be Outside Company Auditors. The Board of Company Auditors should be a strongly independent group consisting of diversified experts, including legal specialists, accounting specialists, and those who used to work for financial institutions.
  - (d) Company Auditors should exchange opinions with Directors whenever necessary.
  - (e) The expenses that Company Auditors deem to be necessary when they perform their duties should be borne by the Company.

### ② Status of Efforts to Improve the Risk Control System

We are working to improve our company’s risk control system as follows.

1. Under the CSR Committee chaired by the President himself, Committees of Quality, Corporate Safety and Health, Risk Management/BCM, Compliance, Information Disclosure, Environmental Conservation, etc. should be established as company-wide cross-sectional committees. These committees will appropriately respond to various management issues and risks in each responsible area by taking necessary measures, giving directions and solving problems.
2. The Risk Management/BCM Committee should be organized to identify, analyze and control major risks that may occur in the course of the performance of business operations. In order to avoid or minimize the effect of unforeseeable circumstances such as sudden natural disasters as much as possible and enable the survival of our business as a consequence, the Risk Management/BCM Committee will verify the activities of each section in charge of risk management, establish a business continuity plan and take any and all possible preliminary measures or preparations across ROHM Group.
3. As a corporate effort to eradicate antisocial groups, a Risk Management Office should be established in the Department of General Affairs. The Office should cooperate and exchange information with external specialist organizations such as the police department, promote specific actions and perform them thoroughly, to eradicate antisocial groups. In-house regulations should be established to eradicate antisocial groups and should be strictly observed. All ROHM Group employees should be informed by way of the “ROHM Group Business Conduct Guidelines”, as distributed to all employees, or by other means, that they must take a firm stand against antisocial groups. Further, the necessity of taking a firm stand against antisocial groups should be communicated to all employees through various in-house training sessions.

### ③ Outline of the Status of the Operation of the Corporate System to Ensure Proper Operation

ROHM Group is striving to build the internal control system and properly operate it based on the aforementioned basic policies. The outline of the status of the operation of the internal control system during the fiscal year ended March 31, 2017 is as follows:

#### 1. Compliance system

- (a) ROHM Group not only makes all Directors and employees fully aware of the “ROHM Group Business Conduct Guidelines” as their codes of conduct to comply with when they practice the mission and policy such as “Company Mission” and “Management Policy” but also thoroughly ensures that they act according to such Guidelines.
- (b) ROHM Group regularly holds the Compliance Committee in order to formulate a plan to reinforce the compliance system, implement education by rank and by role in accordance with the plan, send the message from the top concerning the compliance with the “ROHM Group Business Conduct Guidelines,” etc.
- (c) ROHM Group operates the internal hotline system to prevent compliance violations, discover violations early, and take appropriate measures. ROHM Group also regularly reports the status of the operation to the Board of Directors and Company Auditors.

#### 2. Risk management system

ROHM Group holds the Risk Management/BCM Committee as needed to identify, analyze and control major risks that may occur in the course of the performance of business operations. Also, in order to avoid or minimize the effect of unforeseeable circumstances such as sudden natural disasters as much as possible and enable the survival of our business as a consequence, the Risk Management/BCM Committee verifies the activities of each section in charge of risk management, establishes a business continuity plan (BCP) and takes any and all possible preliminary measures or preparations across ROHM Group.

#### 3. Subsidiary management system

- (a) ROHM Group manages Group companies by operating the system that requires the approval of the Company’s Board of Directors and final decision on executive proposals regarding important projects in Group companies, and also by each division of the Company regularly receiving the report.
- (b) Based on an annual plan, the Company’s internal auditing division under the direct control of the President performs internal audits to check each Group company’s situations of execution of duties, compliance with all applicable laws and regulations as well as in-house regulations, risk management, etc., and confirms the compliance of business. Also, the results of audits are periodically reported to Directors and Company Auditors.

#### 4. Directors’ performance of duties

- (a) The regular Board of Directors is held according to the annual plan and the extraordinary Board of Directors is held where necessary to resolve matters stipulated in laws and regulations or Articles of Incorporation as well as matters which are important for management and to mutually supervise the performance of Directors’ duties.
- (b) Information related to Directors’ performance of duties is properly kept and controlled duly according to the in-house regulations, and the leak and unjust use of such information are pre-

vented.

- (c) Matters to be discussed at the Board of Directors are defined in the Basic Rules of the Board of Directors and matters to be delegated to each Director are made clear in the in-house regulations to ensure Directors’ efficient and agile performance of their duties.

#### 5. Company Auditors’ performance of duties

- (a) Company Auditors attend not only the Board of Directors but also other important meetings such as the CSR Committee to offer opinions as needed.
- (b) Company Auditors visit each division of the Company and Group companies for auditing and confirm the legality and compliance of business operations.
- (c) Company Auditors regularly exchange information and opinions with Directors, accounting auditors and internal auditing divisions to improve effectiveness of auditing.

### ④ Overview of Contents of Liability Limitation Agreement

ROHM and its outside directors and outside auditors have entered into a liability limitation agreement, in accordance with the provisions of Article 427-1 of the Companies Act of Japan and the Articles of Incorporation of the Company, regarding liability for damages as covered in Article 423-1 of the same Act, stipulating minimum total liability as per the provisions of Article 425-1 of the same Act.

#### Status of Internal Audits and Auditor Audits

The Corporate Auditors attend important meetings, such as the Board of Directors meetings, and audit the individual divisions of ROHM and its affiliates at home and abroad along with the Internal Audit Department, by holding meetings with those in managerial positions, inspecting documents and reports, and performing other activities. Through these audits, ROHM checks that the Directors are performing their duties in compliance with existing laws, ROHM’s internal control is well maintained and operated, in-house rules are well observed, and that ROHM’s assets are secured. Currently, there are 7 personnel in the Audit Office.

Corporate Auditors, the Internal Audit Department, and Accounting Auditors regularly hold report meetings, consistently maintain close cooperation and coordination, and proactively exchange information and opinions. Sharing information obtained through individual audits enhances the accuracy of audits and allows for constant improvements in operating processes.

The contents of audits are reported to ROHM’s Internal Audit Division as needed, and opinions are exchanged on matters that require improvements regarding internal control.

The Auditors, Shinya Murao and Haruo Kitamura, are certified public accountants (CPA) that possess considerable knowledge of finance and accounting.

#### Status of Accounting Audits

ROHM contracts Deloitte Touche Tohmatsu LLC to conduct accounting and internal control audits related to financial reporting, and complies with both Japan’s Companies Act and the Financial Instruments and Exchange Act. ROHM has established an environment where the auditing organization can perform audits from a fair, unbiased position as an independent third party. The following are the names of certified public accountants (CPAs) who audited ROHM’s accounts for the fiscal year ended March 31, 2017, the number of consecutive years they have been engaged in auditing ROHM,

and information on the assistants involved in the audits.

CPAs who have audited ROHM (Number of consecutive years they have been involved in ROHM audits)

Designated limited liability partners of Deloitte Touche Tohmatsu:

Yasuhiro Onishi (4 years), Seiichiro Nakashima (3 years)

Major assistants in the audits

12 CPAs and 10 others

#### Outside Directors and Outside Auditors

##### ① Number of Outside Directors and Outside Auditors, Interpersonal Relationships with Submitting Company Members, Capital Relationships or Business Relationships, and Other Potential Conflicts of Interest

ROHM appoints two Outside Directors to enhance mutual supervisory functions among Directors. Also, in order to strengthen and enhance the functionality of the audit system with regards to the execution of management duties, all five Auditors are Outside Auditors. To fully accomplish these objectives, ROHM believes that both Outside Directors and Outside Auditors should be highly independent.

It should be noted that, as described in “③ Profile and Reason for Designation, and Activity of Outside Directors and Outside Auditors”, outside directors and outside auditors own shares of Company stock but may not have conflicts of interest, including interpersonal relationships, shareholding, capital relationships, and business relationships, that interfere with their independence.

##### ② Criteria and Policy for Independence, and Functions and Roles of Outside Directors and Outside Auditors

We strengthen our supervisory and audit functions by asking the Outside Directors and Outside Auditors to provide advice and recommendations on company management, etc. from an independent standpoint and based on the wealth of experience and wide range of insight cultivated from their careers, and by having them attend Board Meetings and other important meetings.

Our Company’s Auditors are all Outside Auditors and cooperation with these Outside Auditors in internal and accounting audits is described in the above “Status of Internal Audits and Auditor Audits.” As for the relationship between the Outside Directors and audits, status reports are made in writing by the Internal Audit Division to the Outside Directors on a monthly basis or as necessary.

Regarding the collaboration between the Outside Directors, Outside Auditors, and the Internal Control Division, the status of business execution, progress of profit planning, etc. are reported in writing by the Internal Audit Division to the Outside Directors and Outside Auditors monthly or whenever necessary.

The relationship between Auditor Audits, Internal Audits, and Accounting Auditor Audits is described in the “Status of Internal Audits and Auditor Audits.”

With regard to the selection of outside directors and outside auditors, the Company determines their independence on the basis of the provisions of the Company’s “Independence Standards for Outside Officers”.

The Company’s “Independence Standards for Outside Officers” are as follows:

#### <Independence Standards for Outside Officers>

The Company appoints only persons who do not fall into any of the following categories of persons as its Outside Officers.

1. A major shareholder<sup>(\*1)</sup> of the Company or a person who executes the business of the Company<sup>(\*2)</sup>;
2. A person who executes the business of a company of which the Company is a major shareholder;
3. A major customer<sup>(\*3)</sup> of the Group or a person who executes the business of that major customer;
4. An organization for whom the Group is a major customer<sup>(\*4)</sup> or a person who executes the business of said organization;
5. A consultant, accounting expert or legal expert who, in addition to director’s remuneration, receives money exceeding a certain amount or other assets<sup>(\*5)</sup> from the Group (or an organization that receives the said assets or a person who belongs to the said organization);
6. A person who receives donations or grants exceeding a certain amount<sup>(\*6)</sup> from the Group (or an organization that receives the said grants is, or a director of that organization or a person who executes the business of that organization);
7. A partner, member or employee of the accounting auditors of the Company;
8. A person who executes the business of a major lender of the Company<sup>(\*7)</sup>;
9. A person who fell into any of the categories described in 1 to 8 above in the last three years;
10. An organization to whom a director of the Group is transferred or a person who executes the business of said organization, or;
11. The spouse of an important person who executes the business of the Group<sup>(\*8)</sup> or a relative of that person within the second degree of relationship.

\*1 A major shareholder means a shareholder holding at least 10% of the total voting rights of the Company.

\*2 A person who executes business means a director, an executive officer, a member or an employee.

\*3 A major customer means a company whose payments account for over 2% of annual consolidated sales of the Company.

\*4 An organization for whom the Group is a major customer means a company with over 2% in annual sales coming from the Company.

\*5 A certain amount means ten million yen per year for an individual and over 2% of total revenue for an organization.

\*6 A certain amount means over ten million yen per year.

\*7 A major lender of the Company means a lender from which an amount exceeding 2% of total consolidated assets of the Company is borrowed.

\*8 An important person who executes business means a director (excluding outside directors) or a person in the senior management position of general manager or above.

③ Profile and Reason for Designation, and Activity of Outside Directors and Outside Auditors

Name	Position	Profile	Reason for Designation	Main Activity	Number of Shares Held (Thousand Shares)
Hachiro Kawamoto	Director (Independent)	Apr. 1958 Joined The Ritsumeikan Trust Apr. 1984 Standing Director of The Ritsumeikan Trust Nov. 1995 Chairman of the Board of Trustees, The Ritsumeikan Trust Jun. 2008 Director of the Company (Current Position) Jul. 2008 Advisor of The Ritsumeikan Trust Apr. 2013 Honorary Executive of The Ritsumeikan Trust (Current Position) May. 2013 Honorary Advisor of The Ritsumeikan Trust (Current Position)	His designation is based on his vast knowledge and long involvement in management of an academic institution and how this knowledge and experience could help in reinforcing the management system of the Company. Since, he meets the requirements of the independent officer the Tokyo Stock Exchange established and "Independence Standards for Outside Officers" ROHM established, and there is no risk of conflicts of interest with general shareholders, we have appointed him as an independent officer.	Attended 100% of the 25 meetings of Board of Directors during the fiscal year ended March 31, 2017 (including participation in 11 resolutions deemed to have been made in writing).	1
Koichi Nishioka	Director (Independent)	Apr. 1971 Reporter working at the Editorial Office of Nikkei, Inc. Mar. 1991 Editorial Writer & Member of Nikkei, Inc. Apr. 2008 Professor of Senshu University and Visiting Columnist of Nikkei, Inc. Jun. 2011 Director of the Company (Current Position)	His designation is based on his vast knowledge and experience as a longstanding economic and financial journalist and columnist and contribution of his expertise to reinforce the management system of the Company. Since, he meets the requirements of the independent officer the Tokyo Stock Exchange established and "Independence Standards for Outside Officers" ROHM established, and there is no risk of conflicts of interest with general shareholders, we have appointed him as an independent officer.	Attended 96% of the 25 meetings of Board of Directors during the fiscal year ended March 31, 2017 (including participation in 11 resolutions deemed to have been made in writing).	-
Yoshiaki Shibata	Company Auditor (Independent) (Full Time)	Apr. 1968 Joined The Daiwa Bank Co., Ltd. Apr. 1997 General Manager of Inspection Div. of the bank above Jun. 1998 Company Auditor of the Company (Current Position)	Yoshiaki Shibata has been designated as Outside Corporate Auditor because the Company was certain that he has been carrying out his duties appropriately by providing opinions regarding corporate management and other affairs from a comprehensive point of view based on his expertise as the full-time Corporate Auditor of the Company. Since, he meets the requirements of the independent officer the Tokyo Stock Exchange established and "Independence Standards for Outside Officers" ROHM established, and there is no risk of conflicts of interest with general shareholders, we have appointed him as an independent officer.	Attended 100% of the 25 meetings of Board of Directors during the fiscal year ended March 31, 2017 (including participation in 11 resolutions deemed to have been made in writing). Attended all 12 meetings of the Board of Company Auditors.	3
Hiroyuki Nii	Company Auditor (Independent) (Full Time)	Apr. 1981 Joined The Daiwa Bank Co., Ltd. Apr. 2006 Group Leader of Real Estate Division of Resona Bank, Ltd. Apr. 2011 Senior Managing Director of The Resona Foundation for Asia and Oceania Jun. 2016 Company Auditor of the Company (Current Position)	Hiroyuki Nii was designated as Outside Corporate Auditor because the Company was certain that he would contribute to the Company in terms of management and other affairs by sharing expertise and knowledge based on his excellent experience and knowledge as a longtime administrator at a financial institution and other organizations through auditing. Since, he meets the requirements of the independent officer the Tokyo Stock Exchange established and "Independence Standards for Outside Officers" ROHM established, and there is no risk of conflicts of interest with general shareholders, we have appointed him as an independent officer.	Attended 100% of the 19 meetings of Board of Directors during the fiscal year ended March 31, 2017 (including participation in 7 resolutions deemed to have been made in writing). Attended all 7 meetings of the Board of Company Auditors.	1
Hidero Chimori	Company Auditor (Independent)	Apr. 1983 Attorney at law (Member of Osaka Bar Association) Joined Miyake & Partners May. 2002 Managing Partner of Miyake & Partners (Current Position) Jun. 2016 Outside Director of Kobe Steel, Ltd. (Current Position) and Company Auditor of the Company (Current Position)	Hidero Chimori was designated as Outside Corporate Auditor because the Company was certain that he would contribute to the Company in terms of management and other affairs by sharing expertise and knowledge he gained as a lawyer through auditing. Since, he meets the requirements of the independent officer the Tokyo Stock Exchange established and "Independence Standards for Outside Officers" ROHM established, and there is no risk of conflicts of interest with general shareholders, we have appointed him as an independent officer.	Attended 89% of the 19 meetings of Board of Directors during the fiscal year ended March 31, 2017 (including participation in 7 resolutions deemed to have been made in writing). Attended all 7 meetings of the Board of Company Auditors.	-

Name	Position	Profile	Reason for Designation	Main Activity	Number of Shares Held (Thousand Shares)
Shinya Murao	Company Auditor (Independent)	Sep. 1986 Joined Tohmatsu & Co. (Osaka Office) Mar. 1990 Registered as CPA Sep. 1992 Founded Murao Accounting Office Jun. 2001 Company Auditor of the Company (Current Position)	Shinya Murao has been designated as Outside Corporate Auditor because the Company was certain that he would contribute to the Company in terms of management and other affairs by sharing expertise and knowledge he gained as a certified public accountant through auditing. Since, he meets the requirements of the independent officer the Tokyo Stock Exchange established and "Independence Standards for Outside Officers" ROHM established, and there is no risk of conflicts of interest with general shareholders, we have appointed him as an independent officer.	Attended 92% of the 25 meetings of Board of Directors during the fiscal year ended March 31, 2017 (including participation in 11 resolutions deemed to have been made in writing). Attended all 12 meetings of the Board of Company Auditors.	0
Haruo Kitamura	Company Auditor (Independent)	Sep. 1983 Joined Arthur Andersen CPA Joint Office Mar. 1987 Registered as CPA Aug. 2002 Founded Kitamura Accounting Office Jun. 2004 Company Auditor of the Company (Current Position) Dec. 2005 Outside Director of Sumisho-Grainger Co., Ltd. (Currently MonotaRO Co., Ltd.) (Current Position)	Haruo Kitamura has been designated as Outside Corporate Auditor because the Company was certain that he would contribute to the Company in terms of management and other affairs by sharing expertise and knowledge he gained as a certified public accountant through auditing. Since, he meets the requirements of the independent officer the Tokyo Stock Exchange established and "Independence Standards for Outside Officers" ROHM established, and there is no risk of conflicts of interest with general shareholders, we have appointed him as an independent officer.	Attended 100% of the 25 meetings of Board of Directors during the fiscal year ended March 31, 2017 (including participation in 11 resolutions deemed to have been made in writing). Attended 92% of 12 meetings of the Board of Company Auditors.	-

Remuneration for Directors and Auditors

① Total Amount of Remuneration for Directors and Auditors by Category, Total Amount of Remuneration by Type, and the Target Number of Directors and Auditors

Director and Auditor Category	Total Remuneration (¥ Million)	Total Remuneration by Type (¥ Million)		Number of Directors and Auditors (Target)
		Basic Remuneration	Bonus	
Director (Excluding Outside Directors)	292	222	70	9
Outside Director and Auditor	83	83	-	9

(Note) 1. The amount of remuneration paid to Directors does not include the amount of employee salaries paid to employee Directors.

