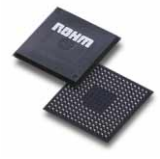
Excellence in Electronics

ROHM

Annual Report 2005

For the Year Ended
March 31, 2005



Timeless Symmetry

The Kara-mon (Chinese gate) has welcomed a number of distinguished guests into Nijo Castle over the years.
Decorated by exquisite carvings representing the beauties of nature and by luxurious gold, silver and raden (mother-of-pearl work) inlay, the Kara-mon is replete with elegance and beauty, creating eternal harmony throughout the ages.
The gate is a doorway to the unknown, taking us out of the or dinary world into a different, special world.
It is here at the Kara-mon that visitors' excitement, anticipation, uplifted emotions and expectations of the hospitality awaiting them on the other side of the gate are all represented in a condensed manner.

2005

ROHM CO.,LTD., was established in Kyoto, Japan,
in 1958, designs and manufactures integrated circuits (ICs) and other
electronic components.
ROHM's product lineup includes monolithic ICs,
power modules, photo link modules, transistors, diodes, light emitting
diodes (LEDs), laser diodes, resistors, capacitors, liquid crystal displays (LCDs),
thermalheads, image sensor heads, LED displays and camera modules.
ROHM's corporate objective is "Quality First,"
and a key component of that objective is
the Company's policy of securing a reasonable margin.
ROHM is also working to make continued
progress in environmental protection.

C O N T E N T S

Nijo Castle

Nijo Castle was originally built in 1603 by Tokugawa Ieyasu, the first Shogun of the Tokugawa era, who inaugurated the Shogunate Government of Edo (present-day Tokyo) at his residence in Kyoto.
Later, a mass construction project was begun by the third Shogun, Tokugawa Iemitsu, who gathered a number of the then celebrated masters of architecture and various forms of art for the project.
Upon completion of the construction, Iemitsu received a visit from Emperor Gomizuno-o, court nobles and daimyos (feudal lords) at the remodeled Nijo Castle where they were treated to splendor and hospitality.
Viewed through the Kara-mon, the magnificent Ninomaru Palace and garden with its beautifully arranged stones of various shapes, sizes and colors, and the brilliant and elegant fusuma-e (paintings on sliding paper doors) and shouheki-ga (partition or interior wall paintings) work together to create a stage setting, so to speak, for welcoming each person who visits leaving a lasting impression.

Since its foundation, ROHM has committed itself to the customer first approach by focusing on meeting customer requirements and producing custom-designed products.
As a pioneer of the industry carving out a path to a new era, ROHM makes the utmost use of its extensive expertise and technology acquired over years of success in developing and manufacturing electronic components. The Company intends to continue to develop and offer high-quality products designed to satisfy the needs of each customer.
Accordingly, we selected hospitality, which we at ROHM always bear in mind, as a motif for ROHM's Annual Report for 2005.
(Cover Photo by Akira Shibata / Photo on the right by Kenzo Yokoyama)

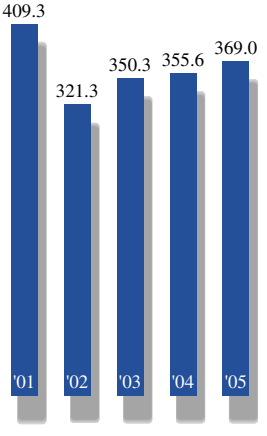
Financial Highlights

ROHM CO., LTD. and Subsidiaries
Years ended March 31, 2005, 2004 and 2003

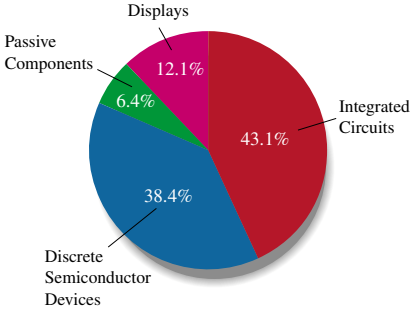
	Millions of yen			Thousands of U.S. dollars	% change
	2005	2004	2003	**2005**	
For the Year:					
Net sales	**¥ 369,024**	¥ 355,630	¥ 350,281	**$ 3,448,822**	+3.8
Cost of sales	**221,133**	194,857	185,795	**2,066,663**	+13.5
Selling, general and administrative expenses	**71,837**	66,266	68,363	**671,374**	+8.4
Operating income	**76,054**	94,507	96,123	**710,785**	−19.5
Income before income taxes and minority interests	**70,842**	101,070	90,476	**662,075**	−29.9
Income taxes	**25,667**	37,268	37,479	**239,879**	−31.1
Net income	**45,135**	63,717	53,003	**421,822**	−29.2
Capital expenditures	**85,171**	51,958	40,548	**795,991**	+63.9
Depreciation and amortization	**47,442**	45,869	52,424	**443,383**	+3.4
Per Share Information (in yen and U.S. dollars):					
Basic net income	**¥ 380.21**	¥ 535.62	¥ 445.51	**$ 3.55**	−29.0
Diluted net income			445.30		
Cash dividends applicable to the year	**85.00**	55.00	22.00	**0.79**	+54.5
At Year-End:					
Shareholders' equity	**¥ 739,329**	¥ 715,938	¥ 676,577	**$ 6,909,617**	+3.3
Total assets	**867,323**	846,800	805,693	**8,105,822**	+2.4
Number of employees	**19,803**	18,591	16,841		+6.5

Notes: 1. U.S. dollar amounts are provided solely for convenience at the rate of ¥107 to US$1, the approximate exchange rate at March 31, 2005.
2. Certain reclassifications of previously reported amounts have been made to conform with current classifications.
3. Diluted net income per share for 2005 and 2004 are not disclosed because there is no outstanding potentially dilutive securities.

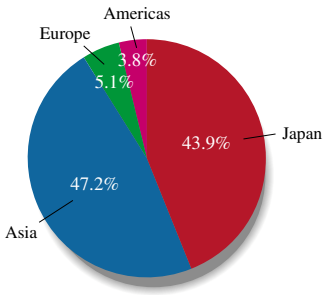
Net Sales
(¥ billion)



Sales by Product Category



Sales by Geographic Region



To Our Shareholders and Friends

The electronics market, which is the business arena of ROHM, is expected to grow over the medium to long term in parallel with the progress of the highly sophisticated information society.

In the consumer equipment segment, besides digital still cameras, which are already experiencing rapid widespread use, the market for digital audio/visual products, such as thin profile TVs, DVD recorders, hard disk and silicon audio equipment, is showing signs of full-scale growth. Likewise, in the area of mobile phones, third-generation phones that incorporate sophisticated multimedia capabilities are gaining rapid acceptance in Japan and many other countries. These new products will serve as powerful driving forces for future growth in the semiconductor market. The automobile-related market is also expected to grow due to anticipated advances in technology for automotive electronics including safety systems such as adaptive cruise control systems, as well as in-car entertainment and other amenity functions. To respond to these new applications, ROHM is enhancing its overall technological capabilities in a number of key areas, including circuit design and fine-process technologies for system LSIs, and optical device and next-generation device technologies.

Timeless Symmetry

ROHM's bases for technological enhancement include the VLSI Research Center, Optical Device Research Center, and the LSI Test Technology Center, which are located at the headquarters premises, as well as the Yokohama Technology Center and the Kyoto Technology Center. At these technological bases, approximately 2,200 engineers are engaged in research and development.

In the area of LSIs, ROHM always delivers leading-edge solutions that meet customers' application requirements and exceed their expectations through optimizing digital, analog, and combined digital/analog technologies developed and accumulated by ROHM as a custom LSI manufacturer. In addition to its proprietary multi-chip design technology to develop complex, high-performance system LSIs, ROHM has newly developed a unique and innovative system LSI development platform that slashes design lead-time and speeds up the development of system LSIs. With these innovative technologies, ROHM intends to satisfy the increasing needs for larger-scale integration and higher performance in the area of system LSIs for, chiefly, the markets for digital home appliances and information and communications equipment.

In discrete semiconductors, ROHM is actively committed to enriching its MOS FET (metal-oxide semiconductor field-effect transistors) products, which is an area that is expected to increase in demand particularly in the power-supply equipment sector. In response to the growth of the digital audio/visual equipment and mobile phone markets, the Company is also focusing on the development of products that meet the increasing needs for low power consumption, miniaturized packages and high reliability.

In the field of optical devices, ROHM commenced mass production of a new laser diode for DVD recorders in the spring of 2004. This new laser diode delivers the highest power in the industry and has been steadily expanding its market share. ROHM is committed to further expansion of its laser diodes lineup, including dual-wavelength laser diodes. Sales of ROHM's blue-and-white LEDs are also increasing as this market continues to grow. R&D is also under way to bring to commercial use a new generation of LEDs that employ zinc oxide as the main material.

Regarding R&D in next-generation essential technologies, ROHM has organized a dedicated Research and Development Headquarters. This facility consists of six R&D centers for next-generation semiconductor integrated circuits, multi-functional integrated circuits, nanobionics, new material devices, displays, and optical devices. Recent specific achievements include successful prototype production of SiC (silicon carbide)-made schottky diodes and MOS FETs, which are expected to become the next-generation power devices, and a compact liver function testing system developed in collaboration with an outside company as the first step toward practical use and commercial production. ROHM has also produced various successful results including highly functional, flexible display components developed jointly with Kyoto University, Pioneer Corporation and Mitsubishi Chemical Corporation under the Comprehensive Industrial-academic Collaboration Alliance.

Nijo Castle

Surrounded by a moat filled with deep, green water and by stone walls with sumi-yagura (corner towers) situated at each corner, Nijo Castle still manifests an unfailing majestic atmosphere that has been carried through the past four hundred years.
The Ote-mon (main gate) is a sturdy, two-story yagura-mon (turret gate) with the lower story incorporating the entrance and the upper story forming the connecting tower. It is equipped with ishi-otoshi, or rock chutes, for hurling stones down on possible invaders and attackers. Upon passing through the Ote-mon, there is a stern-looking guardhouse called, "the bansho," where samurai guards used to be stationed.
At this point, the castle may give the impression of being a forbidding and rugged fortress. However, upon entering the elegantly adorned Kara-mon (Chinese gate), this first impression is surprisingly reversed.
In fine contrast to the Ninomaru Palace of magnificence with its illustrious and stunning gardens, the castle also offers the Honmaru Palace in sukiya style (tea house style) located inconspicuously beyond the western end of the garden. It is surrounded by the beauty of flowers from each season delighting the eye of every visitor.
With these elements of stillness and movement forming a harmonious whole, Nijo Castle attracts its visitors by offering refreshing surprises and creating a new impression each time it is visited.