2. The 48th General Shareholders Meeting held on June 29, 2006 resolved that the maximum amount of annual remuneration for Directors should be under ¥600 million, and the 36th General Shareholders Meeting held on June 29, 1994 resolved that the maximum amount of monthly remuneration for Auditors should be under ¥6 million.

② Total Amount of Consolidated Remuneration for Each Director

Not listed since no Director receives a total consolidated remuneration above ¥100 million.

③ Important Wages for Directors Doubling as Employees

Not applicable.

④ Determination Method and Policy on the Amount of Remuneration for Directors

Regarding executive compensation, limits on total remuneration for

all Directors and Auditors are established at the General Shareholders Meeting.

Remuneration for each director is determined by the Board of Directors on the basis of the report of the Directors Compensation Committee, and the amount of remuneration for each auditor is determined through deliberations by the Auditors Compensation Committee.

Remuneration for Directors consists of performance-based remuneration that changes according to performance attainment level, which uses the ROHM Group's consolidated ordinary income as an index, and fixed remuneration, which is a fixed amount intended to identify management responsibilities. However, the amount of remuneration for outside directors is fixed, in light of the importance of their adopting an independent stance toward supervisory functions.

Regarding remuneration for Auditors, given the nature of audit duties, each Auditor receives only fixed remuneration, with no performance-based compensation.

In addition, our company does not provide stock options to Directors, and has abolished the executive retirement benefits system.

Resolution Requirements for the Appointment of Directors

Our company has established in the Articles of Incorporation that a Director appointment is resolved by a majority of the votes at a General Shareholders Meeting attended by at least one-third of the shareholders with voting rights, and that such resolution will not be made by cumulative voting.

Acquisition of Treasury Stock

As stipulated in our Articles of Incorporation, in order to be able to carry out a flexible capital policy in response to changes in the business environment, treasury stock can be obtained through market transactions and other means by resolution of the Board of Directors, pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act.

Decision-making Body for Interim Dividends

The company, in order to flexibly return profits to shareholders, has

stipulated in the Articles of Incorporation that interim dividends can be given to our shareholders by resolution of the Board of Directors, and sets September 30 every year as a dividend record date, based on the provisions in Article 454, Paragraph 5 of the Companies Act.

## Special Resolution Requirements of the General Shareholders Meeting

In order to secure a quorum for special resolutions during the General Shareholders Meeting, our company has established in the Articles of Incorporation that special resolutions require two-thirds of the votes at meetings attended by at least one-third of the shareholders with voting rights, as specified in Article 309, Paragraph 2 of the Companies Act.

## (4) Details of Audit Fees

### ① Remuneration paid to CPAs, etc.

Classification	Remuneration Based on Audit Certification Work (¥ Million)	Remuneration Based on Non-Audit Work (¥ Million)
Submitting Company	99	-
Consolidated Subsidiary	36	-
Total	135	-

### ② Contents of Other Important Remuneration

The amount of remuneration for audit certification work at our company's 18 consolidated subsidiaries paid to Auditors who belong to the same network as our company's auditing CPAs is ¥ 86 million.

### ③ Contents of Non-Audit Work of Auditing CPAs at Submitting Companies

Not applicable.

### ④ Policy on Determining Audit Fees

In deciding audit fees, our company is presented with an annual plan by the auditing CPAs, that confirms the validity of the contents of the audit, the number of days required, etc. in the context of our company's size and operating characteristics. Our company then determines the amount of remuneration based on the number of days required after consulting with the auditing CPAs. Note that the consent of the Board of Corporate Auditors is obtained when decisions on these issues are made.

## (5) Business Environment and Priority Issues

The electronics market in the world is expected to see continued growth over the mid-to long-term because of expansion in the digital home appliance and IoT markets and increased use of electronics in automobiles, but this will also bring greater competition when it comes to pricing and technologies. This will likely augment the pressure to supply internationally competitive products, which means that new products and technologies will have to be developed for global markets and costs will have to be reduced across the board.

Understanding the business environment, the ROHM Group will direct efforts at developing high value-added products that anticipate industry needs in a wide range of markets, including automo-

tive electronics, industrial equipment, information and communications, and mobile devices.

Moreover, in order to serve expanding overseas markets, the ROHM Group will continue to strengthen our development and sales structures around the world.

In addition, we will continue to strengthen CSV activities as a contribution to the realization of a sustainable society, and our risk management system in order to maintain business intact in the face of potential and actual risks.

Also, the basic policy on the persons who govern company decisions, finance and business is as below.

### Basic Policy

Our company's mission is to 'contribute to the advancement and progress of society through a consistent supply, under all circumstances, of high quality products in large volumes to the global market by making quality our top priority at all times.' We believe that achieving this objective will bring about the improvement and creation of permanent and comprehensive corporate values while at the same time delivering benefits to all stakeholders, including our shareholders. We also understand that our company's Board of Directors is charged by our shareholders with the responsibility to further improve our corporate values by fulfilling the aforementioned company mission and making tireless efforts to manage the company toward sustainable growth.

The ROHM Group believes the best defense against takeover attempts is to build a relationship of trust with shareholders by delivering higher stock prices via enhanced corporate value, accountability through proactive IR activities, and by conducting regular dialogs with shareholders. If a proposal for acquisition is made to our company, we believe that the final decision on whether to accept or reject the offer should be left to the current shareholders at the time, and that the Board of Directors should not make arbitrary decisions intended to protect their own personal interests. In addition, in the event of an acquisition proposal, we believe that it is vital that shareholders take a sufficient amount of time to make an 'informed decision' based on sufficient information in order to protect and improve ROHM's corporate value and the common interests of shareholders.

## (6) Basic Policy for Return to Shareholders

In the semiconductor and electronic component business, the ROHM Group wants to meet shareholder expectations by improving results from both mid-and long-term perspectives via forward-looking investment in equipment, plants, R&D and M&A.

While continuing efforts to achieve sustainable growth on the one hand, the ROHM Group believes it necessary to improve our overall corporate value on the other by balancing our financial condition and capital demand with investor expectations when exploring ways to share profits.

### ① Our Policy of Dividend Payment

Under this policy, the ROHM Group sets 130 yen as the ordinary annual dividend per share, which we will pay to current shareholders in full and to the best of our abilities bar any sudden or momentary changes in business performance or financial condition of the group. Moreover, we will make every effort to raise the amount of our ordinary dividend by improving our business performance over the long-term.

Moreover, ROHM will not lower consolidated payout ratio below 30% and will additionally take constructive steps to properly dis-

tribute profits such as to issue, as the situation permits, a one-time dividend on top of ordinary dividends.

ROHM will also constructively utilize the free cash flow that is generated every year to invest in plants, equipment and M&A that will improve shareholder value in the mid-to long-term, and, in order to improve our balance sheet, will strive to efficiently improve ROE, DOE and other indicators by not building up reserves any greater than necessary.

### ② Profit Distribution for the Year Ended March 31, 2017

In consideration of the financial results of the current fiscal year, the year-end dividend was 80 yen per share. As a result, the annual dividend, with 50 yen per share added as an interim dividend, was 130 yen per share.

### ③ Retirement of Treasury Stock

The ROHM Group considers a maximum 5% of the total outstanding shares as its treasury stock holdings, and, in principle, any amount beyond this limit is retired at the end of every fiscal year. The Group always keeps treasury stocks on hand in order to ensure management flexibility for M&A activity and other needs as required.

## (7) IR-related Activities

### ① Disclosure Policy

ROHM's disclosure policy is posted on the company's website.

### ② General Shareholders' Meeting

ROHM is committed to holding transparent General Shareholders' Meetings including screening of videos on company activities, responding to questions sent in advance, displaying of products, etc.

### ③ Periodic Briefings for Analysts and Institutional Investors

The president and directors present briefings on financial results twice a year.

Financial results briefings include announcements of earnings and performance, and forecasts for securities analysts and institutional investors in Japan.

### ④ Briefings for Individual Investors

Briefings for individual investors are presented, through securities companies, approximately ten times a year.

### ⑤ Briefings for Overseas Investors

ROHM presents briefings on trends in company performance, business strategies, etc., through twice-yearly visits to Europe and North America and once-yearly visits, through securities companies, to Hong Kong, Singapore, and elsewhere in Asia.

### ⑥ IR Materials Posted on Website

Financial results briefing materials, securities reports and other reports, earnings report schedules, and various types of information for individual investors are viewable on the ROHM website.

## (8) R&D Activities

The ROHM Group is committed to a wide range of development initiatives to create products that benefit society, based on our fundamental principle of "contributing to society through electronics." The Group is also engaged in sustained and well-coordinated R&D efforts to develop innovative technologies for the future, focusing

on materials, design technologies, manufacturing technologies, and maximizing quality.

Major results this term, classified by segment, are as follows:

### ① Product development in the ICs segment

- Developed the BH1790GLC pulse wave sensor for sports bands and other wearable devices.
- Developed the BD2670MWV power management IC for Intel's next-generation processor (Apollo Lake).
- Developed the industry's first automotive chipset to support functional safety in high-resolution displays.
- Developed the BM94803AEKU high-resolution audio SoC that enables playback of all types of sound source.
- Developed the ML62Q1000 Series of low-power 16-bit general-purpose microprocessors with upgraded safety features.
- Began mass-production of the ML630Q464/466, the industry's first single-chip microprocessors with built-in LCD driver for data loggers.

### ② Product development in the Discrete Semiconductor Devices segment

- Developed the AG009DGQ3, a 3.3 mm<sup>2</sup> MOSFET compliant with AEC-Q101.
- Developed the SCS3 Series of the industry's smallest SiC Schottky barrier diodes (\*1), which achieves low VF and high surge current resistance.
- Developed the SCT2H12NZ, a SiC-MOSFET, which can withstand 1,700V.

\*1. Schottky barrier diode:

A diode formed by the contact of a semiconductor with a metal, which constitutes a Schottky junction and has the characteristics of a diode. It has a low forward voltage drop and fast switching action, so it is mainly used for switching power supplies.

### ③ Product development in the Modules segment

- Developed the KR2002-D06N10A Series of thermal printheads, which can be driven by a single Li-ion cell.
- Developed the industry's smallest Wi-SUN (\*2) compatible module, BP35C0, and USB dongle, BP35C2.

\*2. Wi-SUN (Wireless Smart Utility Network)

An international wireless communication standard that uses sub-gigahertz radio frequencies of around 900 MHz. It enables communication over a distance of up to 500 m. It is viewed as the best communications standard for building smart communities in which information is collected by smart meters, and similar applications.

### ④ Product development in the Others segment

- Developed the SFR Series of new sulfurization-resistant chip resistors, which are optimal for automotive and industrial equipment.

### ⑤ Future-oriented R&D

- Developed the BW9577, the industry's smallest seismic sensor module capable of high-precision earthquake detection.
- Established the industry's first DC/DC converter technology capable of directly dropping the voltage from 48 V to 3.3 V.

## Risk Management

The following are risks that may have a significant impact on the financial status and operating results of the ROHM Group.

References to future events are based on judgments made by the ROHM Group at the end of current fiscal year.

### (1) Risks Associated with Market Changes

The semiconductor and electronics component industries are subject to sharp and abrupt changes in market conditions in the short term, caused by factors such as the production trends of end-set manufacturers, which readily fluctuate according to the sales performance of electronic products, automotive products, and industrial equipment, as well as competition in prices and technology development with rival companies. Prices are especially susceptible to sudden drops due to the supplydemand relationship, while competition from emerging Asian manufacturers tends to cause instability with regard to maintaining and increasing sales and ensuring profits.

### (2) Exchange Risks

The ROHM Group has expanded its stronghold in global development, production, and sales. Therefore, the financial statements prepared in each local currency are converted into Japanese yen in order to prepare consolidated financial statements. Accordingly, even if the values in local currencies remain the same, the profits and losses on the consolidated financial statements may be affected by the exchange rates at the time of conversion. While conducting production activities in Japan, Asian countries, the US, and European countries, the ROHM Group sells its products on the world market. This means different currencies are used between production and sales bases, and consequently exchange rate fluctuations exert a continual influence on the ROHM Group. Generally, a strong Japanese yen conversion adversely affects our business performance, while a weak yen conversion has a favorable impact.

### (3) Risks of Product Defects

As stated in the Company Mission, the ROHM Group places top priority on quality, and develops products subject to stringent quality control standards. However, this does not guarantee that defective products will never be produced or that claims arising from product defects will never be sought by buyers in the future. If a buyer should make a claim for defects regarding ROHM products, company performance may be adversely affected.

### (4) Legal Risks

In order to manufacture products distinguishable from those of other companies, the ROHM Group develops various new technologies, cultivates expertise, and manufactures and sells products worldwide based on these proprietary technologies. The ROHM Group has a division that specializes in the strict supervision of in-house activities in order to ensure that the technologies and proprietary knowledge used by the Group do not infringe on the intellectual property rights of other companies such as patent rights. In addition, in all business fields in which the ROHM Group is involved, the Group complies with all relevant laws and regulations with respect to the utilization and handling of exhaust air, drainage, harmful materials, waste treatment, surveys on soil/underground water pollution, and the protection of the environment, health, and safety. However, the Group may incur legal responsibilities in this respect due to unexpected events, which may possibly have an adverse influence on financial results.

### (5) Natural Disasters and Geopolitical Risks

The ROHM Group performs development, manufacturing, and sales activities not only in Japan but also worldwide. To distribute the associated risks, the Group locates production lines at different bases. However, these production bases may be damaged due to earthquake, typhoon, flooding, other natural disasters, political uncertainty or international conflicts. Financial results could be adversely affected by stalled product supply or considerable changes in electronics markets due to these unforeseen events.

### (6) Mergers and Acquisitions Risks

The ROHM Group, taking into account future business prospects, considers it necessary to investigate and implement mergers and acquisitions worldwide with a focus on entering new fields that are relevant to our existing business, and to always make the utmost efforts to improve corporate value and expand the size of our business. In conducting mergers and acquisitions, we thoroughly study, review, and deliberate matters before any acquisitions are made. Nonetheless, due to unexpected circumstances or significant changes in market forces after an acquisition, an acquired business may not progress as expected and we may suffer losses in some cases as a result.

### (7) Research and Development Risks

At present, new technologies and products are being developed and diffused in different electronics fields. ROHM Group, as a part of electronics related industry, continually faces stiff competition in technology and product development and therefore must exert ourselves day and night in the research and development of materials and products in order to produce new products and technologies. Consequently, our research and development expenditures in the year ended March 31, 2017 were approximately 11 percent of our consolidated sales.

In these research and development activities, plans may be considerably delayed, and the opportunity to introduce them into the market missed, for example, due to a lack of technical capabilities or the ability to develop new products. And, there is also the possibility that the new products we develop may not receive favorable acceptance by the market as anticipated. If this occurs, it may affect our business performance.

### (8) Other Risks and Our Corporate Risk Management System

In addition to the above-mentioned risks, there are various other factors that may influence our financial situation and business performance, such as risks related to logistics, material and energy procurement, security leaks, information systems, and human resources. In response, the ROHM Group has been making company-wide efforts to enhance its risk management system in order to avert these risks and, in their event, minimize their impact. To identify, analyze, control, and manage significant risks that may arise in the course of executing business within the Group, ROHM organized the "Risk Management and BCM Committee" under the CSR Committee with the President serving as the chairman. Along with overseeing the activities of the main departments that control risks, the committee crafts and enforces across the company Business Continuity Plans (BCP) so that ROHM is proactive and prepared for possible risks.

## Business Results

### (1) Overview of Business Results for the Year Ended March 31, 2017

#### General Overview of Business Performance

On the whole, the world economy in the fiscal year ended in March 2017 continued its recovery, despite the uncertain outlook and fears that came in the first half of the year with the Brexit decision and the trends tied to the US presidential election, as the western economies held firm, the Japanese economy stayed on a recovery track and the Chinese economy put a halt to its slowdown.

The electronics industry was as follows. The automotive electronics market was bullish, despite a slowdown that was seen in the US in the second half of the year, as the markets in Europe and China improved, the Japanese market recovered, and car manufacturers increased their use of in-vehicle electronics. As for the industrial equipment market, adjustments characterized the first half of the year, but the latter half of this year was bolstered by the recovery in the Chinese market and other positive factors. As for consumer products, the smartphone market improved in the second half of the year on a strong uptick in sales of new products, while PC, TV and other consumer product markets remained challenged.

Working within this business environment, the ROHM Group continued to implement important strategies aimed at boosting sales to overseas customers and strengthening product lineups for the IoT, automotive and industrial equipment markets, which are expected to grow in the mid-to long-term. Accordingly, time and resources were directed at developing and combining new products and technologies into [1] analog solutions, [2] power solutions, [3] sensor solutions and [4] mobile solutions that were then offered to customers. The ROHM Group also pushed ahead with 'production innovation' and other efforts necessary for achieving 'zero defects' by continuing its RPS (ROHM Production System) activities (\*1) and promoting technological development needed to build a state-of-the-art quality management system.

Under these circumstances, consolidated net sales for the fiscal year ended on March 31, 2017 were 352,010 million yen (a decrease of 0.1% from last year) and operating income was 31,828 million yen (a decrease of 5.4% from last year).

Profit attributable to owners of parent was 26,432 million yen (an increase of 2.9% from last year).

\*1 RPS (ROHM Production System) activities

A production system centered on improvement activities for integrating higher quality into products, shortening lead time and thoroughly eliminating waste in inventory and other operations at all Group plants. ROHM believes that establishing production systems of unparalleled efficiency and quality is essential for strengthening the Group's earning structure.

#### Overview of Performance by Segment

##### <ICs>

Consolidated net sales for the year ended March 31, 2017 were 161,195 million yen (a decrease of 1.8% from last year) and segment income was 9,064 million yen (an increase of 18.3% from last year).

In the automotive electronics market, sales of power ICs and CD driver ICs for car AV went through an adjustment, while greater adoption of power ICs and LED driver ICs for car bodies and instrument panels, and isolated gate driver ICs (\*2) for powertrains for hybrid cars translated into steady sales.

In the industrial equipment market, sales of LCD driver ICs and power ICs for HEMS and BEMS (\*3), factory automation and

measuring instruments grew steadily, while sales of interface ICs and fan motor driver ICs for office equipment, POS systems and communication infrastructure decreased.

In the consumer electronics markets, power ICs and USB Power Delivery Type-C (\*4) controller ICs for game consoles and home appliances, and color sensors for smartphones sold well, but sales of power ICs for PCs and lens driver ICs for cameras slumped.

With regard to group company LAPIS Semiconductor Co., Ltd., sales of microcontrollers for power meters and memory ICs for gaming devices and other applications increased, while sales of display driver ICs for high resolution TVs decreased.

\*2. Isolated gate driver IC

A gate driver IC drives power semiconductors like IGBT (\*5), but by incorporating an isolated element in a gate driver, external isolating components that are critical to protecting people and systems have become unnecessary.

\*3. HEMS (Home Energy Management System)/BEMS (Building Energy Management System)

A HEMS is a system for managing energy consumption in a home. A BEMS is a similar system, but for buildings. Though they serve different targets, both systems connect power meters, solar power systems, storage batteries, home appliances and other equipment over a network, visualize power consumption and economically manage equipment, using sensors and IT.

\*4. USB Power Delivery Type-C

USB Power Delivery is a USB power expansion standard that specifies up to 100 W of power to be supplied or drawn over a USB cable. It allows laptop computers and other devices that could not be driven over earlier USB standards to be powered over USB and shortens the charging time for mobile devices.

\*5. IGBT (Short for Insulated Gate Bipolar Transistor)

A semiconductor that combines the best features of a MOSFET (\*6) and bipolar transistor (\*7), making it ideal for power control applications.

\*6. MOSFET (Short for Metal Oxide Semiconductor Field Effect Transistor)

This type of transistor enables faster switching with less power consumption than bipolar transistors, and is widely used in a variety of electronic products.

\*7. Bipolar transistor

A 3-terminal semiconductor in which N-type semiconductors and P-type semiconductors have a P-N-P or N-P-N junction structure. Primarily used for current amplification and switching.

##### <Discrete Semiconductor Devices>

Consolidated net sales for the year ended March 31, 2017 were 130,036 million yen (an increase of 2.8% from last year) and segment income was 20,916 million yen (a decrease of 2.7% from last year).

With regard to transistors, sales for PCs and other applications decreased, but sales of power MOSFETs to the automotive and game console markets grew steadily. As for diodes, sales for smartphone and PC applications slumped, but sales of diodes for automotive electronics were strong. Regarding power devices, sales of IGBTs to the automotive electronics market grew greatly and sales of SiC devices for solar power systems were solid. Moreover, sales of LEDs for amusement devices and sales of semiconductor lasers for reading optical disks and other applications fell.

##### <Modules>

Consolidated net sales for the year ended March 31, 2017 were 39,609 million yen (an increase of 8.9% from last year) and segment income was 1,793 million yen (a decrease of 61.0% from last year).

With regard to printheads, sales of printheads for mini-printers used for CAT terminals and other devices, and sales for laser printers went through an adjustment. As for optical modules, sales of sensor modules for wearable electronics decreased on the one hand, while sales of sensor modules for smartphones grew greatly on the other.

<Others>

Consolidated net sales for the year ended March 31, 2017 were 21,170 million yen (a decrease of 17.0% from last year) and segment income was 1,498 million yen (an increase of 470.7% from last year).

Sales of resistors were strong thanks to demand from automotive electronics markets. Sales of tantalum capacitors for smartphones and PCs were sluggish.

Sales of LED lighting products declined as a result of ROHM's withdrawal from business during this fiscal year.

Sales mentioned above in "Overview of Performance by Segment" were to customers outside of the ROHM Group.

**(2) Analysis on Status of Assets, Liabilities, Net Assets and Cash Flow**

Total assets increased by 30,369 million yen from the end of the previous fiscal year to 834,503 million yen. The main factors that contributed to this were decreases respectively in cash and deposits of 16,017 million yen and property, plants and equipment of 5,173 million yen, and increases respectively in securities of 27,112 million yen, investment securities of 17,938 million yen and notes and accounts receivable (trade) of 10,268 million yen.

Liabilities increased by 11,168 million yen from the end of the previous fiscal year to 109,051 million yen. The main factors that contributed to this were increases respectively in deferred tax liabilities of 4,146 million yen, accounts payable of 3,082 million yen, income taxes payable of 1,894 million yen, and notes and accounts payable (trade) of 1,733 million yen.

Net assets increased by 19,201 million yen from the end of the previous fiscal year to 725,452 million yen. The main factors that contributed to this were increases respectively in shareholders' equity of 14,261 million yen, which resulted from recording profit attributable to owners of the parent, and valuation differences on available-for-sale securities of 8,935 million yen.

As a result, equity ratio decreased from the 87.8% of the end of the previous year to 86.9%.

Cash flow from operating activities was a positive 67,397 million yen, which represents a decrease in income of 11,504 million yen from the previous year (positive by 78,901 million yen). The negative factors behind this were reversals of notes and accounts receivable (trade) from a decrease to an increase, and inventories from a decrease to an increase.

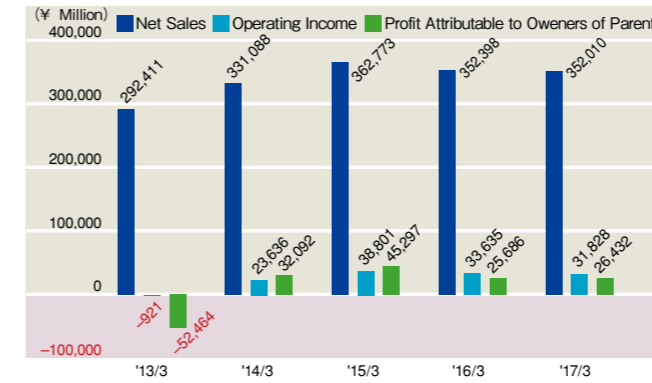
Cash flow from investment activities was a negative 38,742 million yen, which represents an increase in payouts of 16,306 million yen from the previous year (negative by 22,436 million yen). The positive factor behind this was a decrease in purchases of property, plants and equipment, while the negative factor was a decrease in time deposits.

Cash flow from financing activities was a negative 12,173 million yen, which represents a decrease in payouts of 20,936 million yen from the previous year (negative by 33,109 million yen). The positive factors behind this were decreases in purchases of treasury shares and cash dividends paid.

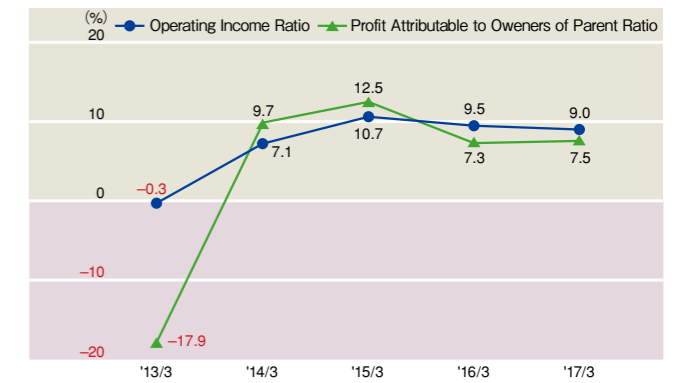
After subtracting 2,268 million yen because of the effects of exchange rate changes, cash and cash equivalents increased 14,212 million yen from the end of the previous fiscal year to 246,015 million yen.

**Results of Operations**

**1. Results of Operations**

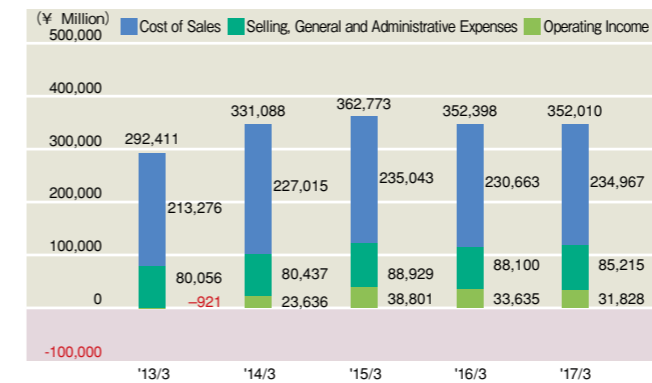


**2. Income Ratio**

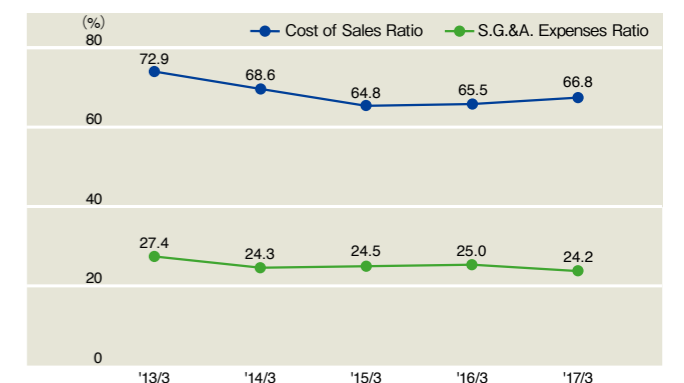


The initial success of our business strategy was reflected in sales, which were then slightly pushed down by the stronger yen. While lower sales and higher fixed costs caused operating income to fall, profit attributable to owners of parent was higher than the previous term due to a decrease in extraordinary losses and other factors. Operating income ratio and profit attributable to owners of parent ratio also fluctuated due to these influences.

**Cost of Sales / Selling, General and Administrative Expenses / Operating Income**

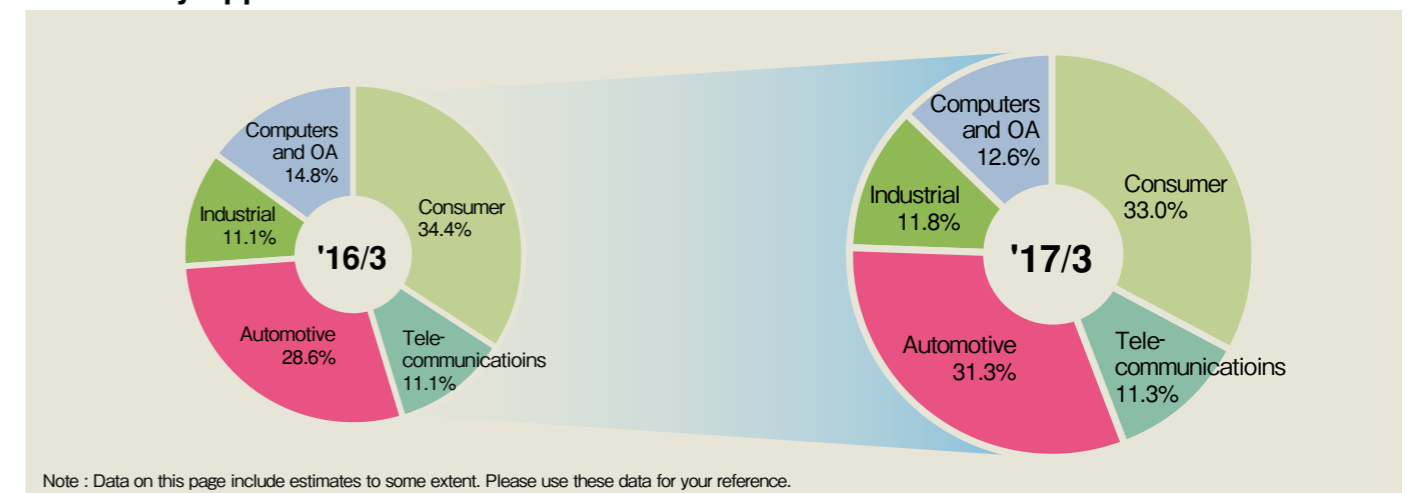


**Cost of Sales and Selling, General and Administrative Expenses to Net Sales**



The cost of sales increased from the previous term due to the effects of higher depreciation, labor costs, and other fixed costs. Selling, general, and administrative expenses fell compared to the previous term due to reduced R&D costs and other factors. As a result, operating income decreased compared to the previous term.

**Sales by Application**



Note : Data on this page include estimates to some extent. Please use these data for your reference.

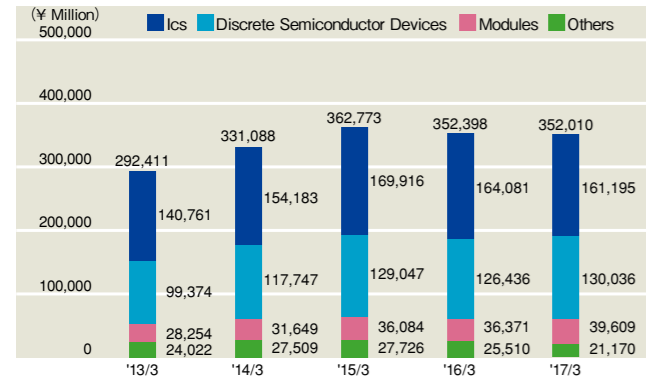
Our focus on automotive and industrial equipment markets led to increased sales and a larger proportion of sales. Similarly, tele-communications posted a larger proportion of sales, thanks to increased sales of smartphones. Both the consumer and computers and OA declined due to falling sales.



# Five-Year Summary

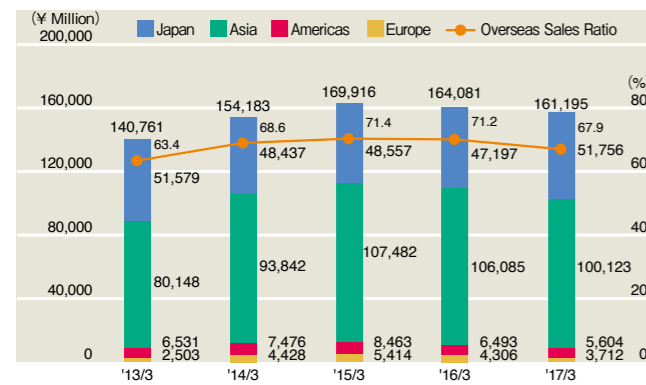
## Sales

### 1. Sales by Segment



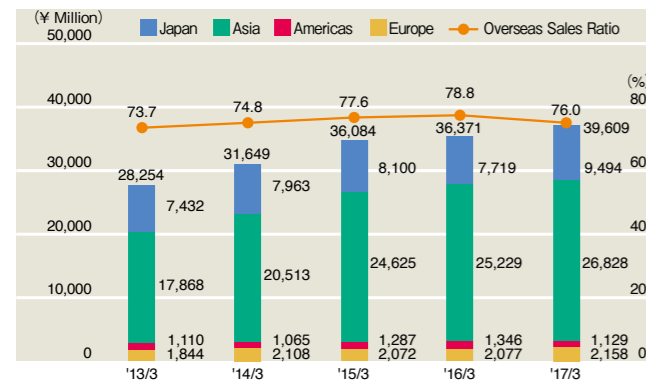
In the ICs segment, sales of display driver ICs for TVs decreased. The Discrete Semiconductor Devices segment showed steady performance in SiC devices for solar power generation, and strong sales growth in IGBTs for the automotive market. In the Modules segment, sensor modules for smartphones showed strong performance, despite lower sales of sensor modules for wearable devices. In the Others segment, sales of tantalum capacitors for smartphones and PCs slumped, and our withdrawal from the LED lighting business contributed to an overall decrease in segment sales.

### 3. ICs Sales by Geographical Region



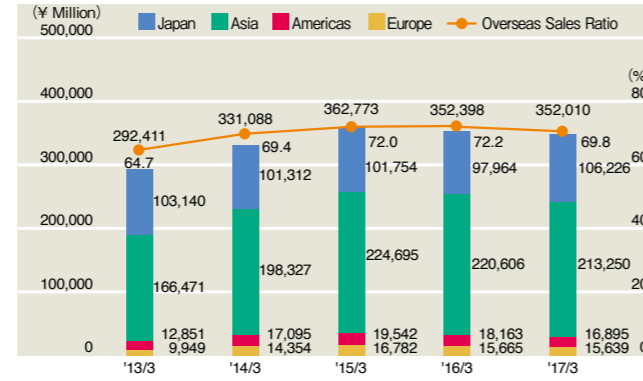
In Japan, sales of game memory increased, while in Asia and Americas, sales of ICs for TVs declined, and in Europe, sales of ICs for smartphones also fell.

### 5. Modules Sales by Geographical Region



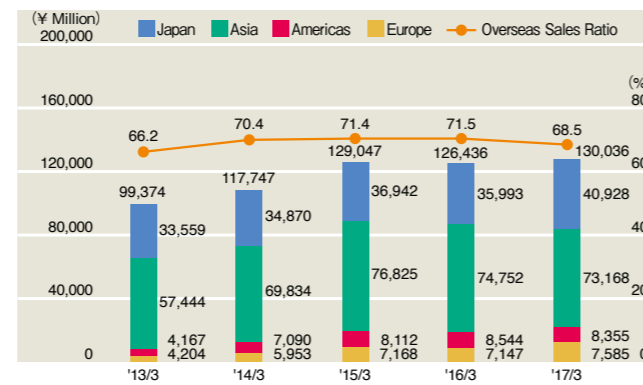
Both in Japan and Asia, sales for smartphone-oriented products increased, while in Americas, sales for OA applications fell.

### 2. Sales by Geographical Region



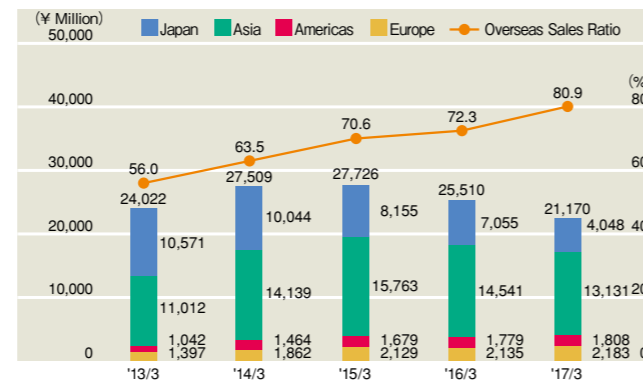
In Japan, sales of ICs for game memory and power devices for the automotive market increased, while in Asia, sales of ICs for TVs and OA, and LEDs for PCs decreased. In Americas, sales of ICs for TVs fell, and in Europe, sales of ICs for smartphones dropped as well.