Production Technology and Systems

Global competition is constantly intensifying in the electronics market, particularly in Asia. To address this issue, ROHM is proceeding with establishing a system that enables the Company to ensure the most outstanding product quality and reliability in the industry.

Regarding wafer processes, in response to the growing needs for larger-scale integration and lower power consumption, ROHM is focusing on the development of larger-diameter wafers and fine process technology. At ROHM HAMAMATSU CO., LTD., production capacity is being increased for 300 mm wafers. As for the fine process technology, ROHM is proceeding with the enhancement of its 0.13 µm fine process line, the leading-edge technology for system LSIs, while also developing cutting-edge 90 nm or smaller ultra-fine processes.

At ROHM's overseas assembly plants, particularly those located at the ROHM Group's core production bases in Thailand, the Philippines and China, various production improvement efforts are underway. The plant in Thailand is increasing its transistor production capacity, and the plant in the Philippines has commenced production of tantalum capacitors, in addition to LSIs and transistors. At the plants in Tianjin, China, the Company has begun production of laser diodes, besides continuing production-capacity enhancement for diodes, LED lamps, LED displays and other products. ROHM also has a new plant in Dalian, China, to which production of camera modules is being shifted from domestic plants in Japan.

The majority of ROHM's assembling equipment are developed in-house. The Company's assembling equipment, developed by incorporating its manufacturing know-how for top-quality products, is used at all the plants of the Group including those overseas, enabling the Company to manufacture and supply high-quality products worldwide. ROHM is also promoting in-house production of materials such as wafers, lead frames and photomasks, which is an unprecedented effort in the semiconductor industry. This allows ROHM to carry out quality control in all processes from materials to finished products, giving the Company overwhelming superiority over competitors in terms of reliability.

ROHM always places a high priority on establishing and ensuring a consistent and reliable supply of products to customers. To this end, and as part of its production base development strategy, the Company secures more than one mass production facility for each product category. The Company will continue to update its supply system to guarantee a stable product supply to customers worldwide, while avoiding potential supply risks caused by events such as natural disasters and international conflicts.

Sales System and Customer Support

ROHM is currently revamping its sales and customer support systems, so as to establish a system that gets closer to customers worldwide for better sales operation and technical support activities, enabling the Company to respond quickly and precisely to all customer needs. In China in particular, which is a key target area for our sales promotion, ROHM is planning to establish five new sales bases, in addition to the existing ten sales bases as well as sales companies in Hong Kong, Shanghai and Dalian. As for ROHM's design centers, which serve as technical support bases, the Company opened two centers in Shanghai and Taiwan in 2004 in addition to the existing center in Hong Kong. Also, ROHM's sales network in Japan has expanded from four to eight offices since the beginning of 2005. ROHM will continue to reinforce its sales and customer support systems in ASEAN countries, the United States and Europe as well, in an effort to ensure a quick response to customer needs and to expand the market share in the global market.

Social Responsibility

With the belief that social responsibility for sustainable development as a corporate citizen is of paramount importance, we at ROHM are spearheading efforts toward establishing a fair and transparent management system in areas such as corporate governance, corporate ethics, and observance of statutes. ROHM is also committed to disclosure of information so as to ensure fair and transparent management. To enlighten and educate employees, the Company has formulated the "Guidelines for Ethics in the Business of ROHM" and has developed a follow-up policy to ensure that the Rules are fully understood and observed by employees. ROHM is also performing various activities to retain and improve good relationships with society and local communities, such as donations of research facilities named, ROHM Plaza, to Ritsumeikan University, Doshisha University and Kyoto University, as well as proactive dispatch of employees to local volunteer activities.

Environment

Being aware that environmental conservation is essential to the continued existence of mankind and the progress of industries, ROHM considers global environmental protection a top priority, as shown in its basic environmental philosophy. In pursuit of eliminating all forms of waste, ROHM has established an Environmental Conservation Committee to discuss significant policies and measures for environmental conservation. The Committee consists of six subcommittees responsible for greenhouse gases, energy conservation, environmental burden reduction, waste and recycling, environmentally controlled substances, and packaging materials. Through their activities shared at all business levels of the ROHM Group, the Company continues to lead the industry in environmental conservation.

The Company has also been proceeding with sincere and effective implementation of our environmental management system based on ISO 14001 standards. This system is an integrated environmental management process for the ROHM Group as a whole and not just an activity conducted by individual Group companies independently. For the first time in the industry, ROHM has obtained a single ISO 14001 certification covering all domestic and overseas Group companies from a third-party certification organization. This is testimony to ROHM's group-wide commitment to environmental conservation.

Examples of ROHM's environmental conservation activities include the development of environmentally friendly, energy- and resource-saving products, complete elimination of environmentally controlled substances, and green procurement. Moreover, all the ROHM Group companies in Japan achieved zero emissions of waste in fiscal 2004.

Regarding the RoHS (Restriction of the use of certain Hazardous Substances) Directive, an extremely strict European directive that will take effect in 2006, ROHM has already met the Directive ahead of others in the industry when in 2004 all products of the Company became lead-free.

Besides CO_2 emission reduction efforts, forestation activities to achieve natural absorption of CO_2 have proven extremely effective in helping to prevent global warming. Actively conducting the extensive "ROHM Forest" project in Southern Australia, planting eucalyptus trees. ROHM is the first Japanese semiconductor manufacturer to undertake such a large-scale reforestation project. The forestation is scheduled to cover an area of 10 million m^2 by the year 2008, of which 6.02 million m^2 was completed in 2004.

Shoin-style architecture

Ninomaru Palace consists of six buildings laid out in a diagonal configuration known as the Tozamurai, the Shikidai, the Ohiroma, the Sotetsu-no-ma, the Kuroshoin and the Shiroshoin.
The rooms are decorated with a sophisticated set of Shoin-style items including toko-no-ma (decorative alcove) for the display of calligraphic works, paintings and flower arrangements, chigai-dana (staggered shelves) with two shelf boards (one on the right and one on the left) placed horizontally and staggered, and a number of akari-shoji (a type of sliding paper screen) and fusuma (sliding paper door) that serve to create a light and open atmosphere. The philosophy of the Shoin style, represented by these outstanding features of the Palace in their simplicity, has been a strong influence on later Japanese architecture.
The fusuma-e and shoheki-ga paintings in the thirty-three rooms of the Palace are masterpieces by great artists of the famous Kano School of Painting. Some of the paintings are detailed and magnificent while others are simple and refined, but all ignite pleasure in every viewer.
Especially noteworthy is the fusuma-e painting in the Ohiroma (audience hall) used by the Shogun for meetings with the daimyos. The painting, Oimatsu-zu (literally "picture of an old pine tree") by Kano Tanyu, shows a single massive pine tree in bold and dramatic tension-filled imagery using masterful brushstrokes. The painting lends to the magnificent and elegant atmosphere in the Palace.

Occupational Health and Safety

ROHM is also making continued group-wide efforts in the area of occupational health and safety. For more than ten consecutive years, the ROHM Head Office has had zero accidents requiring employee absences from work. For this achievement, the Company obtained in 2004 a Type-V Zero-accident Certificate from the Ministry of Health, Labor and Welfare, which is the highest-ranking certification distinguishing the Company as having one of the longest records of zero-accident operation in Japan. ROHM continues its commitment to zero-accident operation.

Corporate Philanthropy

In addition to the benefits that our business brings to society, ROHM acknowledges its role as a good corporate citizen by actively supporting cultural and sporting activities.

The ROHM Music Foundation was established in 1991 with the objective of contributing to the progress of music as a cultural activity, and is providing continuous support for various musical activities.

In the year under review, ROHM and ROHM Music Foundation provided support for a number of musical events, including the ROHM LYRIC SELECTION classical concert series, the Autumn Kyoto Music Festival Opening Concert, the Opera Educational Program for High School Students, and various other concert events. Besides offering scholarships for musicians, we also provided continued support for events intended to assist aspiring young musicians, including the annual Kyoto International Music Students Festival, the ROHM Music Foundation Musical Seminars, and the Seiji Ozawa Ongaku-juku Opera Project series.

ROHM also provided support for major sporting events, including the Lake Biwa Mainichi Marathon, one of the domestic qualifying races for the IAAF World Championships in Athletics (First place: Joseph Riri); the Kyoto City Half Marathon, Japan's largest half marathon (First place: men, Koichi Mitsuyuki; women, Rie Ueno); and the Inter Prefectural Men's Ekiden Hiroshima 2005 (First place: Nagano Prefecture).

Distribution of Profits to Shareholders

Regarding profit distribution to shareholders, ROHM will press ahead with its current measures and policies to live up to shareholders' expectations, in light of comprehensive consideration given to various factors, including business performance, financial position, and expected demand for funds for business investment aimed at improving corporate value. The Company intends to improve the total return ratio, by keeping the dividend rate consecutive in consideration of the consolidated dividend payout ratio, while implementing flexible return-improvement measures, such as treasury-stock purchasing, in light of cash-flow conditions.

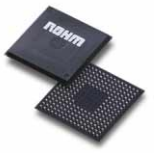
Accordingly, for the fiscal year ended March 31, 2005, the Company has decided to pay annual dividends of ¥85.00 per share, a large increase from the previous year. In February 2005, ROHM announced that the Company decided to purchase treasury stocks up to the maximum of 3 million shares or ¥30 billion. The Company completed the purchase by April 22, 2005, with the treasury stock purchased on or before that date amounting to 2,889,700 shares or ¥29,987 million yen. In addition, the Company's proposal to purchase treasury stock up to the maximum of 1,500,000 shares or ¥15 billion was approved at the ordinary general meeting of shareholders in June 2005.