### 4. Discrete Semiconductor Devices Sales by Geographical Region



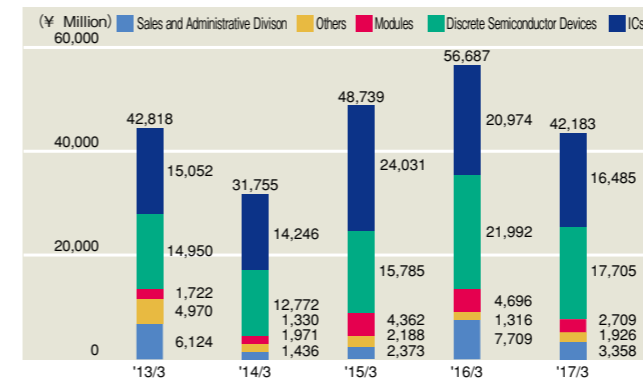
In Japan, sales to the automotive market increased, and in Europe, sales to the industrial equipment market also increased. In Asia, sales for PC and other applications decreased.

### 6. Others Sales by Geographical Region



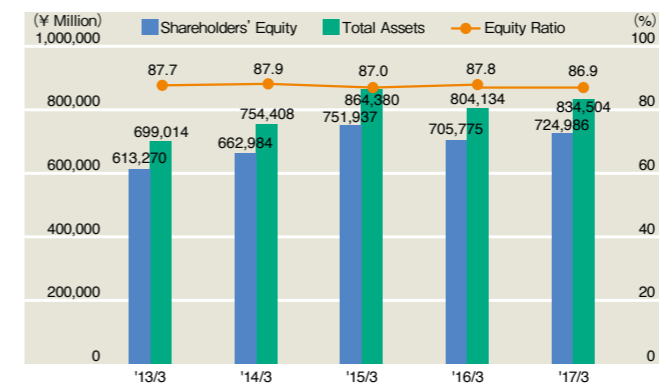
Sales of LED lighting decreased in Japan, and sales for smartphone-oriented products also fell in Asia.

## Capital Expenditures



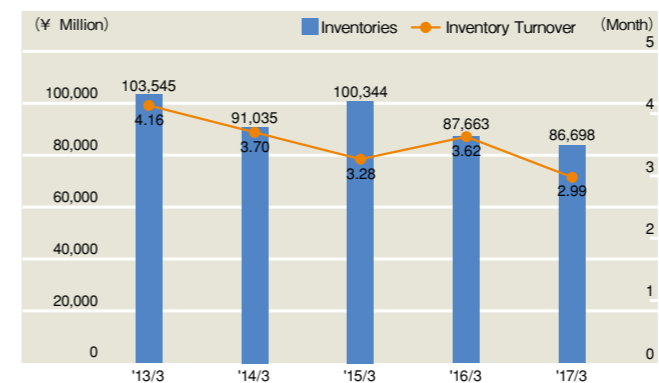
In the ICs segment, we improved the quality of the wafer process at our Hamamatsu Plant, and improved the production capacity of assembly processes at our plants in the Philippines and Thailand. In the Discrete Semiconductor Devices segment, we increased our production capacity of IGBTs and other power semiconductor devices, and constructed a new building at our Malaysian factory. In the Modules segment, we increased the production of thin-film piezo devices and printheads.

## Shareholders' Equity / Total Assets



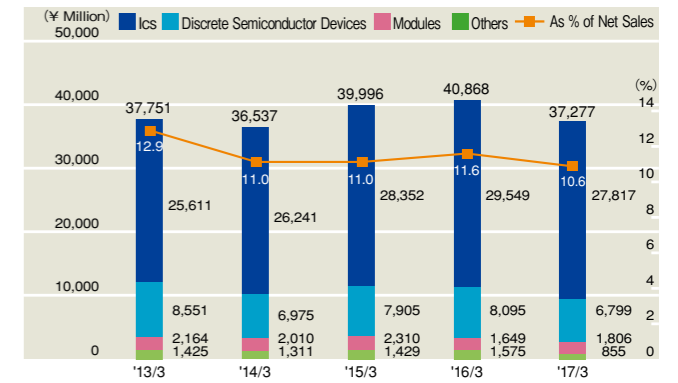
Total assets increased because of the higher value of marketable securities and investment securities due to rising stock prices and other reasons. Shareholders' equity increased from the previous term due to recording profit attributable to owners of parent, and other factors. These factors caused the equity ratio to decrease from the previous term. ROHM inflates shareholder's equity ratio and secures financial health.

## Inventories / Inventory Turnover



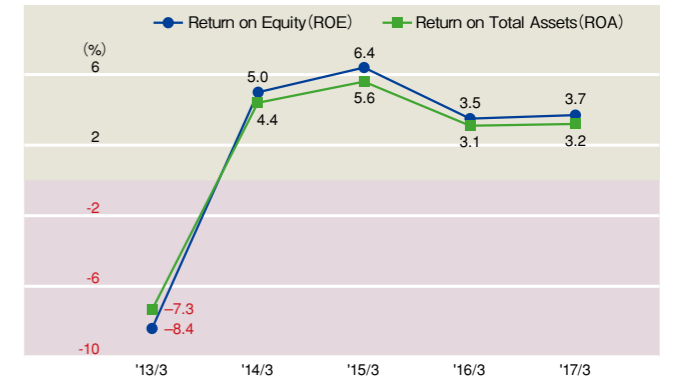
In inventories, merchandise and finished products decreased compared with the previous term due to the strong yen and other factors. Inventory turnover was shortened from the previous term due to this decrease in inventories, as well as increased sales over the past three months.

## Research and Development Costs



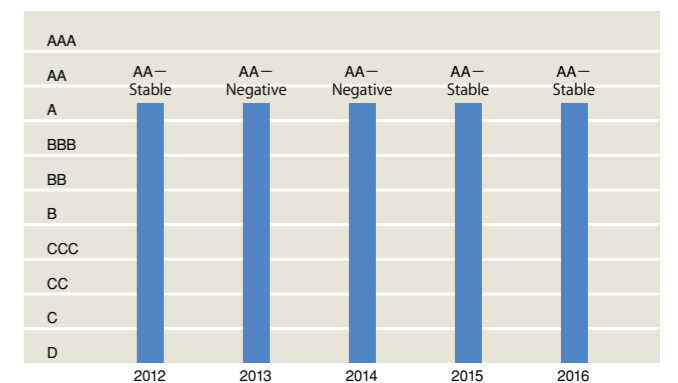
We believe R&D costs should be about 10% of net sales as a rough target. We will actively strengthen product lineups centering on our four solutions and further promote R&D to ensure future profits. R&D costs in the year ended March 31, 2017 increased in the ICs segment, etc.

## Return on Equity (ROE) / Return on Total Assets (ROA)



Both the return on equity (ROE) and the return on total assets (ROA) slightly improved because of higher profit attributable to owners of parent.

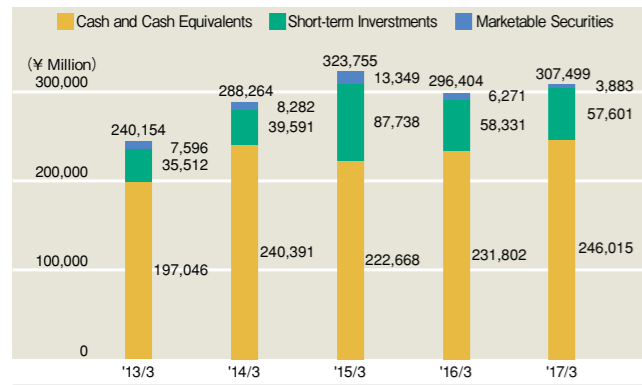
## Credit Ratings



ROHM has its corporate credit rated by JCR (Japan Credit Rating Agency, Ltd.). ROHM's rating remains consistently AA (very high credit quality, i.e. very low credit risk).

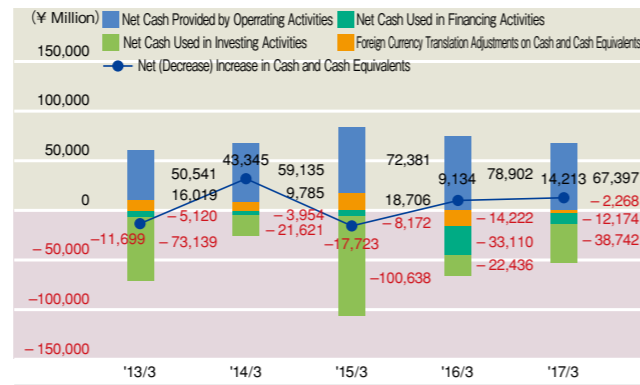
## Five-Year Summary

### Cash Reserves



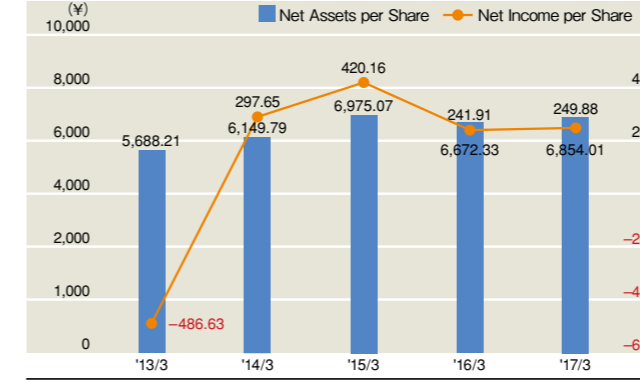
ROHM regards the sum of cash and cash equivalents, marketable securities, and short-term investments as cash reserves. We can flexibly address our capital needs for M&A and other uses by solidifying our financial standing with plentiful cash reserves. The ROHM Group views keeping a certain amount of capital on hand as necessary to achieve continued growth within the volatile electronics industry.

### Cash Flows



## Five-Year Summary / Stock Information

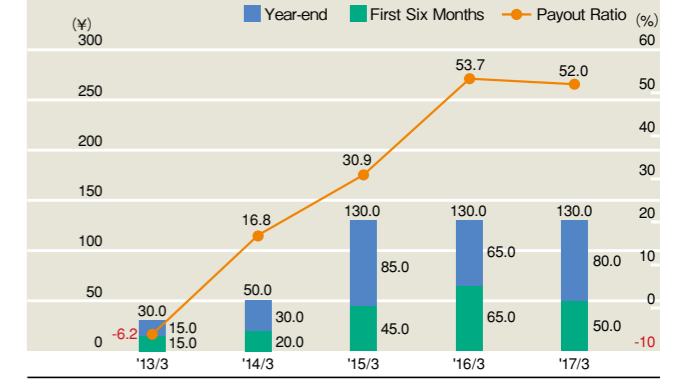
### Per Share Data



Net income per share and net assets increased due to the increase in profit attributable to owners of parent.

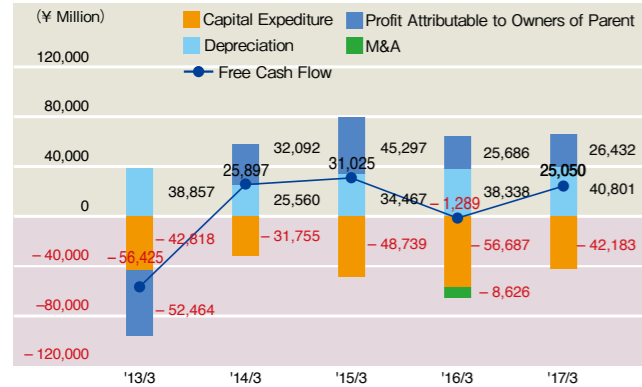
\*1 The computation of net income per share is based on the average number of shares of common stock outstanding during each year.

### Cash Dividends per Share / Payout Ratio



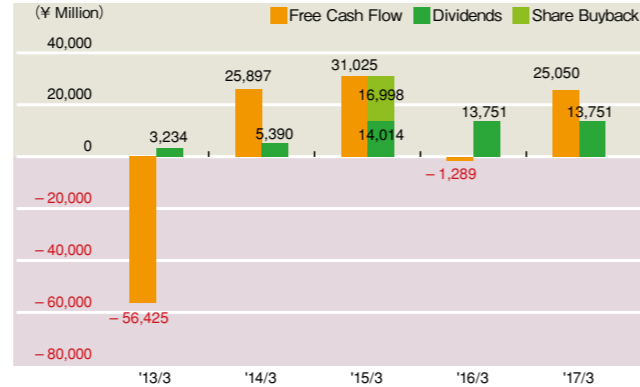
In line with our policy of providing shareholders with consistent dividends, this term, we set a 50 yen first six months dividend and an 80 yen year-end dividend, for a total annual dividend of 130 yen.

### Free Cash Flow



Free cash flow increased compared with the previous term due to the increase in profit attributable to owners of parent and the decrease in capital expenditures.

### Return to Shareholders

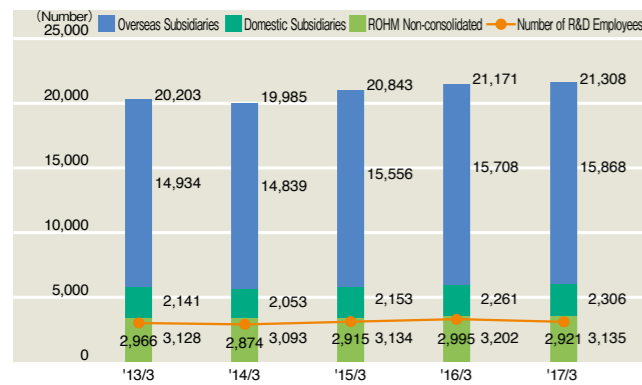


### Stock Prices: Quarterly Highs and Lows in Each Year (Tokyo Securities Exchange)



(Note) Stock price is stipulated on a closing price basis.

### Number of Employees



The number of employees did not change significantly this term.

### Currency Movement



The dollar-yen exchange rate was marked by a significant strengthening of the yen, with a term average of 109.03 yen to the dollar, which equates to a 10.97 yen appreciation compared to the previous term's average of 120.00 yen to the dollar.

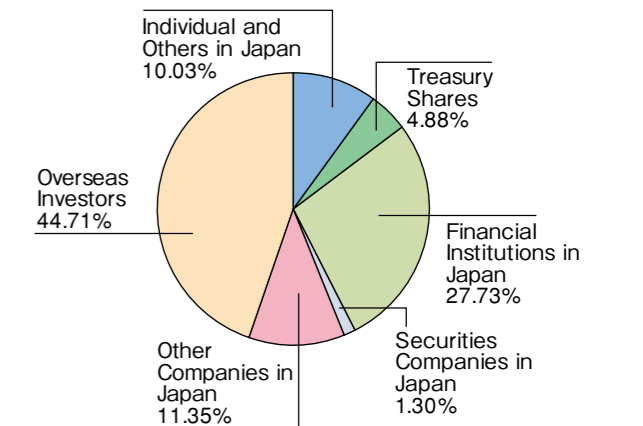
### Stock Information (as of March 31, 2017)

- Number of Shareholders: 23,149
- Major Shareholders

Ranking	Name	Number of Shares Held	Percentage (%)
1	Rohm Music Foundation	8,000,000	7.56
2	Japan Trustee Service Bank, Ltd. (Trust account)	7,322,900	6.92
3	The Master Trust Bank of Japan, Ltd. (Trust account)	7,204,700	6.81
4	Japan Trustee Service Bank, Ltd. (Trust account 9)	3,274,200	3.09
5	Bank of Kyoto, Ltd.	2,606,824	2.46
6	Ken Sato	2,405,066	2.27
7	Japan Trustee Service Bank, Ltd. (Trust account 5)	1,775,900	1.67
8	STATE STREET BANK WEST CLIENT - TREATY 505234	1,351,039	1.27
9	CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	1,317,711	1.24
10	Japan Trustee Service Bank, Ltd. (Trust account 1)	1,305,600	1.23
Total		36,563,940	34.56

(Note) 1. Treasury stock (5,424,815) is excluded from the above list.  
2. Percentage indicates ratio to issued common stock (105,775,185).  
3. The percentages are rounded off the second decimal place.

### Shareholder Mix



## Eleven-Year Summary

ROHM CO., LTD. and its Consolidated Subsidiaries  
Years Ended March 31

	Millions of Yen										Thousands of U.S. Dollars	
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017
<b>For the Year:</b>												
Net sales . . . . .	¥ 395,082	¥ 373,406	¥ 317,141	¥ 335,641	¥ 341,886	¥ 304,653	¥ 292,411	¥ 331,088	¥ 362,773	¥ 352,398	¥ 352,010	\$ 3,142,946
Cost of sales . . . . .	251,516	230,839	217,282	229,831	219,150	209,046	213,276	227,015	235,043	230,663	234,967	2,097,919
Selling, general and administrative expenses . . . . .	74,068	75,205	89,319	87,000	89,999	89,254	80,056	80,437	88,929	88,100	85,215	760,848
Operating income (loss) . . . . .	69,498	67,362	10,540	18,810	32,737	6,353	(921)	23,636	38,801	33,635	31,828	284,179
Income (loss) before income taxes . . . . .	77,874	57,967	(25,520)	10,836	19,400	(2,697)	(52,414)	40,179	55,240	31,537	32,378	289,089
Income taxes . . . . .	30,400	26,007	(33,775)	4,001	9,524	13,374	10	8,056	9,898	5,835	5,928	52,928
Net income (loss) attributable to owners of the parent . . . . .	47,446	31,932	9,837	7,134	9,633	(16,107)	(52,464)	32,092	45,297	25,686	26,432	236,000
Capital expenditures . . . . .	60,926	38,722	51,491	30,216	40,042	51,117	42,818	31,755	48,739	56,687	42,183	376,634
Depreciation and amortization . . . . .	61,141	55,605	48,951	48,446	39,019	34,925	38,857	25,560	34,467	38,338	40,801	364,295

### Per Share Information (in yen and U.S. dollars):

Basic net income (loss) . . . . .	¥ 413.56	¥ 284.66	¥ 89.76	¥ 65.10	¥ 88.07	¥ (149.41)	¥ (486.63)	¥ 297.65	¥ 420.16	¥ 241.91	¥ 249.88	\$ 2.23
Cash dividends applicable to the year . . . . .	100.00	230.00	130.00	130.00	130.00	60.00	30.00	50.00	130.00	130.00	130.00	1.16

### At Year-End:

Current assets . . . . .	¥ 602,705	¥ 535,898	¥ 464,187	¥ 462,435	¥ 436,247	¥ 434,457	¥ 423,064	¥ 461,746	¥ 523,376	¥ 473,570	¥ 495,958	\$ 4,428,197
Current liabilities . . . . .	80,383	62,775	68,325	68,850	64,334	74,337	55,750	52,955	69,660	62,352	69,050	616,518
Equity . . . . .	817,818	755,873	709,841	707,719	668,779	634,280	613,647	663,388	752,434	706,251	725,453	6,477,259
Total assets . . . . .	962,603	870,972	809,185	807,340	759,989	737,326	699,014	754,408	864,380	804,134	834,504	7,450,929
Number of employees . . . . .	20,422	20,539	22,034	21,005	21,560	21,295	20,203	19,985	20,843	21,171	21,308	

- Notes:
1. U.S. dollar amounts are provided solely for convenience at the rate of ¥112 to U.S. \$1, the approximate exchange rate at March 31, 2017.
  2. Certain reclassifications of previously reported amounts have been made to conform with the classifications in the 2017 financial statements.
  3. Diluted net income per share for 2017, 2016, 2015, 2014, 2011, 2010, 2009, 2008 and 2007 is not disclosed because there were no outstanding potentially dilutive securities and ROHM CO., LTD., was in a net loss position for the years ended March 31, 2013 and 2012.
  4. Effective April 1, 2008, ROHM CO., LTD. and its consolidated subsidiaries applied new accounting standards as follows:
    - (1) Applied a new accounting standard for measurement of inventories. The effect of this change was to decrease "Operating Income" by ¥3,184 million and to increase "Loss before income taxes" by ¥3,184 million for the year ended March 31, 2009.
    - (2) Applied a revised accounting standard for lease transactions. The effect of this change to the consolidated financial statements was immaterial for the year ended March 31, 2009.
    - (3) Applied a new accounting standard for unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements. The effect of this change to the consolidated financial statements was immaterial for the year ended March 31, 2009.
  5. Effective April 1, 2010, ROHM CO., LTD. and its consolidated subsidiaries applied a new accounting standard for asset retirement obligations. The effect of this change was to decrease "Operating Income" by ¥73 million and "Income before income taxes" by ¥784 million for the year ended March 31, 2011.

## Consolidated Balance Sheet

ROHM CO., LTD. and its Consolidated Subsidiaries  
March 31, 2017

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Current Assets:</b>			
Cash and cash equivalents (Note 16) .....	¥ 246,015	¥ 231,802	\$ 2,196,563
Marketable securities (Notes 5 and 16) .....	3,883	6,271	34,670
Short-term investments (Notes 6 and 16) .....	57,601	58,331	514,295
Notes and accounts receivable (Notes 3 and 16):			
Trade .....	81,792	70,281	730,286
Unconsolidated subsidiaries and associated companies .....	1,010	120	9,018
Other .....	2,753	2,486	24,580
Allowance for doubtful accounts .....	(542)	(187)	(4,839)
Inventories (Note 7) .....	86,698	87,663	774,089
Deferred tax assets (Note 15) .....	9,048	8,451	80,786
Refundable income taxes (Note 16) .....	1,137	941	10,152
Prepaid expenses and other .....	6,563	7,411	58,597
Total current assets .....	495,958	473,570	4,428,197
<b>Property, Plant and Equipment:</b>			
Land (Note 8) .....	66,961	66,161	597,866
Buildings and structures (Note 8) .....	230,987	224,913	2,062,384
Machinery, equipment and vehicles (Notes 8 and 18) .....	516,449	501,758	4,611,152
Furniture and fixtures (Notes 8 and 18) .....	47,669	49,935	425,616
Construction in progress (Note 8) .....	14,677	20,165	131,045
Total .....	876,743	862,932	7,828,063
Accumulated depreciation .....	(645,472)	(626,489)	(5,763,143)
Net property, plant and equipment .....	231,271	236,443	2,064,920
<b>Investments and Other Assets:</b>			
Investment securities (Notes 5 and 16) .....	80,404	62,442	717,893
Investments in and advances to unconsolidated subsidiaries and associated companies (Note 16) .....	975	1,000	8,705
Asset for retirement benefits (Note 9) .....	1,436	1,298	12,821
Goodwill .....	5,356	5,778	47,821
Other intangible assets (Note 8) .....	5,158	5,914	46,054
Deferred tax assets (Note 15) .....	2,686	2,492	23,982
Other .....	11,666	15,296	104,161
Allowance for doubtful accounts .....	(406)	(99)	(3,625)
Total investments and other assets .....	107,275	94,121	957,812
<b>Total</b> .....	¥ 834,504	¥ 804,134	\$ 7,450,929

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Current Liabilities:</b>			
Notes and accounts payable (Note 16):			
Trade .....	¥ 20,851	¥ 17,986	\$ 186,170
Construction and other .....	27,607	25,363	246,491
Income tax payable (Note 16) .....	3,791	1,896	33,848
Deferred tax liabilities (Note 15) .....	2	36	18
Accrued expenses .....	13,145	13,842	117,366
Provision for loss on business liquidation (Note 13) .....	224	442	2,000
Other .....	3,430	2,787	30,625
Total current liabilities .....	69,050	62,352	616,518
<b>Long-term Liabilities:</b>			
Liability for retirement benefits (Note 9) .....	10,694	9,707	95,482
Deferred tax liabilities (Note 15) .....	28,195	24,016	251,741
Other .....	1,112	1,808	9,929
Total long-term liabilities .....	40,001	35,531	357,152
<b>Commitments and Contingent Liabilities (Notes 17, 18 and 19)</b>			
<b>Equity (Notes 10, 20 and 21):</b>			
Common stock - authorized, 300,000,000 shares issued, 111,200,000 shares in 2017 and 113,400,000 shares in 2016 ...	86,969	86,969	776,509
Capital surplus .....	102,404	102,404	914,321
Retained earnings .....	604,057	609,166	5,393,366
Treasury stock - at cost			
5,424,815 shares in 2017 and 7,623,743 shares in 2016 .....	(47,778)	(67,148)	(426,589)
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities (Note 5) .....	25,439	16,504	227,134
Foreign currency translation adjustments .....	(40,942)	(37,104)	(365,554)
Accumulated adjustments for retirement benefits (Note 9) .....	(5,163)	(5,016)	(46,098)
Total .....	724,986	705,775	6,473,089
Noncontrolling interests .....	467	476	4,170
Total equity .....	725,453	706,251	6,477,259
<b>Total</b> .....	¥ 834,504	¥ 804,134	\$ 7,450,929

## Consolidated Statement of Income

ROHM CO., LTD. and its Consolidated Subsidiaries  
Year Ended March 31, 2017

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2017	2016	2015	2017
<b>Net Sales</b> .....	<b>¥ 352,010</b>	¥ 352,398	¥ 362,773	<b>\$ 3,142,946</b>
<b>Operating Cost and Expenses:</b>				
Cost of sales .....	<b>234,967</b>	230,663	235,043	<b>2,097,919</b>
Selling, general and administrative expenses (Notes 11 and 12) .....	<b>85,215</b>	88,100	88,929	<b>760,848</b>
Total operating cost and expenses .....	<b>320,182</b>	318,763	323,972	<b>2,858,767</b>
<b>Operating Income</b> .....	<b>31,828</b>	33,635	38,801	<b>284,179</b>
<b>Other Income (Expenses):</b>				
Interest and dividend income .....	<b>4,053</b>	2,861	2,395	<b>36,188</b>
Foreign currency exchange (losses) gains - net .....	<b>(766)</b>	(23)	17,872	<b>(6,839)</b>
Gain on sales of property, plant and equipment .....	<b>252</b>	148	310	<b>2,250</b>
Loss on sales and disposal of property, plant and equipment .....	<b>(619)</b>	(729)	(881)	<b>(5,527)</b>
Loss on impairment of long-lived assets (Note 8) .....	<b>(2,455)</b>	(2,021)	(5,876)	<b>(21,920)</b>
Loss on valuation of investment securities (Note 5) .....	<b>(58)</b>	(4)	(8)	<b>(518)</b>
Loss on business liquidation (Note 13) .....	<b>(268)</b>	(1,867)		<b>(2,393)</b>
Special severance benefit (Note 9) .....	<b>(205)</b>	(113)		<b>(1,830)</b>
Loss on valuation of investments in unconsolidated subsidiaries and associated companies .....	<b>(24)</b>		(11)	<b>(214)</b>
Provision for loss on business liquidation (Note 13) .....		(442)		
Loss on liquidation of subsidiaries .....		(60)		
Gain on insurance settlement (Note 14) .....			2,487	
Other - net .....	<b>640</b>	152	151	<b>5,713</b>
Total other income (expenses) - net .....	<b>550</b>	(2,098)	16,439	<b>4,910</b>
<b>Income before Income Taxes</b> .....	<b>32,378</b>	31,537	55,240	<b>289,089</b>
<b>Income Taxes (Note 15):</b>				
Current .....	<b>4,867</b>	5,318	13,383	<b>43,455</b>
For prior periods .....	<b>1,741</b>		385	<b>15,544</b>
Deferred .....	<b>(680)</b>	517	(3,870)	<b>(6,071)</b>
Total income taxes .....	<b>5,928</b>	5,835	9,898	<b>52,928</b>
<b>Net Income</b> .....	<b>26,450</b>	25,702	45,342	<b>236,161</b>
<b>Net Income Attributable to Noncontrolling Interests</b> .....	<b>(18)</b>	(16)	(45)	<b>(161)</b>
<b>Net Income Attributable to Owners of the Parent</b> .....	<b>¥ 26,432</b>	¥ 25,686	¥ 45,297	<b>\$ 236,000</b>
<b>Per Share Information (Note 2. (s)):</b>		Yen		U.S. Dollars
Basic net income .....	<b>¥ 249.88</b>	¥ 241.91	¥ 420.16	<b>\$ 2.23</b>
Cash dividends applicable to the year .....	<b>130.00</b>	130.00	130.00	<b>1.16</b>

See notes to consolidated financial statements.

## Consolidated Statement of Comprehensive Income

ROHM CO., LTD. and its Consolidated Subsidiaries  
Year Ended March 31, 2017

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2017	2016	2015	2017
<b>Net Income</b> .....	<b>¥ 26,450</b>	¥ 25,702	¥ 45,342	<b>\$ 236,161</b>
<b>Other Comprehensive Income (Loss) (Note 20):</b>				
Unrealized gain (loss) on available-for-sale securities .....	<b>8,935</b>	(7,939)	11,095	<b>79,777</b>
Foreign currency translation adjustments .....	<b>(3,867)</b>	(29,829)	38,531	<b>(34,527)</b>
Adjustments for retirement benefits .....	<b>(147)</b>	(1,068)	278	<b>(1,313)</b>
Total other comprehensive income (loss) .....	<b>4,921</b>	(38,836)	49,904	<b>43,937</b>
<b>Comprehensive Income (Loss)</b> .....	<b>¥ 31,371</b>	¥ (13,134)	¥ 95,246	<b>\$ 280,098</b>
<b>Total Comprehensive Income (Loss) Attributable to:</b>				
Owners of the parent .....	<b>¥ 31,381</b>	¥ (13,116)	¥ 95,150	<b>\$ 280,187</b>
Noncontrolling interests .....	<b>(10)</b>	(18)	96	<b>(89)</b>

See notes to consolidated financial statements.

## Consolidated Statement of Changes in Equity

ROHM CO., LTD. and its Consolidated Subsidiaries  
Year Ended March 31, 2017

	Millions of Yen										
	Number of shares of common stock outstanding	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income			Total	Noncontrolling interests	Total equity
						Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits			
<b>Balance at March 31, 2014</b>	107,805,562	¥ 86,969	¥ 102,404	¥ 561,002	¥ (50,125)	¥ 13,348	¥ (45,789)	¥ (4,825)	¥ 662,984	¥ 404	¥ 663,388
Cumulative effect of changes in accounting policy (Note 2.(j))				1,305				599	1,904		1,904
Balance as restated	107,805,562	86,969	102,404	562,307	(50,125)	13,348	(45,789)	(4,226)	664,888	404	665,292
Net income attributable to owners of the parent				45,297					45,297		45,297
Cash dividends, ¥75.00 per share				(8,085)					(8,085)		(8,085)
Purchase of treasury stock	(2,361)				(16)				(16)		(16)
Net change in the year						11,095	38,480	278	49,853	93	49,946
<b>Balance at March 31, 2015</b>	107,803,201	86,969	102,404	599,519	(50,141)	24,443	(7,309)	(3,948)	751,937	497	752,434
Net income attributable to owners of the parent				25,686					25,686		25,686
Cash dividends, ¥150.00 per share				(16,039)					(16,039)		(16,039)
Purchase of treasury stock	(2,026,944)				(17,007)				(17,007)		(17,007)
Net change in the year						(7,939)	(29,795)	(1,068)	(38,802)	(21)	(38,823)
<b>Balance at March 31, 2016</b>	105,776,257	86,969	102,404	609,166	(67,148)	16,504	(37,104)	(5,016)	705,775	476	706,251
Net income attributable to owners of the parent				26,432					26,432		26,432
Cash dividends, ¥115.00 per share				(12,164)					(12,164)		(12,164)
Purchase of treasury stock	(1,090)				(7)				(7)		(7)
Disposal of treasury stock	18		(0)		0				0		0
Retirement of treasury stock			(19,377)		19,377						
Transfer from retained earnings to capital surplus			19,377	(19,377)							
Net change in the year						8,935	(3,838)	(147)	4,950	(9)	4,941
<b>Balance at March 31, 2017</b>	<b>105,775,185</b>	<b>¥ 86,969</b>	<b>¥ 102,404</b>	<b>¥ 604,057</b>	<b>¥ (47,778)</b>	<b>¥ 25,439</b>	<b>¥ (40,942)</b>	<b>¥ (5,163)</b>	<b>¥ 724,986</b>	<b>¥ 467</b>	<b>¥ 725,453</b>

	Thousands of U.S. Dollars (Note 1)									
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income			Total	Noncontrolling interests	Total equity
					Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits			
<b>Balance at March 31, 2016</b>	\$ 776,509	\$ 914,321	\$ 5,438,982	\$ (599,536)	\$ 147,357	\$ (331,286)	\$ (44,786)	\$ 6,301,561	\$ 4,250	\$ 6,305,811
Net income attributable to owners of the parent			236,000					236,000		236,000
Cash dividends, \$ 1.03 per share			(108,607)					(108,607)		(108,607)
Purchase of treasury stock				(62)				(62)		(62)
Disposal of treasury stock		(0)		0				0		0
Retirement of treasury stock		(173,009)		173,009						
Transfer from retained earnings to capital surplus		173,009	(173,009)							
Net change in the year					79,777	(34,268)	(1,312)	44,197	(80)	44,117
<b>Balance at March 31, 2017</b>	<b>\$ 776,509</b>	<b>\$ 914,321</b>	<b>\$ 5,393,366</b>	<b>\$ (426,589)</b>	<b>\$ 227,134</b>	<b>\$ (365,554)</b>	<b>\$ (46,098)</b>	<b>\$ 6,473,089</b>	<b>\$ 4,170</b>	<b>\$ 6,477,259</b>

See notes to consolidated financial statements.

## Consolidated Statement of Cash Flows

ROHM CO., LTD. and its Consolidated Subsidiaries  
Year Ended March 31, 2017

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2017	2016	2015	
<b>Operating Activities:</b>				
Income before income taxes	¥ 32,378	¥ 31,537	¥ 55,240	\$ 289,089
Adjustments for:				
Income taxes – paid	(5,654)	(8,852)	(12,763)	(50,482)
Depreciation and amortization	40,801	38,338	34,467	364,295
Amortization of goodwill	386	246	33	3,446
Increase (decrease) in allowance for doubtful accounts (Note 3)	651	(383)	130	5,813
Gain or loss on sales of property, plant and equipment – net	(177)	(14)	(298)	(1,580)
Foreign currency exchange losses (gains) – net	1,707	5,179	(10,806)	15,241
Increase in liability for retirement benefits	665	618	476	5,938
Decrease (increase) in asset for retirement benefits	233	(526)	(73)	2,080
Loss on impairment of long-lived assets	2,455	2,021	5,876	21,920
Loss on valuation of investment securities and investments in unconsolidated subsidiaries and associated companies	82	4	19	732
Payments for business restructuring	(306)			(2,732)
Increase in provision for loss on business liquidation		442		
Proceeds from insurance income			2,487	
Gain on insurance settlement			(2,487)	
Increase in long-term prepaid expenses			(1,410)	
Changes in assets and liabilities:				
(Increase) decrease in notes and accounts receivable – trade	(11,936)	5,300	(3,810)	(106,571)
(Increase) decrease in inventories	(251)	7,393	(1,534)	(2,241)
Increase (decrease) in notes and accounts payable – trade	2,400	36	(2,939)	21,429
Increase (decrease) in accounts payable – other	572	(1,936)	5,321	5,107
Other – net	3,391	(501)	4,452	30,275
Total adjustments	35,019	47,365	17,141	312,670
Net cash provided by operating activities	67,397	78,902	72,381	601,759
<b>Investing Activities:</b>				
Decrease (increase) in time deposits – net	3,855	34,780	(53,712)	34,420
Purchases of marketable and investment securities	(10,990)	(6,173)	(17,795)	(98,125)
Proceeds from sales and redemption of marketable and investment securities	8,486	11,427	13,034	75,768
Purchases of property, plant and equipment	(39,602)	(54,212)	(40,272)	(353,589)
Proceeds from sale of property, plant and equipment	563	900	1,843	5,027
Proceeds from transfer of business (Note 4)	430			3,839
Purchase of shares of subsidiaries resulting in change in scope of consolidation, net of cash acquired (Note 4)		(8,626)		
Other – net	(1,484)	(532)	(3,736)	(13,251)
Net cash used in investing activities	(38,742)	(22,436)	(100,638)	(345,911)
<b>Financing Activities:</b>				
Purchase of treasury stock	(7)	(17,007)	(16)	(62)
Dividends paid	(12,164)	(16,039)	(8,085)	(108,607)
Other – net	(3)	(64)	(71)	(27)
Net cash used in financing activities	(12,174)	(33,110)	(8,172)	(108,696)
<b>Foreign Currency Translation Adjustments on Cash and Cash Equivalents</b>	<b>(2,268)</b>	<b>(14,222)</b>	<b>18,706</b>	<b>(20,250)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>14,213</b>	<b>9,134</b>	<b>(17,723)</b>	<b>126,902</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>231,802</b>	<b>222,668</b>	<b>240,391</b>	<b>2,069,661</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>¥ 246,015</b>	<b>¥ 231,802</b>	<b>¥ 222,668</b>	<b>\$ 2,196,563</b>

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

ROHM CO., LTD. and its Consolidated Subsidiaries

## 1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

In addition, certain reclassifications have been made to the previously reported amounts to conform with current classifications. The consolidated financial statements are stated in Japanese yen, the currency of the country in which ROHM CO., LTD. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥112 to \$1, the approximate rate of exchange at March 31, 2017. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

## 2. Summary of Significant Accounting Policies

### (a) Consolidation

The consolidated financial statements as of March 31, 2017, include the accounts of the Company and its 44 (46 in 2016) significant subsidiaries (together, the "Group").