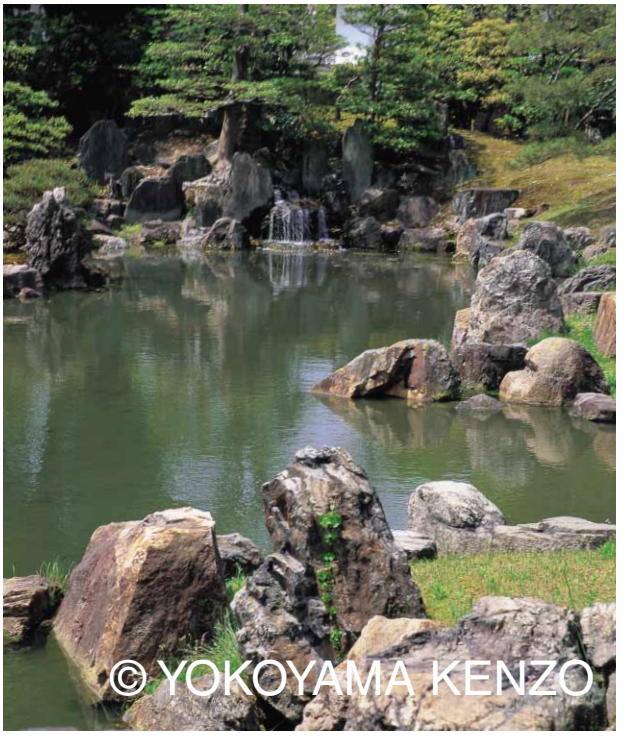
ROHM will continue to commit itself deeply to improving its business performance, through the development of high-value-added products and technologies in anticipation of future customer needs, improvement of quality and reliability, reinforcement of production and marketing systems, and thorough, company-wide streamlining and cost-reduction efforts.

In conclusion, we would like to take this opportunity to ask for continued support and understanding from our shareholders.

June 2005

Ken Sato
President





Japanese Gardens

Since ancient times, the Japanese have embodied, in a limited space, each season's unique beauty.
The Chisen Kaiyu (many-pleasures-around-a-pond) style garden is a re-creation of nature with a pond, yarimizu (narrow streams) and planted trees while the Karesansui style garden is simple, but impeccably laid out to provide a dignified beauty. Although different in style and technique, both types of gardens represent the refined sensitivity and spirit of the Japanese people.
The renowned Ninomaru Garden of Nijo Castle is typical of the Chisen Kaiyu style with a pond in the center surrounded by a number of exquisitely arranged stones and a waterfall. In the center of the pond are three crafted islands: Horai-jima (Island of Eternal Happiness), Tsuru-jima (Crane Island) and Kame-jima (Turtle Island).
Originally created to be best appreciated from the Ohiroma of Ninomaru Palace, the Ninomaru Garden was ingeniously modified by the renowned landscape architect, Kobori Enshu, before the scheduled visit of Emperor Gomizuno-o, so that the splendid beauty of the garden could also be appreciated from the Gyoko Goten (the temporary residence of the Emperor) and the Kuroshoin.
Facing this tranquil garden one feels calm and peaceful as if time does not exist.

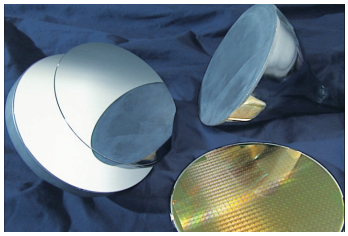
New Technologies

Outstanding products founded on creative technologies in a new digital era

The acceleration of digitized media formats is providing an ideal business opportunity for ROHM in the electronics industry. In the music sector, besides music CDs and audio data compression and distribution technologies such as MP3*1 and WMA*1, a number of new ultra-compact audio players capable of downloading music files from the internet have been released to the market. Also, in the area of digital graphics and images, new media and entertainment software using MPEG*2 and JPEG*3 compression technologies have evolved to include DVDs and digital cameras, HDD recording, and digital broadcasting. Accordingly, digital household appliances are becoming increasingly responsive to diverse consumer needs and tend to deliver high performance with reduced product life cycles. In view of these circumstances as a great opportunity for business and making the best use of its leading digital technology, ROHM is devoting its resources to the development of fundamental technologies and new products that benefit society.

In system LSI design technology, ROHM has developed and begun operation of the REAL PLATFORM, a system LSI development platform to respond to the increasing needs for higher-performance electronic products and reduced design lead-time. REAL PLATFORM integrates the three major elements of product design: system design, LSI hardware design and software design onto a common platform to increase development efficiency. REAL PLATFORM provides system LSI specifications on virtual chips and enables designers to check the operation of hardware and software simultaneously. This allows the time required for examining optimum hardware and software configurations to be considerably reduced. Offering software/hardware co-design, REAL PLATFORM also reduces development time. PLATFORM uses a configurable processor*4 to develop functional blocks with high processing performance in a short period. By providing this platform environment, software tools including OS and middleware and substantial hardware IPs, ROHM has enabled high-quality designs that satisfy customer needs and a considerable development cycle reduction.

In regard to fundamental LSI technology, ROHM is the first semiconductor manufacturer to establish a totally integrated manufacturing system that initiates with in-house production of materials such as silicon wafers, photomasks, lead frames and molding dies. The Company has also established a system aimed at quality improvement and lead-time reduction through thorough quality control even during the wafer fabrication process and a clear defining of responsibilities developed from the results of product development activities. This system is founded on ROHM's strong intention to supply products with the highest level of reliability in the world.



Silicon ingots and wafers

The cutting-edge 300mm wafer process was another major accomplishment. ROHM began full-scale mass production of a variety of liquid crystal drivers through this process. The Company is also developing 90-nm process technology to replace the products that are currently mass-produced on 130-nm process. In package technology, ROHM developed and began mass production of extremely compact and thin Chip Scale Packages miniaturized to the size of a LSI chip. CSPs are offered with a different design for each chip. This feature effectively differentiates the Company's custom LSI products from those of its competitors.

As for R&D on next-generation semiconductors, ROHM is proceeding with the commercial introduction of high-power dual-wavelength laser diodes for high-speed writing to CD/DVD media, which are made of a compound semiconductor and highly immune to self-destruction. R&D is also underway on blue-violet laser diodes intended for next-generation optical discs. In utilizing new material for semiconductors, ROHM has successfully produced a prototype power MOS FET that is based on a SiC*5 substrate and features the world's lowest on-resistance in the 1,000-volt class category. SiC is a new material with far better temperature characteristics compared with conventional Si (silicon) materials, thus promising for use not only in home electronic equipment but also as a next-generation material for electric vehicles.

In the area of new material development, ROHM has also made breakthroughs in R&D on organic materials. In the organic EL (electroluminescence) display category, ROHM has begun mass production of low-molecular-weight passive organic EL display modules as one of the industry's ranking manufacturers of such products. The Company has also successfully prototyped a 180 ppi QVGA*6 full-color organic EL display, a phosphorescent organic display, and a micro display fabricated on a silicon substrate. In addition, the achievements made under the Comprehensive Industrial-academic Collaboration Alliance initiated by Kyoto University, ROHM and other companies include an organic light-emitting transistor for flexible displays as well as a bio-nanofiber-reinforced, low-thermal-expansion transparent substrate. These successful R&D results in relation to new materials are certain to be extended into the Company's new products and technologies.

As part of its environmentally friendly technological development efforts, ROHM has expanded the application of lead-free technology for terminal mounting process to all products way ahead of its competitors. Successful lead-free effort combined with the complete abolishment of the use of five other RoHS*7-designated hazardous substances, has already made ROHM compliant with the RoHS Directive; a strict European directive that will take effect in 2006.

Always focusing on community contributions through electronics, ROHM continues to achieve this objective by commitment to R&D on new technologies.

***1 MP3 (Moving Picture Experts Group 1 Audio Layer 3)**
An audio data compression standard.
WMA (Windows Media Audio)
An audio data distribution standard.

***2 MPEG (Moving Picture Experts Group)**
A compression standard for moving image data.

***3 JPEG (Joint Photographic Experts Group)**
A compression standard for still image data.

***4 Configurable processor**
A processor of which internal configuration can be changed according to purpose.

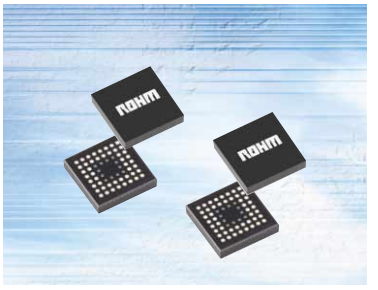
***5 SiC (silicon carbide)**
A compound semiconductor made of carbon (C) and silicon (Si) with excellent fracture strength and high-temperature operating characteristics.

***6 180 ppi (pixel per inch) QVGA (Quarter Video Graphics Array)**
A 320 x 240 dot screen formed at densities of 180 dots per inch (2.54 cm).

***7 RoHS (Restriction on Hazardous Substances)**
A European directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment that will take effect in 2006. Six RoHS-designated substances are lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBB) and polybrominated diphenyl ethers (PBDE).

New Products

Newly Developed Differential Serial Transmission Interface LSI for QVGA-size LCDs Greatly Reduced Internal Wiring of Cellular Phones

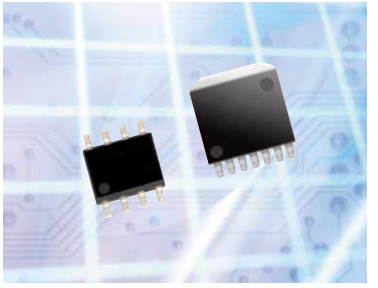


The number of signal wires between the CPU and each module of the cellular phone has been increasing significantly as a result of progress in the employment of multimedia technologies, such as the high-resolution LCD and camera. Folding-type cellular phone models are now in wide use, and are increasing significantly. Also, with the appearance of a cellular phone model incorporating a rotating hinge part as a result of the incorporation of a camera, further miniaturization of the casing along with the complicated structure has been making progress. However, wiring restrictions in the hinge part, in particular, have been a serious obstacle to the further development of cellular phones in pursuit of advanced features.

ROHM has the industry's top-class technology and know-how in the field of the LVDS*1 (Low Voltage Differential Signaling) interface that is becoming a standard high-speed digital image interface. ROHM has applied those technological advances and know-how in combination with its system LSI technology intended for cellular phones to develop a Mobile Shrink Data Link (MSDL*2) LSI for use as a differential serial transmission interface for cellular phones.

Compared with conventional parallel interfaces, the MSDL interface makes it possible to reduce EMI*3 (electromagnetic interference) noise by -10 dB, thus eliminating an adverse influence on electronic end-products in terms of wireless characteristics, ensuring ease of EMI countermeasures, and contributing to improvements in the quality of the end-products. Furthermore, ROHM are developing wafer-level CSP package products to achieve a mounting area of 5 x 5 mm or less.