Under the control concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investments in unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is being amortized over reasonable periods (within 20 years).

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

The fiscal year end date of 7 (7 in 2016) subsidiaries, including ROHM SEMICONDUCTOR CHINA CO., LTD., is December 31, which is different from the consolidated balance sheet date of March 31. For those subsidiaries, the Group consolidated the financial statements as of the provisional closing date of March 31.

### (b) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification—"FASB ASC") tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting.

### (c) Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and certificates of deposit, all of which mature or become due within three months of the date of acquisition.

### (d) Marketable and Investment Securities

Marketable and investment securities are classified and accounted for, depending on management's intent, as available-for-sale securities, which are not classified as either trading securities or held-to-maturity debt securities, and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

The Group classifies all marketable and investment securities as available-for-sale securities.

Nonmarketable available-for-sale securities are stated at cost, principally determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

### (e) Allowance for Doubtful Accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

### (f) Inventories

Inventories are mainly stated at the lower of cost, determined by the moving-average method for merchandise, finished products, work in process and raw materials and by the last purchase cost method for supplies, or net selling value.

### (g) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is computed principally by the declining-balance method based on the estimated useful lives of the assets while the straight-line method is applied to buildings of the Company and its consolidated domestic subsidiaries acquired after April 1, 1998. Leased equipment is depreciated by the straight-line method over the respective lease periods.

Estimated useful lives of the assets are principally as follows:

Buildings and structures ..... 3 to 50 years

Machinery, equipment and vehicles ..... 2 to 10 years

### (h) Intangible Assets

Intangible assets are stated at cost less accumulated amortization, which is calculated by the straight-line method.

### (i) Long-lived Assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

### (j) Retirement and Pension Plans

The Company and certain consolidated subsidiaries have defined benefit plans for employees, and account for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to the respective periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and actuarial gains and losses are amortized on a straight-line basis over 10-13 years within the average remaining service period. Past service costs are amortized on a straight-line basis over 10-13 years within the average remaining service period. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of the benefit payment.

The Company and certain consolidated subsidiaries also have defined contribution pension plans.

### (k) Asset Retirement Obligations

An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

### (l) Research and Development Costs

Research and development costs are charged to "Selling, general and administrative expenses" as incurred.

## Notes to Consolidated Financial Statements

ROHM CO., LTD. and its Consolidated Subsidiaries

### (m) Leases

Finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet.

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard permits leases that existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Company and certain domestic subsidiaries applied the revised accounting standard effective April 1, 2008. In addition, the Company and certain domestic subsidiaries continue to account for leases that existed at the transition date and that do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

### (n) Bonuses to Directors and Audit & Supervisory Board Members

Bonuses to directors and Audit & Supervisory Board members are accrued at the year-end to which such bonuses are attributable.

### (o) Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

The Company applied ASBJ Guidance No. 26, "Guidance on Recoverability of Deferred Tax Assets," effective April 1, 2016. There was no impact from this for the year ended March 31, 2017.

### (p) Foreign Currency Transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at exchange rates in effect at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income.

### (q) Foreign Currency Financial Statements

The balance sheet accounts of consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date, except for equity, which is translated at the historical rate. Differences arising from such translation were shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rates.

### (r) Derivatives and Hedging Activities

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange. Foreign exchange forward contracts are utilized by the Group to reduce foreign currency exchange risk. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the statement of income and (2) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Trade receivables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

### (s) Per Share Information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

The average number of shares used to compute basic net income per share for the years ended March 31, 2017, 2016 and 2015 was 105,776 thousand shares, 106,175 thousand shares and 107,804 thousand shares, respectively.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

Diluted net income per share for 2017, 2016 and 2015 is not disclosed because there are no outstanding potentially dilutive securities.

### (t) Accounting Standards for Business Combinations and Consolidated Financial Statements

Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. The acquirer recognizes any bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

## 3. Changes in Presentation

Prior to April 1, 2016, "Notes and accounts receivable – Unconsolidated subsidiaries and associated companies" was included in the "Notes and accounts receivable – Trade and Other" among the current assets section of the consolidated balance sheet. Since during this fiscal year ended March 31, 2017, the amount increased significantly, such account is disclosed separately in the current assets section of the consolidated balance sheet as of March 31, 2017. The amount included in the "Notes and accounts receivable – Trade and Other" for the years ended March 31, 2016, was ¥120 million.

Prior to April 1, 2016, "Increase (decrease) in allowance for doubtful accounts" was included in the "Other-net" among the operating activities section of the consolidated statement of cash flows. Since during this fiscal year ended March 31, 2017, the amount increased significantly, such account is disclosed separately in the operating activities section of the consolidated statement of cash flows as of March 31, 2017. The amounts included in the "other-net" for the years ended March 31, 2016 and 2015, were ¥383 million of decrease and ¥130 million of increase, respectively.

## 4. Business Combination

(Business Divestiture)

(1) Outline of the business divestiture

(a) Name of the company subject to divestiture

IRIS Ohyama Inc.

(b) Business description of the divested business

Lighting business

(c) Major reason for the business divestiture

Although the Company has been successful in acquiring semiconductor and electronic device technologies for lighting equipment and lighting systems in its "Optical Device-Related Business", the conditions of the lighting equipment market remain challenging. Pursuant to these conditions and with a goal of strengthening the competitiveness and profitability of its business, the company has decided to transfer its lighting business and its consolidated subsidiary, "AGLED Co Ltd.", to "IRIS Ohyama Inc."

(d) Date of business divestiture

May 31, 2016

(e) Other matters related to the transaction including the legal form of the transaction

The Company adopted an absorption-type split for a consideration in the form cash or properties only. The consolidated subsidiary, "AGLED Co Ltd.", adopted the transfer of business for a consideration in the form cash or properties only.

(2) Outline of the accounting treatment performed

(a) Amount of transferred profits or losses

Loss from the business transfer

¥156 million (\$1,393 thousand)

(b) The appropriate net book value of assets and liabilities related to the transferred business was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 1,623	\$ 14,491
Fixed assets	7	63
Total assets transferred	1,630	14,554
Current liabilities	1,044	9,322
Total liabilities transferred	1,044	9,322
Net assets transferred	¥ 586	\$ 5,232



## Notes to Consolidated Financial Statements

ROHM CO., LTD. and its Consolidated Subsidiaries

(c) Accounting treatment

Investment in the lighting business was deemed to be liquidated. The difference between the value of the assets received upon transfer and shareholder's equity relevant to the transferred business was recorded as transfer profits and losses.

(3) Name of the corresponding reporting segment

The divested business is not included in the reportable segments and is therefore included in Other.

(4) Estimated amount of profit or loss associated with the divested business recorded in the consolidated statements of income for the fiscal year ended March 31, 2017, would be as follows:

	Millions of Yen	Thousands of U.S. Dollars
Sales.....	¥ 656	\$ 5,857
Operating loss .....	(361)	(3,223)

(5) Supplemental cash flow information

The Group transferred the lighting business of the Company and its consolidated subsidiary, "AGLED Co Ltd.", during the year ended March 31, 2017. A reconciliation of the business transfer of assets and liabilities, consideration and proceeds, was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets.....	¥ 1,623	\$ 14,491
Fixed assets .....	7	63
Current liabilities .....	(1,044)	(9,322)
Transferred profits or losses.....	(156)	(1,393)
Consideration of the business transfer .....	¥ 430	\$ 3,839
Proceeds from the business transfer .....	¥ 430	\$ 3,839

(Business Combination by Acquisition)

(1) Outline of the business combination

(a) Name of acquired company and its business outline

Name of the acquired company: Powervation Ltd.  
Business outline: Development and sales of digital power ICs

(b) Major reason for the business combination

Powervation Ltd. is a fabless semiconductor company that develops and sells digital power control ICs and is a leading innovator in digital power controllers serving high performance automatic compensation functions. Digital power control ICs seeing expanded use in data-center servers and communications infrastructure markets serving high performance power-supply controls and it is expected that they will be adopted more widely in a variety of markets.

The Company supplies analog power control ICs largely for the IT, automotive and industrial markets. By acquiring Powervation Ltd., the Company will gain leading-edge digital power basic technologies to strengthen its lineups, enabling the Company to increase its competitiveness by developing advanced digital power solutions.

(c) Date of business combination July 22, 2015

(d) Legal form of business combination Share acquisition in consideration for cash

(e) Name of the company after the combination Powervation Ltd. (The name was changed to ROHM POWERVATION Ltd. on September 2, 2015)

(f) Ratio of voting rights acquired 100%

(g) Basis for determining the acquirer

It is based on the fact that the Company acquired 100% of voting rights by means of share acquisition in consideration for cash.

(2) The period for which the operations of the acquired company are included in the consolidated financial statements

The operations of the acquired company for the six months from October 1, 2015 to March 31, 2016, were included in the consolidated statement of income for the year ended March 31, 2016.

(3) Acquisition cost of the acquired company and related details of each class of consideration

	Millions of Yen
Consideration for acquisition - cash.....	¥ 9,162
Acquisition cost.....	¥ 9,162

(4) Major acquisition-related costs

Advisory fees and commissions to the lawyers and financial advisor: ¥ 455 million

(5) Amount of goodwill incurred, reasons for the goodwill incurred, and the method and period of amortization

(a) Amount of goodwill incurred ¥ 6,363 million

(b) Reasons for the goodwill incurred

Goodwill is the amount by which the acquisition price for a subsidiary exceeds the fair value of the net assets on the date of business combination.

(c) Method and period of amortization

The goodwill is amortized on a straight-line basis over 15 years.

(6) The assets acquired and the liabilities assumed at the acquisition date are as follows:

	Millions of Yen
Current assets.....	¥ 754
Fixed assets .....	2,357
Total assets acquired.....	3,111
Current liabilities .....	214
Long-term liabilities .....	284
Total liabilities assumed .....	498
Net assets acquired .....	¥ 2,613

(7) Supplemental cash flow information

The Group acquired Powervation Ltd. during the year ended March 31, 2016. A reconciliation between cash paid for shares of Powervation Ltd. and payment for the acquisition of this new subsidiary, net of cash and cash equivalents acquired, was as follows:

	Millions of Yen
Current assets .....	¥ 754
Fixed assets .....	2,357
Goodwill .....	6,363
Current liabilities .....	(214)
Long-term liabilities .....	(284)
Foreign currency translation adjustments .....	186
Cash paid for the shares.....	¥ 9,162
Cash and cash equivalents of consolidated subsidiary .....	(536)
Payment for acquisition of shares of newly consolidated subsidiary, net of cash and cash equivalents acquired.....	¥ 8,626

(8) Pro forma information (unaudited)

If this business combination had been completed as of April 1, 2015, the beginning of the current fiscal year, the effects on the consolidated statement of income for the year ended March 31, 2016, would be as follows:

	Millions of Yen
Sales.....	¥ 92
Operating loss .....	(496)

## Notes to Consolidated Financial Statements

ROHM CO., LTD. and its Consolidated Subsidiaries

### 5. Marketable and Investment Securities

Marketable and investment securities as of March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
<b>Current:</b>			
Corporate bonds.....	¥ 3,883	¥ 6,271	\$ 34,670
Total .....	¥ 3,883	¥ 6,271	\$ 34,670
<b>Noncurrent:</b>			
Marketable equity securities.....	¥ 57,013	¥ 44,104	\$ 509,045
Government and corporate bonds .....	21,769	16,621	194,366
Other.....	1,622	1,717	14,482
Total .....	¥ 80,404	¥ 62,442	\$ 717,893

The costs and aggregate fair values of marketable and investment securities at March 31, 2017 and 2016, were as follows:

Securities classified as:	Millions of Yen			
	2017			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities .....	¥ 22,437	¥ 34,648	¥ (72)	¥ 57,013
Debt securities.....	24,687	1,266	(301)	25,652
Other .....	938	226	(24)	1,140
Total .....	¥ 48,062	¥ 36,140	¥ (397)	¥ 83,805

Securities classified as:	Millions of Yen			
	2016			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities .....	¥ 22,523	¥ 21,592	¥ (11)	¥ 44,104
Debt securities.....	21,579	1,581	(268)	22,892
Other .....	954	171	(16)	1,109
Total .....	¥ 45,056	¥ 23,344	¥ (295)	¥ 68,105

Securities classified as:	Thousands of U.S. Dollars			
	2017			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities .....	\$ 200,330	\$ 309,357	\$ (643)	\$ 509,044
Debt securities.....	220,420	11,304	(2,688)	229,036
Other .....	8,375	2,018	(214)	10,179
Total .....	\$ 429,125	\$ 322,679	\$ (3,545)	\$ 748,259

Any marketable and investment securities whose fair values cannot be readily determinable are not included in the table above.

The proceeds, realized gains and realized losses of the available-for-sale securities, which were sold during the years ended March 31, 2017, 2016 and 2015, were as follows:

Available-for-sale:	Millions of Yen		
	2017		
	Proceeds	Realized gains	Realized losses
Equity securities.....	¥ 350	¥ 177	
Total .....	¥ 350	¥ 177	

Available-for-sale:	Millions of Yen		
	2016		
	Proceeds	Realized gains	Realized losses
Equity securities.....	¥ 45	¥ 22	¥ (0)
Total .....	¥ 45	¥ 22	¥ (0)

Available-for-sale:	Millions of Yen		
	2015		
	Proceeds	Realized gains	Realized losses
Equity securities.....	¥ 5		¥ (0)
Other.....	1,996	¥ 2	(6)
Total .....	¥ 2,001	¥ 2	¥ (6)

Available-for-sale:	Thousands of U.S. Dollars		
	2017		
	Proceeds	Realized gains	Realized losses
Equity securities .....	\$ 3,125	\$ 1,580	
Total .....	\$ 3,125	\$ 1,580	

The losses on valuation of available-for-sale securities for the years ended March 31, 2017, 2016 and 2015, were ¥58 million (\$518 thousand), ¥4 million and ¥8 million, respectively.

### 6. Short-term Investments

Short-term investments at March 31, 2017 and 2016, consisted of time deposits.

### 7. Inventories

Inventories at March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
	Merchandise and finished products.....	¥ 23,198	¥ 28,139
Work in process.....	38,699	35,320	345,527
Raw materials and supplies .....	24,801	24,204	221,437
Total .....	¥ 86,698	¥ 87,663	\$ 774,089

### 8. Long-lived Assets

The Group reviewed its long-lived assets for impairment during the years ended March 31, 2017, 2016 and 2015. In recognizing impairment loss on fixed assets, for operating assets, the Group identifies asset groups according to the units of management accounting for which revenue and expenditures are managed on a continuous basis, and for idle assets, each property is deemed an asset group. As a result, the Group recognized an impairment loss of ¥2,455 million (\$21,920 thousand), ¥2,021 million and ¥5,876 million as other expense for the years ended March 31, 2017, 2016 and 2015, respectively.

The components of impairment loss for the year ended March 31, 2017 were as follows:

- The Group recognized an impairment loss of ¥2,196 million (\$19,607 thousand) for operating assets located in Japan and Thailand as the estimated future cash flows fell below the carrying amounts of some asset groups due to the deterioration of the revenue environment. The carrying amounts of the relevant operating assets were reduced to the recoverable amounts which were measured at their value in use, using a discount rate of 8.7% for computation of present value of future cash flows or measured at their net selling prices, which were based on a reasonable estimation in consideration of market value.
- The Group recognized an impairment loss of ¥259 million (\$2,313 thousand) for idle assets located in Japan, Philippines, Thailand and China, and determined that the idle assets were not likely to be used in the future. The carrying amounts of the relevant idle assets were written down to the recoverable amounts. The recoverable amounts were measured at their net selling prices, which were based on reasonable estimations in consideration of market value of other assets.

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The components of impairment loss for the year ended March 31, 2016 were as follows:

- The Group recognized an impairment loss of ¥1,670 million for operating assets located in Japan, China and the United States of America as the estimated future cash flows fell below the carrying amounts of some asset groups due to deterioration of the revenue environment. The carrying amounts of the relevant operating assets were reduced to the recoverable amounts which were measured at their value in use, using a discount rate of 9.2% for computation of present value of future cash flows or measured at their net selling prices, which were based on the appraised value.
- The Group recognized an impairment loss of ¥351 million for idle assets located in Japan, Philippines, Thailand and China, and determined that the idle assets were not likely to be used in the future. The carrying amounts of the relevant idle assets were written down to the recoverable amounts. The recoverable amounts were measured at their net selling prices, which were based on reasonable estimations in consideration of market value of other assets.