Switching Regulator Controller Incorporating Power MOS FET, Supporting Diverse Power Supply Specifications

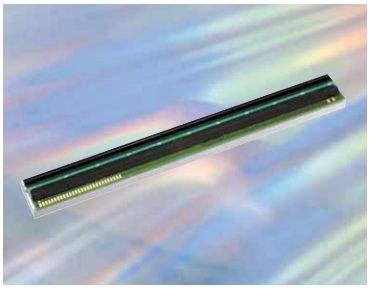


Electronic equipment normally requires more than one power-supply voltage. Switching regulator controllers are in wide use to efficiently convert between different voltages. In conventional power supply circuits, power supply ICs called 3-terminal regulators have been used despite their low efficiency, due to the convenience of requiring less external components. Switching regulator controllers are environmentally friendly with high power-supply efficiency, but not very user-friendly in that they require a number of external components and also generate noise.

ROHM integrated a switching regulator circuit and a power MOS FET into a single chip to develop ICs that can be used as easily as 3-terminal regulator ICs. The newly developed switching regulator ICs have a remarkably high conversion efficiency of 90% or more. ROHM offers an extended lineup of these ICs with a wide input voltage range of up to 50 V, enabling customers to incorporate them into products requiring high input voltage, such as plasma TVs and office automation equipment.

With a high switching frequency of up to 500 kHz, ROHM's new switching regulator ICs contribute to the miniaturization of inductors and capacitors. Furthermore, by incorporating into the ICs an oscillator capable of changing frequencies, it makes it easier to develop designs that reduce noise affecting peripheral circuitry.

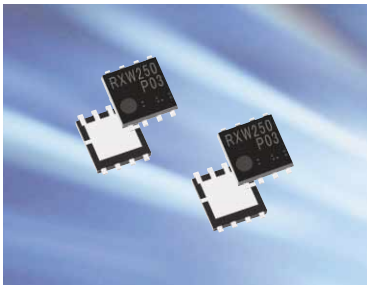
Thermal Printheads for 310 dpi Color Photo Printers, with a Power Requirement of Only 0.06 W/dot, Achieving the Industry's Highest Energy-saving Levels



Digital still cameras are spreading worldwide, replacing conventional film cameras. Dye sublimation type color photo printers have been developed to enable users of digital still cameras to print photographs from the image data stored in the cameras. The market for color photo printers as dedicated high-resolution, high-speed devices for digital still cameras that enable users to make prints quickly and easily without using personal computers, and that cause little degradation of images over time is rapidly expanding. Market growth in sales is expected to reach 7.5 million units in 2006, up from three million units in 2004.

Developed by ROHM for the expanding market of energy-saving digital color photo printers, the NF3004-VC20A is a thermal head that contributes significantly to printer manufacturers' success in developing high-resolution, high-speed printers. The NF3004-VC20A incorporates a hard conductive overcoat protective layer especially developed by ROHM to ensure excellent heat conduction, realizing high efficiency, size reduction and weight reduction at the industry's top-level*4 (a 15% efficiency increase compared with conventional models, with a 35% size reduction and 23% weight reduction) thus contributing to energy saving. Moreover, ROHM made full use of its LSI technology to mount a dedicated high-speed driver IC that was specifically developed for color printing. Incorporating this IC, the NF3004-VC20A is rated excellent in that its heating elements have high-speed response characteristics, which have a decisive influence on the quality of images

Power MOS FET in standard SOP8 Package with the Industry's Lowest Level On-resistance of 2.0 mΩ (when ID = 20 A), Half as Low as That of Conventional Products



Recently, there is high demand for a reduction in the size and weight of lithium ion rechargeable batteries to be used as the main power supplies for mobile devices such as notebook PCs. The number of applications incorporating lithium ion rechargeable batteries is also increasing. In connection with these increases is the increased demand for on-resistance reduction and increased power in the power MOS FETs*5 used as protection circuits functioning to conserve power and reduce heat generation. In the past, products with an on-resistance*6 of 5.0 mΩ and a package of dissipation power of 2.0 W were the standard.

ROHM developed the RXW250P03 exclusively for the protection circuits of lithium ion rechargeable batteries. The RXW250P03 is a P-channel MOS FET with the industry's lowest level on-resistance (2.0 mΩ), and with its high-power package (at 3.0 W) the RXW250P03 has made significant improvements in heat dissipation in comparison with conventional models. These features have allowed two MOS FETs (which had to be connected in parallel in the past) to be integrated into a single element, thus enabling high-density mounting on electronic end-products. ROHM has been making full use of its unique manufacturing technology along with its unique design and device technologies to develop products responding to market needs ahead of its competitors. The RXW250P03 is one of the fruits of an exquisite combination of these technologies. ROHM intends to continue to develop products with constant attention paid to customers' viewpoints.

***1 LVDS: Low Voltage Differential Signaling**
An interface standard that performs the differential transmission of signals within the small amplitude range of between 100 and 600 mV. Featuring high speed, LVDS is widely spread for signal transmission, such as the image signal transmission of notebook PCs.

***2 MSDL: Mobile Shrink Data Link**
A differential signal transmission method developed by ROHM for cellular phones. The MSDL interface has been developed to realize differential transmission at low power consumption.

***3 EMI: Electromagnetic Interference**
Interference caused by electromagnetic wave noise (unwanted radiation) from electronic devices. Regulatory standards are established in each country for the prevention of electromagnetic interference. Generally, the harmonic components of digital signals are EMI sources.

***4** As of August 31, 2004

***5 MOS FET**
Metal Oxide Semiconductor Field Effect Transistor

***6 On-resistance**
A resistance component that is consumed when the MOS FET is turned ON (i.e., when the current passes through). The lower the on-resistance, the better the performance of the MOS FET

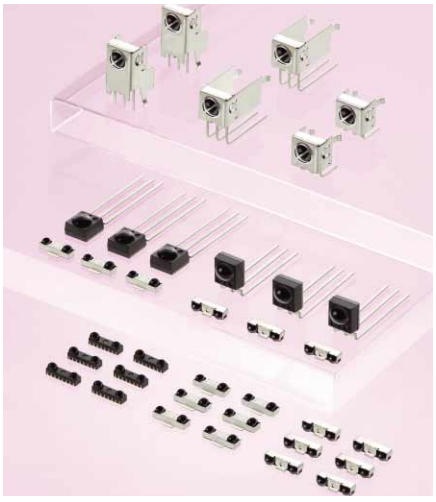
ROHM at a Glance

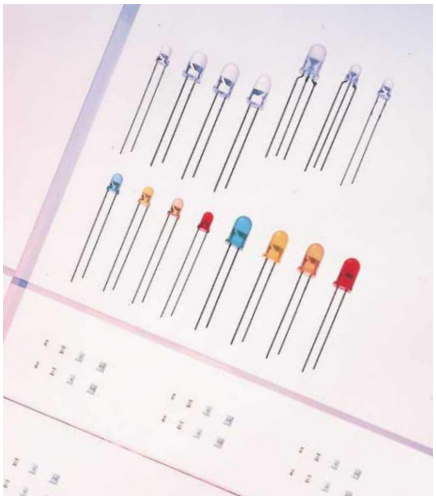
Integrated Circuits
Monolithic ICs
Power Modules
Photo Link Modules

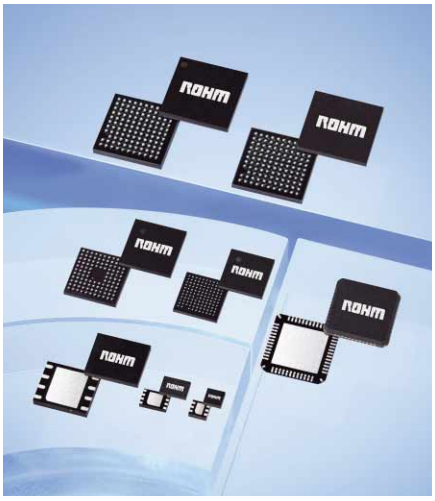
Discrete Semiconductor Devices
Transistors
Diodes
Light Emitting Diodes
Laser Diodes

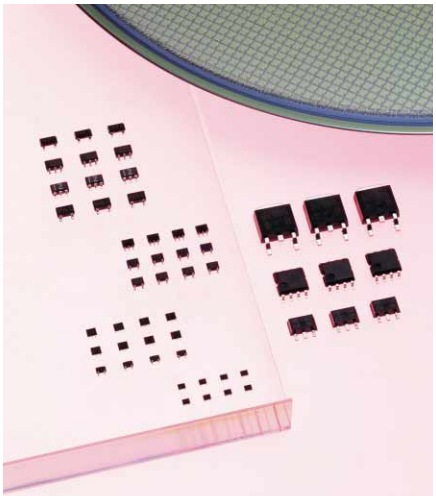
Passive Components
Resistors
Capacitors

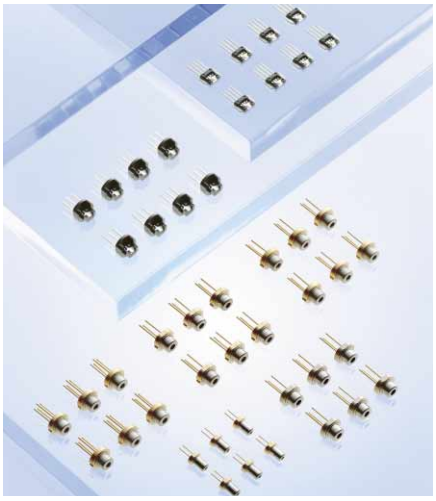
Displays
Liquid Crystal Displays
Thermal Heads / Image Sensor Heads
LED Displays
Others

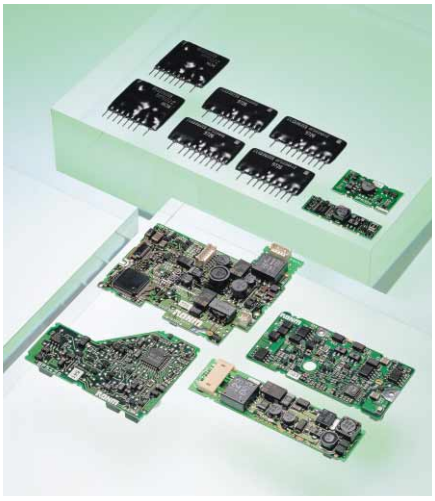
Photo Link Modules


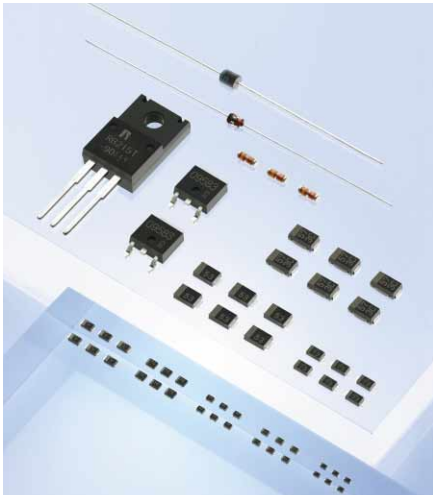
Light Emitting Diodes


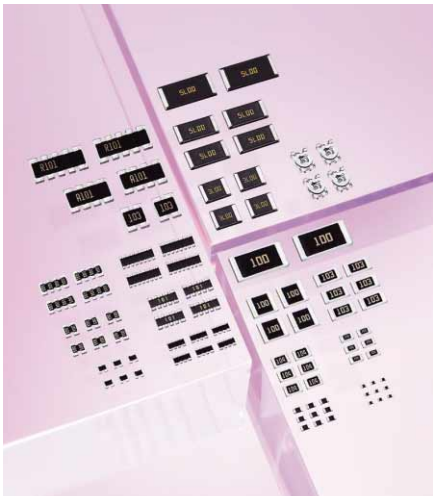
Monolithic ICs


Transistors


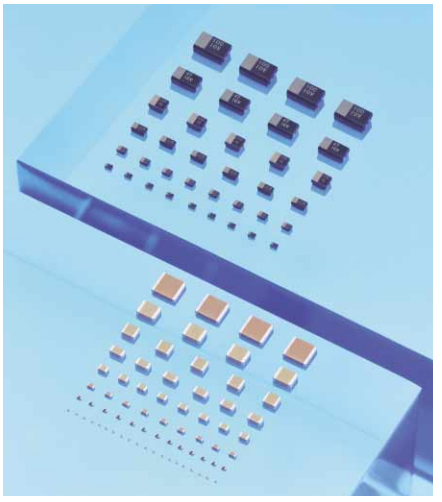
Laser Diodes


Power Modules


Diodes


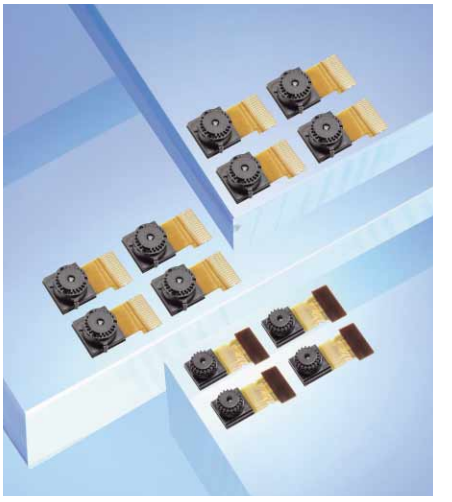
Resistors


Capacitors

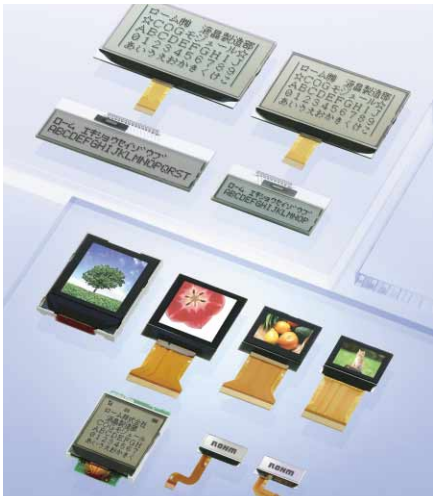


LED Displays

Camera Modules



Liquid Crystal Displays



Thermal Heads / Image Sensor Heads

Integrated Circuits

	sales (¥ million)	% of net sales	% change from previous year
2005	159,022	43.1	2.3
2004	155,447	43.7	−2.5
2003	159,424	45.5	9.7
2002	145,349	45.2	−17.2
2001	175,455	42.9	18.3

Discrete Semiconductor Devices

	sales (¥ million)	% of net sales	% change from previous year
2005	141,788	38.4	2.0
2004	139,009	39.1	2.0
2003	136,252	38.9	11.5
2002	122,173	38.0	−22.3
2001	157,237	38.4	9.9

Passive Components

	sales (¥ million)	% of net sales	% change from previous year
2005	23,610	6.4	−4.0
2004	24,601	6.9	−0.4
2003	24,688	7.1	−2.5
2002	25,313	7.9	−40.7
2001	42,691	10.4	17.3

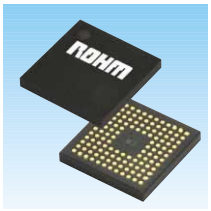
Displays

	sales (¥ million)	% of net sales	% change from previous year
2005	44,604	12.1	22.0
2004	36,573	10.3	22.3
2003	29,917	8.5	5.2
2002	28,430	8.9	−16.3
2001	33,952	8.3	5.4

INTEGRATED CIRCUITS

Monolithic ICs

Mastering the art of design in the system LSI



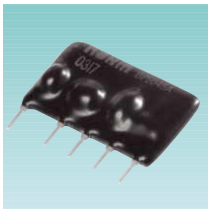
With the growing demand for multifunctional IT-related equipment and the widespread use of digital audio/visual equipment, customer requirements for system LSIs are becoming increasingly complex.

ROHM system LSIs are a product of the extensive expertise the Company has built up over years of proven success in manufacturing custom-designed LSIs, as well as the advanced planning and circuit design capabilities of its forward-thinking engineers. At ROHM, we fulfill customers' system LSI requirements with complete design solutions and comprehensive support, from product planning through wafer manufacturing, mass production and packaging. Our successful track record includes mastering the art of advanced linear circuit design that demands exceptional engineering skills, developing and delivering a variety of digital cores and an enhanced lineup of analog and digital interface modules, and establishing proprietary low-power, low-noise circuit technologies.

ROHM has also developed a System C-based system LSI design environment named "Real Platform," enabling the Company to design and verify entire processes including software and hardware concurrently with its customers using the same environment, thus greatly shortening system LSI design times and meeting customer needs with greater speed than the competition.

Power Modules

Our tremendous contribution to energy conservation



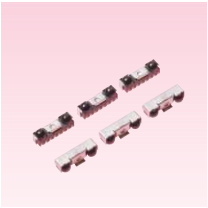
ROHM power modules, including AC/DC and DC/DC converters, contribute to energy conservation and consequently to the prevention of global warming. In recent years, the trend toward low-voltage, large-current power supplies has accelerated, in tandem with the speed of microcomputers. This trend has led to the growing demand for extremely efficient power supply solutions.

ROHM AC/DC converters meet the high-efficiency requirement. These miniaturized, lightweight power modules were developed by making full use of the Company's high-breakdown-voltage, high-speed switching circuit technology. ROHM has also brought to the market insulated models, which are now enjoying popularity as the standard power supply IC for home appliances and communications equipment.

ROHM DC/DC converters are also achieving new levels of efficiency, miniaturization and safety. They feature a dedicated LSI that incorporates a speed-up circuit and wedge-shaped protection circuit, with reference voltage precision of ±1%.

Photo Link Modules

Constant innovations in product miniaturization



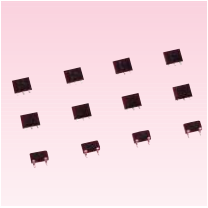
ROHM supplies IrDA and photoreceptor modules incorporating optical semiconductors (infrared LEDs and PIN photodiodes) developed in-house and dedicated LSIs.

ROHM IrDA modules are used widely in networking devices for infrared wireless data communications between mobile phones, notebook computers, and printers. ROHM has recently completed the development of a new model enabling communication at 40 times faster than conventional models. The Company has also developed and brought to the market a new, extremely miniaturized photoreceptor module, which is one-fifth the size of conventional models, intended for use as infrared receivers in the remote control units of various household appliances such as air-conditioners and TVs.

DISCRETE SEMICONDUCTOR DEVICES

Transistors

New energy-efficient solutions

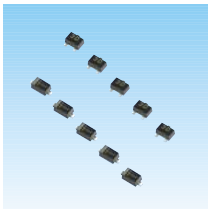


ROHM is the largest producer of discrete transistors in the world. By responding promptly to the needs of the times, ROHM maintains its leading position in the market. In response to the increasing demand for resource- and energy-saving products in consideration of global environmental protection, ROHM has expanded its environmentally-friendly product lineup with low-on-resistance MOS FETs and low-saturation small signal bipolar transistors. These products are available in microminiature VMT3 packages (1.2 mm by 0.8 mm), as well as in EMT5/EMT6 packages (1.6 mm by 1.2 mm) intended for dual transistors.

ROHM leads the industry in developing and marketing new energy- and space-saving transistors that offer unparalleled reliability and exceptional ruggedness. Meeting diverse market needs, ROHM transistors are available in thin, high-power packages and a variety of other configurations.

Diodes

Utilizing original component technology to develop advanced diodes



Diodes are the most basic discrete semiconductor components. ROHM develops and markets diode product lines that command the top share of the world market. This success is attributed to our commitment to remaining rigidly faithful to our policy of sticking to the basics while developing products and solutions always with an eye toward future needs.

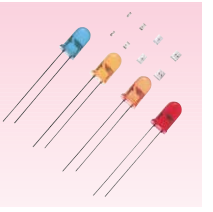
One example of this approach is our proprietary device technology, which allows our Schottky diodes to combine low forward voltage (VF) and low reverse current (IR) in the same diode. This was a once unattainable combination. With this advantage, ROHM Schottky diodes have earned strong customer support in a myriad of markets.

ROHM's accumulated technology in the small signal and middle power class categories has been expanded into the power diode area. The Company has developed and brought to the market high-quality power Schottky diodes and fast recovery diodes (FRDs), which have received positive customer feedback. In addition, ROHM has completed the development of high-power, low-VF Schottky diodes including 200 V models, and many other high-performance models are also ready to be released on the market. In the small signal category as well, ROHM intends to continue to enhance the lineup of high-performance Schottky diodes and zener diodes, with a focus on those products housed in the ultra-compact VMN2 package (1.0 mm by 0.6 mm).