The components of impairment loss for the year ended March 31, 2015 were as follows:

- The Group recognized an impairment loss of ¥5,498 million for operating assets located in Japan, China and Germany as the estimated future cash flows fell below the carrying amounts of some asset groups due to deterioration of the revenue environment. The carrying amounts of the relevant operating assets were reduced to the recoverable amounts which were measured at their value in use, using a discount rate of 7.3 - 9.3% for computation of present value of future cash flows or measured at their net selling prices, which were based on the appraised value.
- The Group recognized an impairment loss of ¥378 million for idle assets located in Japan, Philippines, China and other locations, as the Group determined that the idle assets were not likely to be used in the future. The carrying amounts of the relevant idle assets were written down to the recoverable amounts. The recoverable amounts were measured at their net selling prices, which were based on reasonable estimations in consideration of market value of other assets.

### 9. Retirement and Pension Plans

The Company and certain domestic consolidated subsidiaries have a defined benefit pension plan termination allowance plan and defined contribution plan for employees.

The defined benefit plan (all funded type plan) provides lump-sum and annuity payments calculated by the cumulative number of points to be given mainly based on official position, as well as rank and length of service. In addition, certain domestic consolidated subsidiaries have cash balance plans. Under the cash balance plans, the amount of pension benefits on each employee's personal account are calculated based on points given depending on official position and rank of employee, and points determined based on the revaluation rate of the plans. Under the termination allowance plan (an unfunded type plan), lump-sum payments are calculated by the cumulative number of points given based on official position and rank.

Certain foreign consolidated subsidiaries have a defined benefit plan (funded and unfunded type plans) and a defined contribution plan. Under the defined benefit plan (funded and unfunded type plans), lump-sum and annuity payments are calculated by salary and length of service.

#### Years Ended March 31, 2017 and 2016

(1) The changes in defined benefit obligation for the years ended March 31 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Balance at beginning of year . . . . .	¥ 36,303	¥ 33,433	\$ 324,134
Current service cost . . . . .	2,539	2,415	22,670
Interest cost . . . . .	243	416	2,170
Actuarial losses . . . . .	558	1,753	4,982
Benefits paid . . . . .	(1,015)	(1,277)	(9,063)
Others . . . . .	(183)	(437)	(1,634)
Balance at end of year . . . . .	¥ 38,445	¥ 36,303	\$ 343,259

(2) The changes in plan assets for the years ended March 31 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Balance at beginning of year . . . . .	¥ 27,894	¥ 26,129	\$ 249,054
Expected return on plan assets . . . . .	683	645	6,098
Actuarial losses . . . . .	(516)	(209)	(4,607)
Contributions from the employer . . . . .	2,158	2,715	19,268
Benefits paid . . . . .	(873)	(1,014)	(7,795)
Others . . . . .	(159)	(372)	(1,420)
Balance at end of year . . . . .	¥ 29,187	¥ 27,894	\$ 260,598

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Funded defined benefit obligation . . . . .	¥ 28,967	¥ 27,171	\$ 258,634
Plan assets . . . . .	(29,187)	(27,894)	(260,598)
	(220)	(723)	(1,964)
Unfunded defined benefit obligation . . . . .	9,478	9,132	84,625
Net liability arising from defined benefit obligation . . . . .	¥ 9,258	¥ 8,409	\$ 82,661

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Liability for retirement benefits . . . . .	¥ 10,694	¥ 9,707	\$ 95,482
Asset for retirement benefits . . . . .	(1,436)	(1,298)	(12,821)
Net liability arising from defined benefit obligation . . . . .	¥ 9,258	¥ 8,409	\$ 82,661

(4) The components of net periodic benefit costs for the years ended March 31, 2017, 2016 and 2015, were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	2015	2017
Service cost . . . . .	¥ 2,539	¥ 2,415	¥ 2,224	\$ 22,670
Interest cost . . . . .	243	416	450	2,170
Expected return on plan assets . . . . .	(683)	(645)	(547)	(6,098)
Recognized actuarial losses . . . . .	947	528	463	8,455
Amortization of prior service cost . . . . .	175	175	175	1,562
Net periodic benefit costs . . . . .	¥ 3,221	¥ 2,889	¥ 2,765	\$ 28,759

In addition to the above net periodic benefit costs, the costs for the defined contribution pension plan recorded as operating expense were ¥702 million (\$6,268 thousand), ¥723 million and ¥640 million for the years ended March 31, 2017, 2016 and 2015, respectively. The Group also recorded "Special severance benefits" for the year ended March 31, 2017 and 2016, in the amount of ¥205 million (\$1,830 thousand) and ¥113 million as other expense.

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of adjustments for retirement benefits for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Prior service cost . . . . .	¥ 175	¥ 175	\$ 1,562
Actuarial gains and losses . . . . .	(127)	(1,434)	(1,134)
Total . . . . .	¥ 48	¥ (1,259)	\$ 428

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of accumulated adjustments for retirement benefits as of March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unrecognized prior service cost . . . . .	¥ (1,002)	¥ (1,177)	\$ (8,947)
Unrecognized actuarial gains and losses . . . . .	(5,286)	(5,159)	(47,196)
Total . . . . .	¥ (6,288)	¥ (6,336)	\$ (56,143)

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- (7) Plan assets  
(a) Components of plan assets

Plan assets consisted of the following:

	2017	2016
Debt investments . . . . .	78%	78%
Equity investments . . . . .	11%	12%
Others . . . . .	11%	10%
Total . . . . .	100%	100%

- (b) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

- (8) Assumptions used for the years ended March 31, 2017, 2016 and 2015, were set forth as follows:

	2017	2016	2015
Discount rate . . . . .	0.2 - 0.5%	0.1 - 0.4%	0.7 - 1.1%
Expected rate of return on plan assets . . . . .	2.0 - 3.0%	2.0 - 3.0%	2.0 - 3.0%

The salary increase rate is not reflected in calculation of the projected benefit obligations of main retirement and pension plan.

### 10. Equity

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

#### (a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the general shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company does not meet all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

#### (b) Increases / decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account that was charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

#### (c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

### 11. Research and Development Costs

Research and development costs charged to income were ¥37,277 million (\$332,830 thousand), ¥40,868 million and ¥39,996 million for the years ended March 31, 2017, 2016 and 2015, respectively.

### 12. Amortization of Goodwill

Amortization of goodwill was ¥386 million (\$3,446 thousand), ¥246 million and ¥33 million for the years ended March 31, 2017, 2016 and 2015, respectively.

### 13. Loss on business liquidation and Provision for loss on business liquidation

"Loss on business liquidation" for the year ended March 31, 2017 was ¥156 million (\$1,393 thousand) of loss from the business transfer and ¥112 million (\$1,000 thousand) of other related losses in connection with the transfer of the lighting business to IRIS Ohyama Inc. on May 31, 2016.

"Loss on business liquidation" and "Provision for loss on business liquidation" for the year ended March 31, 2016 were the estimated amounts of expenses and losses related to the transfer of the lighting business to IRIS Ohyama Inc. on May 31, 2016 and the liquidation of ROHM MECHATECH (TIANJIN) CO., LTD., a wholly-owned subsidiary of ROHM CO., LTD.

Loss on valuation of fixed assets described below is measured at the amount by which the balance of the carrying value of "Buildings and structures" and "Intangible fixed assets" (excluding goodwill) exceeds the net realizable value, and disposal value.

		Millions of Yen	
		2016	
Transfer of lighting business	Loss on valuation of inventories . . . . .	¥ 1,196	
	Loss on valuation of fixed assets . . . . .	4	
	Loss on business liquidation total . . . . .	¥ 1,200	
	Provision for loss on business liquidation . . . . .	¥ 424	
Liquidation of subsidiary	Loss on valuation of fixed assets . . . . .	¥ 667	
	Loss on business liquidation total . . . . .	¥ 667	
	Provision for loss on business liquidation . . . . .	¥ 18	

### 14. Gain on Insurance Settlement

"Gain on insurance settlement" of ¥2,487 million for the year ended March 31, 2015 was insurance benefits received for the floods in Thailand in 2011.

### 15. Income Taxes

The Company and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.7% for the year ended March 31, 2017, and 32.9% for the year ended March 31, 2016. Foreign consolidated subsidiaries are subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Deferred tax assets:			
Marketable and investment securities . . . . .	¥ 1,039	¥ 1,478	\$ 9,277
Inventories . . . . .	6,121	6,782	54,652
Depreciation and amortization . . . . .	3,158	2,948	28,196
Tax loss carryforwards . . . . .	23,772	24,175	212,250
Accrued expenses . . . . .	2,321	2,821	20,723
Liability for retirement benefits . . . . .	2,836	2,755	25,321
Foreign tax credit . . . . .	37	183	330
Loss on impairment of long-lived assets . . . . .	5,740	6,490	51,250
Investments in subsidiaries and associated companies . . . . .	4,009	4,252	35,795
Other . . . . .	2,038	2,327	18,197
Valuation allowance . . . . .	(36,623)	(40,443)	(326,991)
Total . . . . .	14,448	13,768	129,000

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	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Deferred tax liabilities:			
Undistributed earnings of foreign subsidiaries	(19,305)	(18,803)	(172,366)
Asset for retirement benefits	(441)	(361)	(3,938)
Depreciation and amortization	(403)	(430)	(3,598)
Net unrealized gain on available-for-sale securities	(10,291)	(6,526)	(91,884)
Other	(471)	(757)	(4,205)
Total	(30,911)	(26,877)	(275,991)
Net deferred tax liabilities	¥ (16,463)	¥ (13,109)	\$ (146,991)

Deferred tax assets (liabilities) were included in the consolidated balance sheet as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Current Assets - Deferred tax assets	¥ 9,048	¥ 8,451	\$ 80,786
Investments and Other Assets - Deferred tax assets	2,686	2,492	23,982
Current Liabilities - Deferred tax liabilities	(2)	(36)	(18)
Long-term Liabilities - Deferred tax liabilities	(28,195)	(24,016)	(251,741)
Net deferred tax liabilities	¥ (16,463)	¥ (13,109)	\$ (146,991)

As of March 31, 2017, the Company and certain consolidated subsidiaries had tax loss carryforwards of approximately ¥85,163 million (\$760,384 thousand) available for reduction of future taxable income, the majority of which will expire from 2018 to 2037.

The reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2017, 2016 and 2015, was as follows:

	2017	2016	2015
Normal effective statutory tax rate	30.7%	32.9%	35.5%
Decrease in valuation allowance	(13.2)	(16.5)	(23.4)
Realization of expired tax loss carryforward of liquidated subsidiaries	(3.4)		
Lower income tax rates applicable to income in certain foreign countries	(1.0)	(11.0)	(0.8)
Difference of tax rate used for tax effect accounting	0.6	11.1	12.9
Income taxes for prior periods	5.4		0.7
Book value adjustment of investments in subsidiaries			(7.7)
Other - net	(0.8)	2.0	0.7
Actual effective tax rate	18.3%	18.5%	17.9%

Income taxes for prior periods was principally the additional tax paid according to a notice from the China Taxation Bureau related to the transfer pricing taxation for the transactions between the Company and its subsidiaries (ROHM SEMICONDUCTOR CHINA CO., LTD. for the year ended March 31, 2017, and ROHM ELECTRONICS DALIAN CO., LTD. for the year ended March 31, 2015).

### 16. Financial Instruments and Related Disclosures

#### (1) Group policy for financial instruments

The Group manages surplus funds with low-risk financial assets and uses derivatives only as a means to hedge the foreign currency exchange rate risk of trade receivables. The Group does not conduct any speculative transactions.

#### (2) Nature and extent of risks arising from financial instruments and risk management

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Regarding the relevant risks, the Group controls due dates and the receivable balances by customer pursuant to the internal rules of the Group, and, at the same time, promotes the early identification and reduction of bad debt risk due to financial deterioration. Foreign currency trade receivables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign currency exchange rate risks are partially hedged by forward foreign currency contracts. Securities and investment securities, such as stocks and bonds, are exposed to the risk of market price fluctuations. The Group continually reviews the status of possessing such securities and monitoring the fair value and the financial positions of issuers and others on a regular basis. The Group purchases only highly rated bonds pursuant to the internal policy approved by the Board of Directors, thereby being subject to minimal credit risks.

Payment terms of payables, such as trade notes and trade accounts, are primarily less than one year. These payables are exposed to liquidity risk and the Group manages the risk by preparing and updating financing plans as appropriate.

The Group enters into derivative transactions pursuant to the internal policy approved by the Board of Directors and reports the status of the derivative transactions once or more every half year to the Board of Directors. Furthermore, in order to reduce credit risks, the Group only conducts derivative transactions with highly rated financial institutions.

#### (3) Supplemental information to fair value of financial instruments

Fair values of financial instruments are measured based on quoted market prices or those calculated by other rational valuation techniques in the case a quoted price is not available. Since variation factors are incorporated to calculate this fair value, the use of different preconditions may change this value.

#### (4) Fair values of financial instruments

Carrying amounts of financial instruments in the consolidated balance sheet, their fair values, and differences as of March 31, 2017 and 2016, are shown in the table in (a) below. Any financial instruments whose fair values cannot be readily determinable are not included (see the table in (b) below).

#### (a) Fair value of financial instruments

	Millions of Yen		
	2017	2017	2016
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 246,015	¥ 246,015	
Marketable securities	3,883	3,883	
Short-term investments	57,601	57,601	
Notes and accounts receivable - trade	81,833		
Allowance for doubtful receivable	(542)		
Notes and accounts receivable - trade net	81,291	81,291	
Investment securities	79,922	79,922	
Refundable income taxes	1,137	1,137	
Total	¥ 469,849	¥ 469,849	
Notes and accounts payable - trade	¥ 20,851	¥ 20,851	
Notes and accounts payable - construction and other	27,607	27,607	
Income tax payable	3,791	3,791	
Total	¥ 52,249	¥ 52,249	
	Millions of Yen		
	2016	2016	2016
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 231,802	¥ 231,802	
Marketable securities	6,271	6,271	
Short-term investments	58,331	58,331	
Notes and accounts receivable - trade	70,336		
Allowance for doubtful receivable	(187)		
Notes and accounts receivable - trade net	70,149	70,149	
Investment securities	61,834	61,834	
Refundable income taxes	941	941	
Total	¥ 429,328	¥ 429,328	
Notes and accounts payable - trade	¥ 17,986	¥ 17,986	
Notes and accounts payable - construction and other	25,363	25,363	
Income tax payable	1,896	1,896	
Total	¥ 45,245	¥ 45,245	

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	Thousands of U.S. Dollars		
	2017		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	\$ 2,196,563	\$ 2,196,563	
Marketable securities	34,670	34,670	
Short-term investments	514,295	514,295	
Notes and accounts receivable – trade	730,652		
Allowance for doubtful receivable	(4,839)		
Notes and accounts receivable – trade net	725,813	725,813	
Investment securities	713,589	713,589	
Refundable income taxes	10,152	10,152	
<b>Total</b>	<b>\$ 4,195,082</b>	<b>\$ 4,195,082</b>	
Notes and accounts payable – trade	\$ 186,170	\$ 186,170	
Notes and accounts payable – construction and other	246,491	246,491	
Income tax payable	33,848	33,848	
<b>Total</b>	<b>\$ 466,509</b>	<b>\$ 466,509</b>	

### Cash and cash equivalents, Short-term investments, Notes and accounts receivable-trade, and Refundable income taxes

The carrying values of these assets approximate fair value because of their short maturities.

### Marketable securities and Investment securities

The fair values of marketable securities and investment securities are measured at the quoted market price of the stock exchange for equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The fair value information for the marketable and investment securities by classification is included in Note 5.

### Notes and accounts payable-trade, Notes and accounts payable-construction and other, and Accrued income taxes

The carrying values of these liabilities approximate fair value because of their short maturities.

### Derivatives

Fair value information for derivatives is included in Note 17.

### (b) Carrying amount of financial instruments whose fair values cannot be readily determinable

	Carrying amount		
	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unlisted stock	¥ 365	¥ 509	\$ 3,259
Rights under limited partnership agreement for investment	117	99	1,045
Investments in unconsolidated subsidiaries and associated companies	680	705	6,071

### (c) Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen			
	2017			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥ 246,015			
Marketable securities:				
Government and local government bonds	1			
Corporate bonds	3,827			
Short-term investments	57,601			
Notes and accounts receivable – trade	81,833			
Investment securities:				
Corporate bonds		¥ 19,325	¥ 2,622	
Other				¥ 1,140
Refundable income taxes	1,137			
<b>Total</b>	<b>¥ 390,414</b>	<b>¥ 19,325</b>	<b>¥ 2,622</b>	<b>¥ 1,140</b>

	Millions of Yen			
	2016			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥ 231,802			
Marketable securities:				
Government and local government bonds	1			
Corporate bonds	6,254			
Short-term investments	58,331			
Notes and accounts receivable-trade	70,336			
Investment securities:				
Government and local government bonds		¥ 1		
Corporate bonds		16,582		
Other				¥ 1,109
Refundable income taxes	941			
<b>Total</b>	<b>¥ 367,665</b>	<b>¥ 16,583</b>		<b>¥ 1,109</b>

	Thousands of U.S. Dollars			
	2017			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	\$ 2,196,563			
Marketable securities:				
Government and local government bonds	8			
Corporate bonds	34,169			
Short-term investments	514,295			
Notes and accounts receivable – trade	730,652			
Investment securities:				
Corporate bonds		\$ 172,545	\$ 23,411	
Other				\$ 10,179
Refundable income taxes	10,152			
<b>Total</b>	<b>\$ 3,485,839</b>	<b>\$ 172,545</b>	<b>\$ 23,411</b>	<b>\$ 10,179</b>

## 17. Derivatives

The Group enters into foreign exchange forward contracts to hedge foreign currency exchange rate risk associated with certain assets denominated in foreign currencies.

All derivative transactions are entered into to hedge foreign currency exposures incorporated within the Group's business. Accordingly, market risk in these derivatives is generally offset by opposite movements in the value of the hedged assets. The Group does not hold or issue derivatives for trading purposes.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

### Derivative transactions to which hedge accounting is not applied

	Millions of Yen			
	2017			
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Selling U.S.\$	¥ 8,530		¥ 131	¥ 131
	Millions of Yen			
	2016			
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Selling U.S.\$	¥ 12,530		¥ 380	¥ 380

## Notes to Consolidated Financial Statements

ROHM CO., LTD. and its Consolidated Subsidiaries

	Thousands of U.S. Dollars			
	2017			
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Selling U.S.\$ .....	\$ 76,161		\$ 1,170	\$ 1,170

### 18. Leases

The Company and certain consolidated subsidiaries lease certain machinery, computer equipment and other assets. Total lease payments under finance leases were ¥12 million (\$107 thousand), ¥12 million and ¥10 million for the years ended March 31, 2017, 2016 and 2015, respectively.