ROHM continues to serve market demands by meeting technological challenges as they evolve, developing high-reliability products and offering stable supply.

Light Emitting Diodes

Bright sources in energy efficiency



ROHM is one of the world's leading producers of both surface-mount LEDs and conventional LED lamps. With our advanced compound semiconductor technology, we are able to design and develop packages suited to the needs of the times and the requirements of our customers.

ROHM's LED product line includes red LEDs offered in super-thin (1.6 mm by 0.8 mm; 0.4 mm in thickness) packages, as well as many other models available in top-view, side-view, and reverse-mount packages. Our LED lamp products include a one-of-a-kind 3-mm-diameter model with no solder blowholes, which can be directly mounted on a board using a pick-and-place machine. While our LED product offerings may be diverse, they share the same high reliability and advanced energy-saving features that our customers have come to expect.

Laser Diodes

Setting the worldwide standard in the optical disc market

By offering a product line of highly reliable solutions developed with advanced device technology, ROHM has become the world leader in producing laser diodes for the ever-growing optical disc market.

ROHM laser diodes are finding widespread application in the optical disc drive market, which is undergoing a significant shift from playback-only to recordable models, as well as in the laser printer market, where faster speeds and higher resolutions are always in demand.

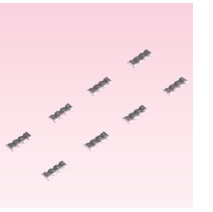
ROHM's active efforts also include the development of higher-laser-output-power products in anticipation of future market trends. We have already surpassed the competition by delivering a 240 mW laser diode for x16-speed recording, the highest available speed for DVD recording.

We have also enhanced our package lineup by adding a new thin-frame type product. As these examples demonstrate, our flexible development approaches enable us to respond quickly to the increasingly diverse needs of the market.

PASSIVE COMPONENTS

Resistors

Flexibility in production, the key to market leadership

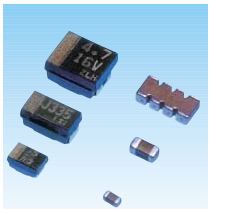


Ultra-compact rectangular chip resistors and chip resistor networks, first developed by ROHM, are essential components for mobile phone handsets, PDAs, and other information technology equipment. ROHM has expanded its resister lineup to accommodate the needs of various fields, by adding the world's smallest MCR004 resistor (0402-size) ideal for increasingly miniaturized electronic end-products, and the ESR series of surge-resistant chip resistors and the KTR series of high-voltage chip resistors, both featuring exceptional reliability, as well as the PMR series of chip resistors for battery detection and the MVR series of the world's thinnest chip trimmer potentiometers.

ROHM continues to meet the challenges of the new millennium by delivering a stable supply of high-quality products within shorter delivery time based on advanced supply chain management.

Capacitors

Higher capacity for smaller products



ROHM multi-layer ceramic chip capacitors and tantalum capacitors boast the highest degree of reliability, thanks to our exclusive cutting-edge automated production system designed to assure quality stabilization. By successfully establishing production bases overseas, we have enhanced our ability to supply these capacitors to markets worldwide.

In response to the growing demand for surface mount components, ROHM offers an extensive lineup of multi-layer ceramic chip capacitors, ranging from ultra-compact (0402-size) to large (5750-size) products.

The Company is also making tremendous strides in developing miniaturized, larger-capacity tantalum capacitor products. Orders are increasing for ROHM's bottom electrode type, M-case, low-profile P-case, and low-profile A-case capacitors, particularly for mobile phone and digital camera applications. These products are offered in ROHM's original chip-size packages, which combine the use of bottom and side electrodes to realize a twice-as-large capacity than that of conventional models.

To meet a wider range of requirements, ROHM has also expanded its capacitor lineup to include new compact models of ultra-low ESR, functional polymer capacitors.

DISPLAYS

Liquid Crystal Displays

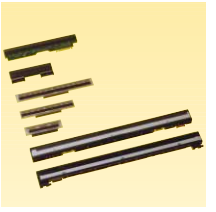
Combining semiconductor, display, and mounting technologies in one module

ROHM's STN LCD modules incorporating the Company's proprietary LCD driver ICs are widely used for mobile phone sub-displays. Our color STN models offer crisp, clear and vivid images, as well as excellent visibility. Being ultra-compact and featuring slim bezels, our monochrome models are mountable without compromising end-product design, enabling customers to develop more compact, more lightweight electronic equipment than ever before.

ROHM LCD modules also find wide use in printers, facsimiles and audio equipment.

Thermal Heads / Image Sensor Heads

Integrated innovations for industry-leading performance



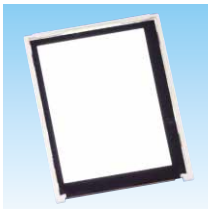
Using its leading-edge LSI technology, thin/thick-film hybrid technology and proprietary optical components, ROHM has developed thermal printheads and image sensor heads, which are essential components for bar code printers, point-of-sale (POS) printers and multifunctional imaging and printing devices. Made with a ceramic substrate that ensures stable operation under high temperature conditions while producing only minimal dust, our thermal printheads and image sensor heads offer exceptional reliability. For these reasons, ROHM thermal printheads and image sensor heads are extremely popular in the market.

To meet the rising demand for higher speed mobile printers, ROHM has developed the miniaturized, lightweight GT series of thermal printheads designed for POS and electronic cash register (ECR) applications. We have also released the NF thermal head series for use in color photo printers. With a power requirement of only 0.06 W/dot, the energy-saving NF series realizes prints comparable in quality to true photographs.

Targeting the wide-ranging needs of the growing multifunction printer market, we have expanded our lineup of image sensor heads to include low-power-consumption 600 dpi image sensor heads designed for flatbed scanners, featuring the resolution selection function as well as an excellent combination of 3.3 V low-voltage driving and high-speed scanning capability. 1200 dpi models are also available.

LED Displays

Excellent visibility while maintaining energy efficiency

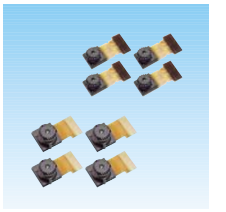


Providing a 1,024-level grayscale driver for each of the three colors (red, green and blue), ROHM full-color dot-matrix LED modules are capable of producing and displaying colors close to natural. They enjoy a very favorable reputation in the market, finding applications in, for example, portrait-oriented LED display boards for advertisements and promotional purposes as used in boutiques and showrooms, as well as in information boards in public arenas, such as destination screens on trains.

Custom LED backlight modules from ROHM are widely used in mobile phones in Europe and other regions. By taking advantage of our proprietary CAE system, which allows a flexible development approach, ROHM can respond quickly to the increasing demand for thin, lightweight, low-power-consumption backlight modules. Using in-house high-intensity LED products enable our custom LED backlight modules to reduce power consumption significantly.

Camera Modules

High-definition images with ROHM's proprietary optical technology



Capturing memories and moments in time with still images and video has become a critical function of portable equipment, and ROHM's camera modules contribute greatly to this evolution.

As camera modules are usually used in compact, portable equipment, demand is growing for even smaller modules with lower power consumption that also produce higher-quality images. ROHM develops and offers high-performance camera modules featuring the Company's proprietary aspheric lens sheets, which have made further miniaturization with higher-quality image production possible while also lowering power consumption even in video recording mode.

Management Policies and Financial Data

CONTENTS

Management Policies

Basic Management Policy

ROHM believes added values created by the company's performance should be allocated to all stakeholders; including shareholders, employees, and local communities in appropriate proportions as well as allotment of retained earnings for business investment and increased competitive strengths. To pursue this objective and to establish an extensive and continuous value, it is essential to obtain the understanding and cooperation of all who have stakes in the company's performance. Making ROHM stocks more attractive to investors has been one of the highest priorities of the company's management.

It is based on these considerations that ROHM has committed itself to developing market-leading products, including high-value-added system LSIs for digital information technology and mobile electronic equipment, which are expected to undergo rapid growth, along with optical devices, another area with considerable growth potentials. As another fundamental policy, ROHM also pursues the enhancement of cost competitiveness through optimal utilization of its distinctive production technologies and consequently lead the world electronic component market.

Basic Policy on Distribution of Profits

In light of comprehensive considerations given to various factors; including business performance, financial position, and expected demand for funds to increase business investment aimed at improving corporate value, ROHM will continue with its current measures and policies to meet shareholders' expectations in distribution of profits. Specifically, by keeping the dividend rate consecutive in consideration of the consolidated dividend payout ratio, while implementing flexible return-improvement measures such as treasury-stock purchases in light of cash-flow conditions, intending to improve the total return ratio.

For ROHM to sustain its growth and improve its performance in the semiconductor industry, the market with expected medium to long term growth is essential to have product development capabilities that outperform other manufacturers and simultaneously enhance cost competitiveness. With the accelerated sophistication of development and manufacturing technologies, which serve as core factors in such competitions, funds required for investment in R&D and production facilities in the Company's core business areas—semiconductors and optical devices—are increasing each year. In order to make appropriate and prompt investment aimed at retaining and strengthening ROHM's international competitiveness and growth potential in the dynamic semiconductor industry, it is imperative to constantly maintain ample reserve funds. Specifically, the company believes that it will be increasingly necessary to make large-scale investments in construction of production lines for large-diameter 300mm wafers, 90nm or smaller, ultra-fine processes, and optical devices. To extend ROHM's corporate value over time and to perform joint tasks or acquire Japanese and overseas companies, ROHM intends to use retained earnings in the best effective manner with prospects of synergy impacts on its business.

Policy on Changes in Minimum Trading Lot Size

ROHM reduced the minimum trading lot size of its shares from 1,000 to 100. This change produced positive results, as the number of shareholders has increased rapidly since then.

Decision in further reduction of the minimum trading lot size is subject to careful examination of the factors involved, including cost-benefit performance and the liquidity of shares.

Referenced Corporate Performance Indexes

ROHM is making continued efforts to ensure its earning power by taking various steps, including the development of new products while reinforcing its sales operations. ROHM appends importance to indexes representing the rate of return, such as EBITDA*, as well as asset turnover ratio and business investment efficiency.

*** EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization)**
An index obtained by adding interest expenses and depreciation to income before income taxes and minority interests. This index is commonly used to compare corporate earnings internationally.

Medium- to Long-term Corporate Strategies

Amidst the anticipated expansion of the electronics market over the medium to long term in parallel with the progress of the highly sophisticated information society, international competition is expected to intensify mainly due to widening fluctuations in demand, mandating realignment of the industry, and the shakeout of non-competitive businesses.

To ensure stable growth and a strong and well-balanced financial position under such circumstances, a range of mea-

sures should be taken. These include development of creative and high-value-added products utilizing world leading advanced technologies, enhancement of cost competitiveness, establishment of a global production and distribution network that conveys high customer satisfaction in both domestic and overseas markets, and strengthening technical support and service systems for customers. An integrated developmental production system, development of custom-designed products, higher levels of quality, and above all, persistent efforts to formulate implementation measures in these respects, hold unequivocal importance to ROHM.

To elaborate more specifically, ROHM is increasing R&D personnel and strengthening the corporate operations in digital and digital/analog integrated technologies. In addition to its original REAL SOCKET design system used to develop complicated, high-performance system LSI circuits, ROHM has newly developed REAL PLATFORM which cuts design lead-time and speeds up the development of system LSI circuits. With these innovative technologies, ROHM aims at satisfying various customer needs, including the supply of larger-scale and higher-performance system LSI circuits in shorter cycles, particularly in the markets for digital home appliances and information and communications equipment. We are also committed to the development of optical devices, including laser diodes and LEDs that use zinc oxide as the main material. Demand for both of these products is expected to grow rapidly in the markets of next-generation, high-density optical discs and optical communications technologies. Organic electroluminescence displays, which are attracting attention as next-generation displays, are another product ROHM is committed to. In addition, ROHM intends to upgrade its high-quality, high-reliability product lines to satisfy needs from automobile-related markets that are increasing electronic content.

ROHM's bases for technological enhancement include the Yokohama Technology Center, Optical Device Research Center, and the LSI Test Technology Center, which are located at the headquarters premises. These bases reinforce the in-house R&D system for further growth in the future.

ROHM is also in providing product-related suggestions and technical support to its customers worldwide. To increase contributions to the development of next-generation technologies, ROHM is actively involved in a wide range of joint R&D projects, including comprehensive industrial-academic collaboration alliances with Kyoto University and other leading institutions; joint efforts with the Semiconductor Industry Research Institute of Japan—a think-tank for the Japanese semiconductor industry; and participation in other Japanese national leading-edge R&D projects, ASCA (Advanced Semiconductors through Collaborative Achievement) and MIRAI (Millennium Research for Advanced Information Technology), both of which integrate the expertise of academic, industrial, and governmental circles. ROHM is also promoting partnerships with other companies wherever necessary to complement its technologies and consequently improve the efficiency of R&D activities.

Regarding the organization of its production system, ROHM is aggressively improving cost competitiveness and reinforcing the corporate supply system capable of handling a worldwide market. More details in this area concerns the front-end process of semiconductor production, where the company is adopting larger-diameter wafer processes, such as the 300mm wafer process. For the back-end sequence, ROHM is vigorously shifting production to overseas plants, including those in Thailand, the Philippines and China, while upgrading the overseas plants. ROHM's existing domestic plants are clearly positioned as "mother" plants for the construction of the ROHM Group's production network, with the focus on further accumulation of production technologies. Such production technologies established by domestic plants will then be shared with overseas plants to manufacture and supply ROHM's high quality products throughout the world.

Through focusing on quality first and foremost not only in the manufacturing division but also in the field of technological development, including LSI circuit design and manufacturing technologies, ROHM will extend company-wide efforts to enhance the reliability of its products. ROHM is also determined to produce components such as wafers, photomasks and lead frames in-house. Developing products in-house that exceed competitors' products in quality and reliability will reduce lead-time and ultimately improve international competitiveness.

ROHM continues in its efforts to achieve efficient management and swifter decision-making processes throughout the entire ROHM Group. In general, ROHM plans to restructure and integrate cooperative organizations in and outside of Japan, expanding its market share in the growing global markets. As an example, ROHM plans to strengthen its sales system in China.

To contribute to environmental conservation, ROHM Group as a whole continues to make progress with establishing and implementing an environmental management system based on ISO 14001 standards. ROHM environmental conservation activities include the development of low-power-consumption, energy-saving products, as well as efforts to promptly attain zero emission goals through the promotion of recycling waste and support of "green" procurement and supply at all production bases in Japan and overseas. ROHM is implementing a tree-planting project as part of the fight against global warming. ROHM has already completed the actions necessary to satisfy the industry leading RoHS Directive, the environmental conservation regulations that will take effect in 2006 in Europe.

Priority Issues

As the electronics industry is expected to grow in the medium to long term due to the increasing demand for digital home information equipment and more sophisticated automotive electronic control systems, technological competition and price conflicts are also intensifying continuously on a global scale. This increasingly intense condition mandates a constant supply of internationally competitive products through innovative, high-quality processes and technologies, and continuous cost-reduction efforts.

Under these circumstances ROHM has committed itself to improving its business performance. Such improvements materialize through development of high-value-added products and technologies in anticipation of future customer needs, higher quality and reliability standards, enhancement of production and marketing systems, and thorough streamlining and cost-effective measures throughout the entire Group.

Basic Policy and Measures for Corporate Governance

(1) Basic policy concerning corporate governance

It is demanded that corporate governance functions effectively today. ROHM believes that corporate management and actions must be fair, unbiased and transparent. This belief is founded on the idea that a company is an entity supported by all the stakeholders including shareholders, customers, local communities and employees. In this respect, ROHM regards the establishment of corporate governance as an extremely important issue.

Based on the above understanding, and in consideration of all who have stakes at the company's standing, ROHM conducts its business actions by giving top priority to the improvement of its corporate value.

(2) Updates on the performance of corporate governance-related actions

In the semiconductor industry, the conditions surrounding corporate management frequently changes. At ROHM, the Directors, who are well-informed of the Company's businesses and technologies, have executive power and supervise each other. ROHM believes that, under such severe business conditions, such a flexible and dynamic management system is the most effective. As a supervising function on the company's executive system, ROHM retains the conventional auditing body based on the idea that management organization is sufficiently strengthened and empowered by the corporate audit system.

For the Board of Directors to have sufficient discussion and make adequate and swift decisions, the number of Directors is a mere ten or below. Having a Board of Directors of the proper size enhances its functionalities. (Note: All directors are members of the company.)

To oversee the executive members and enhance the auditing functions, ROHM has five corporate auditors who do not have any affiliation with the company. The auditors are committed to building a fair management supervision system through legally stipulated audits.

In addition to corporate auditors, ROHM also has the Internal Audit Division, which is directly supervised by the President. The Division has three members, one of whom functions as head of the Division. The Division audits individual in-house divisions to check for operational compliance with in-house rules and regulations and ensures that corporate governance is followed throughout the entire company.

To secure the timely disclosure of corporate information and the fairness of financial reports, ROHM directs all the divisions of the Company and affiliated companies to control information comprehensively, based on internal guidelines (e.g. insider-trading prevention control regulations, confidential-information control regulations, etc.). ROHM also distributes action guidelines to company employees and holds in-house lectures, thus educating and informing employees, thereby ensuring proper information control and timely and adequate information disclosure.

In ROHM's auditing procedure, the corporate auditors attend major management meetings such as those of the

Board of Directors, the corporate auditors and the Internal Audit Department-who audits the individual divisions of the Head Office and domestic and overseas affiliates. Through meetings, management teams and inspecting documents and reports, the reviewing procedure ensures total compliance of the Directors and other executive members with laws and regulations. Such inspections examine preparedness of the whole Group's internal control system, and protect company assets through compliance with internal mandates.

Each organization, based on the characteristics of the risks it faces, addresses each individually. For certain risks that require professional knowledge, committees are established to deal with them, in order to preclude or minimize the impacts of the risks if unavoidable.

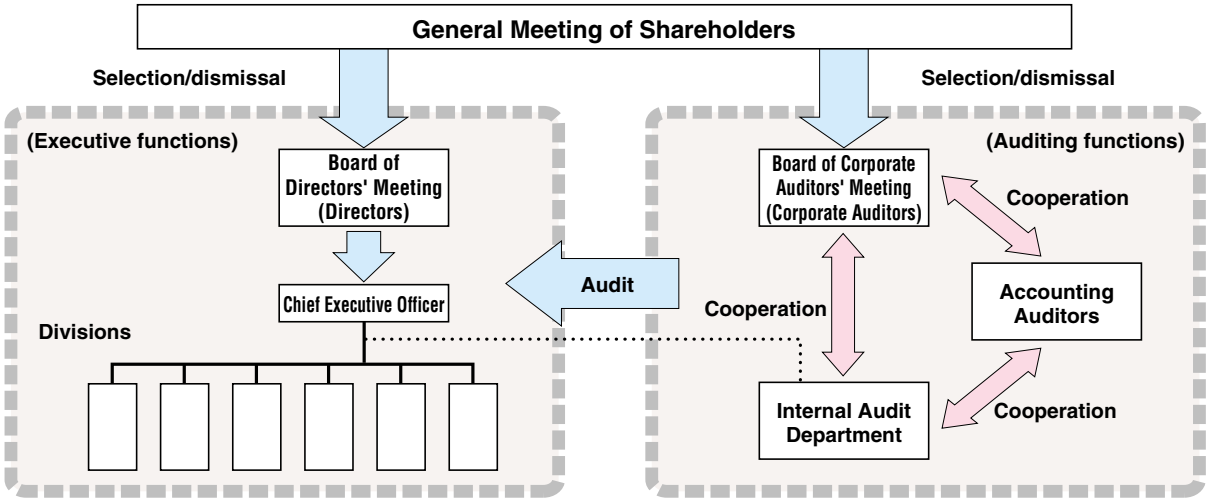
All auditing bodies—corporate auditors, the accounting auditors, the corporate auditors, the Internal Audit Department—hold regular meetings and exchange information and opinions proactively. Sharing the information they obtain through their respective auditing operations enhances overall auditing operation.

Concerning accounting audits, ROHM is in contract with the auditing organization Deloitte Touché Tohmatsu, and has its accounting audited based on special applicable commercial laws as well as the Security Exchange Act. ROHM has established an environment where the organization can perform audits from a fair, unbiased position as a third party.

In addition to the above, ROHM is committed to disclosure of information so as to ensure a fair and transparent management. A wide range of information disclosure initiatives are carried out by the Company in this context, including holding information sessions for research analysts, fund managers and other institutional investors, as well as disclosing financial information on the Internet.