Obligations under finance leases and future minimum payments under noncancelable operating leases were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2017		2016		2017	
	Finance leases	Operating leases	Finance leases	Operating leases	Finance leases	Operating leases
Due within one year .....	¥ 17	¥ 978	¥ 19	¥ 924	\$ 152	\$ 8,732
Due after one year .....	17	971	19	1,192	152	8,670
Total .....	¥ 34	¥ 1,949	¥ 38	¥ 2,116	\$ 304	\$ 17,402

### 19. Contingent Liabilities

The Group was contingently liable for guarantees of housing loans of employees amounting to ¥57 million (\$509 thousand) at March 31, 2017.

### 20. Comprehensive Income (Loss)

For the years ended March 31, 2017, 2016 and 2015

The components of other comprehensive income for the years ended March 31, 2017, 2016 and 2015, were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	2015	2017
Unrealized gain (loss) on available-for-sale securities:				
Gains arising during the year .....	¥ 12,797	¥ (12,093)	¥ 15,072	\$ 114,259
Reclassification adjustments to profit or loss .....	(104)	18	5	(929)
Amount before income tax effect .....	12,693	(12,075)	15,077	113,330
Income tax effect .....	(3,758)	4,136	(3,982)	(33,553)
Total .....	¥ 8,935	¥ (7,939)	¥ 11,095	\$ 79,777
Foreign currency translation adjustments:				
Adjustments arising during the year .....	¥ (3,867)	¥ (29,790)	¥ 38,527	\$ (34,527)
Reclassification adjustments to profit or loss .....		(58)		
Amount before income tax effect .....	(3,867)	(29,848)	38,527	(34,527)
Income tax effect .....		19	4	
Total .....	¥ (3,867)	¥ (29,829)	¥ 38,531	\$ (34,527)
Adjustments for retirement benefits:				
Adjustments arising during the year .....	¥ (1,074)	¥ (1,962)	¥ (335)	\$ (9,589)
Reclassification adjustments to profit or loss .....	1,122	703	638	10,018
Amount before income tax effect .....	48	(1,259)	303	429
Income tax effect .....	(195)	191	(25)	(1,742)
Total .....	¥ (147)	¥ (1,068)	¥ 278	\$ (1,313)
Total other comprehensive income (loss) .....	¥ 4,921	¥ (38,836)	¥ 49,904	\$ 43,937

### 21. Subsequent Events

#### Appropriation of retained earnings

The following appropriation of retained earnings at March 31, 2017, was approved at the Company's general shareholders' meeting held on June 29, 2017.

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥80.00 (\$0.71) per share .....	¥ 8,462	\$ 75,554

### 22. Segment Information

Under ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20 "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decisionmaker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

#### (a) Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's Board of Directors is being performed in order to decide how resources are allocated among the Group.

The Group is a comprehensive manufacturer of electronic components, and sets up operational divisions by individual product category at its headquarters. Each operational division draws up comprehensive production plans and business strategies for both domestic and overseas operations, and develops global production activities. Therefore, from a management standpoint, the Group places great importance on monitoring profits and losses by operating segments organized as operational divisions of individual product categories. For this reason, the Group aggregates operating segments in consideration of characteristics of the products that each operational division manufactures and similarities of production processes, and has three reportable segments "ICs", "Discrete semiconductor devices" and "Modules." In the ICs segment, products such as analog ICs, logic ICs, memory ICs and ASICs are manufactured and foundry business operations are conducted.

Products manufactured in the Discrete semiconductor devices segment include diodes, transistors, light-emitting diodes, and laser diodes. Products manufactured in the Modules segment include print-heads, optical modules, and power modules.

#### (b) Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment

The accounting policies of each reportable segment are basically consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

Operating income is applied in "Segment profit." "Intersegment sales or transfers" are calculated based on market price.

Although assets of common divisions, such as sales and administrative divisions, are included in "Reconciliations," depreciation and amortization expense of these assets are allocated to each operating segment according to in-house criteria to calculate the profit of each segment.

#### (c) Information about sales, profit (loss), assets and other items is as follows:

	Millions of Yen							
	Reportable segments				Other	Total	Reconciliations	Consolidated
	ICs	Discrete semiconductor devices	Modules	Total				
Sales:								
Sales to external customers .....	¥ 161,195	¥ 130,036	¥ 39,609	¥ 330,840	¥ 21,170	¥ 352,010		¥ 352,010
Intersegment sales or transfers .....	2,723	6,474	32	9,229	79	9,308	¥ (9,308)	
Total .....	163,918	136,510	39,641	340,069	21,249	361,318	(9,308)	352,010
Segment profit .....	9,064	20,917	1,793	31,774	1,498	33,272	(1,444)	31,828
Segment assets .....	118,318	91,516	21,629	231,463	13,121	244,584	589,920	834,504
Other								
Depreciation and amortization .....	18,421	17,039	3,747	39,207	2,393	41,600	(799)	40,801
Amortization of goodwill .....	386			386		386		386
Increase in property, plant and equipment and intangible assets .....	16,485	17,705	2,709	36,899	1,926	38,825	3,358	42,183

## Notes to Consolidated Financial Statements

ROHM CO., LTD. and its Consolidated Subsidiaries

	Millions of Yen							
	2016							
	Reportable segments				Other	Total	Reconciliations	Consolidated
ICs	Discrete semiconductor devices	Modules	Total					
Sales:								
Sales to external customers.....	¥ 164,081	¥ 126,436	¥ 36,371	¥ 326,888	¥ 25,510	¥ 352,398		¥ 352,398
Intersegment sales or transfers.....	2,549	3,583	94	6,226	51	6,277	¥ (6,277)	
Total .....	166,630	130,019	36,465	333,114	25,561	358,675	(6,277)	352,398
Segment profit .....	7,661	21,505	4,594	33,760	262	34,022	(387)	33,635
Segment assets .....	121,216	92,589	20,507	234,312	16,780	251,092	553,042	804,134
Other								
Depreciation and amortization.....	17,526	16,677	2,322	36,525	2,820	39,345	(1,007)	38,338
Amortization of goodwill.....	246			246		246		246
Increase in property, plant and equipment and intangible assets.....	20,974	21,992	4,696	47,662	1,315	48,977	7,710	56,687

	Millions of Yen							
	2015							
	Reportable segments				Other	Total	Reconciliations	Consolidated
ICs	Discrete semiconductor devices	Modules	Total					
Sales:								
Sales to external customers.....	¥ 169,916	¥ 129,047	¥ 36,084	¥ 335,047	¥ 27,726	¥ 362,773		¥ 362,773
Intersegment sales or transfers.....	2,713	4,495	208	7,416	62	7,478	¥ (7,478)	
Total .....	172,629	133,542	36,292	342,463	27,788	370,251	(7,478)	362,773
Segment profit (loss).....	22,286	15,910	2,087	40,283	(900)	39,383	(582)	38,801
Segment assets .....	115,788	95,930	19,992	231,710	21,652	253,362	611,018	864,380
Other								
Depreciation and amortization.....	14,077	17,113	1,665	32,855	2,482	35,337	(870)	34,467
Amortization of goodwill.....	33			33		33		33
Increase in property, plant and equipment and intangible assets.....	24,031	15,785	4,362	44,178	2,188	46,366	2,373	48,739

	Thousands of U.S. Dollars							
	2017							
	Reportable segments				Other	Total	Reconciliations	Consolidated
ICs	Discrete semiconductor devices	Modules	Total					
Sales:								
Sales to external customers.....	\$ 1,439,241	\$ 1,161,036	\$ 353,652	\$ 2,953,929	\$ 189,017	\$ 3,142,946		\$ 3,142,946
Intersegment sales or transfers.....	24,313	57,803	286	82,402	705	83,107	\$ (83,107)	
Total .....	1,463,554	1,218,839	353,938	3,036,331	189,722	3,226,053	(83,107)	3,142,946
Segment profit .....	80,928	186,759	16,009	283,696	13,375	297,071	(12,892)	284,179
Segment assets .....	1,056,411	817,107	193,116	2,066,634	117,152	2,183,786	5,267,143	7,450,929
Other								
Depreciation and amortization.....	164,474	152,134	33,455	350,063	21,366	371,429	(7,134)	364,295
Amortization of goodwill.....	3,446			3,446		3,446		3,446
Increase in property, plant and equipment and intangible assets.....	147,188	158,080	24,188	329,456	17,196	346,652	29,982	376,634

“Other” includes operating segments that are not included in the reportable segments, consisting of business in resistors, tantalum capacitors, and lighting.

“Reconciliations” were as follows:

- The adjusted amount of the segment profit for the year ended March 31, 2017, ¥(1,444) million (\$12,892 thousand), mainly includes general and administrative expenses of ¥(778) million (\$6,946 thousand) not attributable to the operating segments, and the settlement adjustment of ¥(666) million (\$5,946 thousand) not allocated to the operating segments (such as periodic pension cost).  
The adjusted amount of the segment profit for the year ended March 31, 2016, ¥(387) million, mainly includes general and administrative expenses of ¥(960) million not attributable to the operating segments, and the settlement adjustment of ¥573 million not allocated to the operating segments (such as periodic pension cost).  
The adjusted amount of the segment profit for the year ended March 31, 2015, ¥(582) million, mainly includes general and administrative expenses of ¥(1,061) million not attributable to the operating segments, and the settlement adjustment of ¥479 million not allocated to the operating segments (such as periodic pension cost).
- The adjusted amount of the segment assets for the year ended March 31, 2017, ¥589,920 million (\$5,267,143 thousand), mainly includes corporate assets of ¥592,093 million (\$5,286,545 thousand) not allocated to the operating segments, and the adjustments of fixed asset of ¥(2,173) million (\$19,402 thousand). Corporate assets not attributable to the operating segments consist of cash and cash equivalents of ¥246,015 million (\$2,196,563 thousand), investment securities of ¥80,404 million (\$717,893 thousand), and notes and accounts receivable-trade of ¥81,833 million (\$730,652 thousand).  
The adjusted amount of the segment assets for the year ended March 31, 2016, ¥553,042 million, mainly includes corporate assets of ¥555,521 million not allocated to the operating segments, and the adjustments of fixed asset of ¥(2,479) million. Corporate assets not attributable to the operating segments consist of cash and cash equivalents of ¥231,802 million, notes and accounts receivable-trade of ¥70,336 million, and land of ¥66,161 million.  
The adjusted amount of the segment assets for the year ended March 31, 2015, ¥611,018 million, mainly includes corporate assets of ¥613,407 million not allocated to the operating segments, and the adjustments of fixed asset of ¥(2,389) million. Corporate assets not attributable to the operating segments consist of cash and cash equivalents of ¥222,668 million, land of ¥64,039 million, and notes and accounts receivable-trade of ¥78,854 million.
- The adjusted amount of depreciation and amortization relates to the settlement adjustment not allocated to the operating segments (such as unrealized profit or loss on fixed assets).
- The adjusted amount of increase in property, plant and equipment and intangible fixed assets relates to common divisions, such as sales and administrative divisions.

### (d) Relevant information

For the years ended March 31, 2017, 2016 and 2015

- Information about products and services  
The classification of products and services has been omitted as it is identical to the segment classification.
- Information about geographical areas

#### (i) Sales

Millions of Yen			
2017			
Japan	China	Other	Total
¥ 106,226	¥ 115,647	¥ 130,137	¥ 352,010

Millions of Yen			
2016			
Japan	China	Other	Total
¥ 97,964	¥ 115,790	¥ 138,644	¥ 352,398

Millions of Yen			
2015			
Japan	China	Other	Total
¥ 101,754	¥ 121,770	¥ 139,249	¥ 362,773



# Notes to Consolidated Financial Statements

ROHM CO., LTD. and its Consolidated Subsidiaries

Thousands of U.S. Dollars			
2017			
Japan	China	Other	Total
\$ 948,446	\$ 1,032,562	\$ 1,161,938	\$ 3,142,946

Sales are classified by country or region based on the location of customers.

## (ii) Property, plant and equipment

Millions of Yen					
2017					
Japan	China	Thailand	Philippines	Other	Total
¥ 141,229	¥ 19,973	¥ 27,895	¥ 24,018	¥ 18,156	¥ 231,271

Millions of Yen					
2016					
Japan	China	Thailand	Philippines	Other	Total
¥ 142,074	¥ 22,332	¥ 30,642	¥ 24,287	¥ 17,108	¥ 236,443

Thousands of U.S. Dollars					
2017					
Japan	China	Thailand	Philippines	Other	Total
\$ 1,260,973	\$ 178,330	\$ 249,063	\$ 214,447	\$ 162,107	\$ 2,064,920

## (3) Information about major customers

Since there are no customers who accounted for more than 10% of sales to external customers in the consolidated statement of income, the information has been omitted.

## (e) Information regarding loss on impairment of long-lived assets of reportable segments

	Millions of Yen						
	2017						
	Reportable segment				Other	Reconciliations	Consolidated
ICs	Discrete semiconductor devices	Modules	Total				
Loss on impairment of long-lived assets	¥ 100		¥ 22	¥ 122	¥ 2,196	¥ 137	¥ 2,455

	Millions of Yen						
	2016						
	Reportable segment				Other	Reconciliations	Consolidated
ICs	Discrete semiconductor devices	Modules	Total				
Loss on impairment of long-lived assets	¥ 1,196		¥ 598	¥ 1,794	¥ 3	¥ 224	¥ 2,021

	Millions of Yen						
	2015						
	Reportable segment				Other	Reconciliations	Consolidated
ICs	Discrete semiconductor devices	Modules	Total				
Loss on impairment of long-lived assets	¥ 206	¥ 3,732	¥ 1,342	¥ 5,280	¥ 394	¥ 202	¥ 5,876

	Thousands of U.S. Dollars						
	2017						
	Reportable segment				Other	Reconciliations	Consolidated
ICs	Discrete semiconductor devices	Modules	Total				
Loss on impairment of long-lived assets	\$ 893		\$ 196	\$ 1,089	\$ 19,607	\$ 1,224	\$ 21,920

The amount under "Other" for the years ended March 31, 2017 and 2016, is mainly for impairment loss on tantalum capacitors. The amount under "Other" for the year ended March 31, 2015, is for Molding Dies.

## (f) Information regarding amortization of goodwill and carrying amount of reportable segments

	Millions of Yen						
	2017						
	Reportable segment				Other	Reconciliations	Consolidated
ICs	Discrete semiconductor devices	Modules	Total				
Goodwill at March 31, 2017	¥ 5,356			¥ 5,356			¥ 5,356

	Millions of Yen						
	2016						
	Reportable segment				Other	Reconciliations	Consolidated
ICs	Discrete semiconductor devices	Modules	Total				
Goodwill at March 31, 2016	¥ 5,778			¥ 5,778			¥ 5,778

	Thousands of U.S. Dollars						
	2017						
	Reportable segment				Other	Reconciliations	Consolidated
ICs	Discrete semiconductor devices	Modules	Total				
Goodwill at March 31, 2017	\$ 47,821			\$ 47,821			\$ 47,821

Amortization of goodwill has been omitted as similar information is disclosed in "(c) Information about sales, profit (loss), assets and other items."

## (g) Information regarding profit for negative goodwill of reportable segments

There is no relevant information for the years ended March 31, 2017, 2016 and 2015.

**Deloitte.**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Shareholders of ROHM CO., LTD.:

We have audited the accompanying consolidated balance sheet of ROHM CO., LTD. and its consolidated subsidiaries as of March 31, 2017, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ROHM CO., LTD. and its consolidated subsidiaries as of March 31, 2017, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

**Convenience Translation**

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

*Deloitte Touche Tohmatsu LLC*

June 29, 2017

Member of  
Deloitte Touche Tohmatsu Limited

**Board of Directors**

**President**

Satoshi Sawamura

**Senior Managing Director**

Katsumi Azuma

**Managing Director**

Tadanobu Fujiwara

**Directors** ★Outside Directors

Isao Matsumoto  
Masahiko Yamazaki  
Masaki Sakai  
Yoshiaki Suenaga  
Ken Sato  
Hachiro Kawamoto ★  
Koichi Nishioka ★

**Company Auditors (Full-Time)** ★Outside Company Auditors

Yoshiaki Shibata ★  
Hiroyuki Nii ★

**Company Auditors** ★Outside Company Auditors

Hidero Chimori ★  
Shinya Murao ★  
Haruo Kitamura ★

(As of July 31, 2017)

**Head Office**

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Kyoto 615-8585 Japan  
TEL: +81-75-311-2121  
FAX: +81-75-315-0172

**Date of Establishment**

September 17, 1958

**Common Stock**

Authorized: 300,000,000  
Issued: 111,200,000

**Number of Employees**

21,308 (As of March 31, 2017)

**Listing Stock Markets**

Tokyo Stock Exchange

**Transfer Agent**

Mitsubishi UFJ Trust and Banking  
Corporation  
4-5, Marunouchi 1-chome,  
Chiyoda-ku, Tokyo 100-0005, Japan

**Technology Centers / Design Centers**

**<Domestic>**

**Kyoto Technology Center (Head Office)**

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**Kyoto Technology Center (Kyoto Ekimae)**

579-32 Higashi Shiokoji-cho, Karasuma Nishi-iru, Shiokoji-dori, Shimogyo-ku,  
Kyoto 600-8216 Japan

**Yokohama Technology Center**

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**<Overseas>**

**America Design Center**

2323 Owen Street, Santa Clara, CA 95054 U.S.A.

**Europe Design Center**

Karl-Arnold-Strasse 15, 47877 Willich Germany

**Shanghai Design Center**

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**Shenzhen Design Center**

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**Taiwan Design Center**

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**Korea Design Center**

159-13 Gasan Digital 1-ro, Geumcheon-gu, Seoul, 08506 Korea

**India Design Center**

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C.V.Raman Nagar, Byrasandra, Bangalore-560093, India

(As of March 31, 2017)

Go online at



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<http://www.rohm.com>



Investor Relations  
<http://www.rohm.com/web/global/investor-relations>



We constantly provide and update a wide range of information such as financial results, IR calendar and more for investors. Please visit our website for additional information.



[www.rohm.com](http://www.rohm.com)