ROHM is also committed to performing its social responsibilities for sustainable development as a corporate citizen. Specifically, the Company is performing various activities to retain and improve good relationships with society and local communities such as donating research equipment to universities and proactively dispatching employees to local volunteer activities.

<ROHM Corporate Governance System>



(3) Personal relations, capital relations, business relations, or other relations of interest among the Company, the outside board members of the Company, and the outside corporate auditors

As mentioned previously, ROHM has no outside board members. The five outside corporate auditors have no personal or business affiliation with the Company that might influence the independence of the audits.

(4) Efforts for the improvement of the Company's corporate governance in the past year

As part of continued efforts for improving corporate governance, the company committed itself to educational activities for the improvement of corporate moral. For example, the

Company organized an employee education program to ensure compliance with laws and regulations. To ensure compliance with the revised Subcontract Act, ROHM prepared a manual and held lectures targeted at those in management positions of the Group companies in Japan, including ROHM and subsequently educating and informing the employees. In addition, in response to the enforcement of the Law concerning the Protection of Personal Information, ROHM established a Privacy Policy, and is actively working on the improvement and reinforcement of corporate organization for information control.

Operating Results and Financial Status

1. Operating Results

Review for the Year Ended March 31, 2005

Overall review of results of operations

In the fiscal year ended March 31, 2005, the world economy stayed strong in the first half because of a continued modest uptrend, but in the second half, the soaring cost of crude oil and other raw materials adversely influenced production and consumer activities, turning the economy into a downtrend. The Japanese economy also remained steady in the first half, supported by a recovery in consumer spending, but in the second half, the recovering economy entered a sluggish phase, due to increases in material prices, bad weather and natural disasters affecting consumer spending and production.

In the electronic component industry, the market of consumer appliances, including digital audio/visual equipment such as thin profile TVs and DVD recorders, recovered healthily in the first half of the year, supported mainly by the demand yielded by the Athens Olympic Games. However, the demand related to the Olympic Games disappeared after summer, and the market, especially the consumer appliance market, entered an adjustment phase. In addition, the adjustment of production of mobile phones in China and general price reduction caused by intensified competition adversely affected the market, which made a sudden downturn from the autumn.

Regarding individual regions, the market for consumer appliances in Japan, especially digital audio/visual equipment, remained strong in the first half. After the summer, however, the economy entered an adjustment phase. In other Asian countries, the consumer appliance market remained steady, supported by the demand related to the Olympic Games. After the summer, however, the production of products such as digital audio/visual equipment started to be adjusted and the market related to personal computers became stagnant. The conventional audio/visual equipment market remained weak and the production of mobile phones in China was adjusted, so much that the economy made a rapid downturn after the autumn. In the U.S., the market related to automobiles was relatively steady; however, production continued to be shifted to Asian countries, and the economy remained in a severe condition. In Europe, higher-performance mobile phones became more common, but the demand for them did not grow as expected and their production was adjusted. As in the U.S., production was shifted from Europe to Asian countries, making the market stay sluggish generally.

Under these circumstances, ROHM Group continued to streamline manufacturing process lines and committed itself to more efficient capital investment, while pouring efforts to research and development of new products. In manufacturing, we were engaged in building a 300 mm wafer process and started to use the process for mass production. To ensure product reliability that is far better than that of competitors in the industry, we also committed ourselves to internal production of materials, including wafer materials, photomasks*1 and lead frames*2. The Company also continued the shift of domestic production lines to overseas plants such as in Thailand, the Philippines and China, and started to build a new plant in Dalian. To satisfy the growing needs for larger-scale, higher-performance system LSI circuits for digital home appliances and information and communication equipment, we improved our 0.13 µm ultra-fine production. We were also committed to reinforcing the LSI-circuit development and design system, developing the REAL PLATFORM*3, a development platform that enables us to reduce design lead-time of system LSI circuits, which are becoming increasingly large in scale and high-performance. At the same time, we made efforts to enrich the product lineups, by developing various system LSI circuits for mobile phones and digital audio/video equipment, whose markets are expected to grow further. In discrete semiconductor devices divisions, we increased the lineups and productivity, such as compact package products, power devices*4 and high-power laser diodes.

As a result of these efforts, ROHM's net sales for the fiscal year ended March 31, 2005, increased 3.8% to ¥369.024 billion from the previous year, and net income were down 29.2% to ¥45.135 billion respectively.

*1 **Photomask**
A glass plate used to transfer LSI circuit patterns onto silicon wafers.

*2 **Lead frame**
Frame components, such as pins, for connection between the silicon chips sealed in a package and the board.

*3 **REAL PLATFORM**
ROHM's original LSI design tool that enables simultaneous LSI hardware design and software design, thus slashing LSI-circuit development lead-time.

*4 **Power device**
A semiconductor used to control high currents and high voltages. Power devices with higher efficiency and less heat production are considered desirable

Divisional review of results of operations

<Integrated circuits>

ROHM's sales of integrated circuits for the fiscal year ended March 31, 2005 increased 2.3% to ¥159.022 billion.

For sales used in home appliance segment, the sales of system power-supply LSI circuits and system motor-driver LSI circuits for small equipment such as DVD recorders and digital still cameras grew in the first half, because of the growth of the digital audio/visual equipment market. During the summer, production entered a downtrend, and the market entered a seasonal adjustment phase after autumn, especially for the products for digital still cameras, resulting in sluggish sales. Sales for conventional audio/visual equipment, such as portable CD players, were also sluggish.

For sales in mobile phones, inventory adjustment was performed in China. However, mobile phones became increasingly high-performance in overseas markets and the market for third-generation mobile phones grew in Japan. As a result products for use in mobile phones, especially new products such as LCD-driver LSI circuits, image-processing LSI circuits and sound-generator LSI circuits sold well. The new products such as CCD camera power-supply LSI circuits also contributed to the strong sales. We made efforts to increase sales in the Asian region and reinforced customer support operations in Taiwan and Shanghai.

For products targeted at personal computers, orders for silent single-chip system LSI circuits for notebook PCs and power-supply LSI circuits for writable DVD drives increased. But since the entire market of PC peripherals such as optical disc drives was sluggish along with increasingly intense competition the total sales closed weakly.

For production operations, we were committed to improving production efficiency, quality and reliability further in domestic plants for the back-end process, while reinforcing the operations of producing high-quality, high-reliability products in overseas plants. We also enhanced the production lines of compact, thin packages for mobile phones.

In the front-end process, we proceeded with switching the production of wafer materials, photomasks, lead frames and other related materials to in-house production. This move ensures quality that is much better than competitors' products while reducing lead-time. For cost reduction, we started the full-scale operation of 300 mm wafer process line. We also made efforts to upgrade the process of 0.13 µm ultra-fine process for products used in the digital audio/visual equipment market.

For function modules, an increased number of ultra-miniature IrDA*5 communication modules were adopted in the domestic mobile-phone market. We made cost-reduction efforts, such as relocating production sites to China and using more locally produced materials.

Concerning general-purpose LSI circuits, our original double-cell (W-CELL) system-based EEPROM increased its market share, contributing to sales increase.

*5 **IrDA**
An infrared data communications standard commonly used in laptop computers, mobile phones, PDAs etc.

<Discrete semiconductor devices>

ROHM's sales of discrete semiconductor devices for the fiscal year ended March 31, 2005 increased 2.0% to ¥141.788 billion.

Thanks to the demand generated by the Athens Olympic Games, we were actively committed to enriching the product lineups of power transistors and power diodes for digital audio/visual equipment such as thin profile TVs and DVD recorders in the first half, achieving strong sales performance. However, in the second half, the electronics market became stagnant, and the sales performance of products such as small-signal transistors decreased. The price reduction also influenced the sales.

For laser diodes, due to intensifying price competition in the market of components for portable CD players, the sales

of conventional products stayed stagnant. However, in high-power laser diodes used for writing on CD-RW*6 and DVD recorders, the Company increased its share steadily. We began development of new products, such as high-power dual-wavelength laser diodes.

In the LED area the sales of white LEDs grew steadily mainly due to mobile phones applications in the first half, but since in the second half, the mobile-phone market entered an inventory adjustment phase, the number of incoming orders decreased.

For the production system, ROHM TSUKUBA CO., LTD. started full-fledged operation, increasing the front-end process production capacity of MOS FETs*7, which are expected to increase in demand in such segments as the power-supply equipment market. On the other hand, for the back-end process, we proceeded with the shifting of lines to overseas plants to reduce cost.

***6 CD-RW**
A compact disc on which data can be rewritten any number of times.

***7 MOS FET**
Metal-oxide semiconductor field-effect transistor, featuring low power dissipation.

<Passive components>

ROHM's sales of passive components for the fiscal year ended March 31, 2005 decreased 4.0% to ¥23.61 billion.

ROHM directed its efforts to the development of new lines of high-value-added products, including high-reliability products for automotive electronics equipment, ultra-miniature products, compound products, high-accuracy products and high-capacity products. We began further enrichment of our product lineups. Nonetheless, since demand for products used in mobile phones and personal computers was sluggish and sales prices dropped due to intensified competition in overseas markets, the sales of these products were not brisk. To deal with the growing price competition, we made more cost reduction efforts, continuing to shift production to overseas plants and streamlining operations.

<Displays>

ROHM's sales of displays for the fiscal year ended March 31, 2005 increased 22.0% to ¥44.604 billion.

Sales figures for printheads, image sensor heads for multi-function printers*8 and printheads for miniaturized printers, including for POS (Point-of-Sale) systems and others, remained very agile.

The sales of LCD modules, mainly those applicable to mobile phones, increased the market share.

Concerning camera modules, the market expanded steadily for application to mobile phones. During and after the autumn, mobile-phone inventory adjustments in China influenced the sales; nonetheless the sales experienced an increase. shifting production lines to overseas plants was implemented in this field too.

***8 Multifunction printer**
A printer capable of performing multiple functions besides printing, such as copying, faxing, scanning etc.

2. Analysis of Financial Status and Operating Results

(1) Business Performance Report

The sales for the fiscal year ended on March 31, 2005 were ¥369,024 million yen, up 3.8% from the previous year. However, because the sales price per product lowered and due to the expenses and operational cost related to maintenance and new introduction of manufacturing processes, the ratio of gross income to sales deteriorated 5.1 points. R&D cost and outgoing donation increased, the corporate enterprise tax increased due to the newly introduced factor-based tax system, and selling, general and administrative expenses increased ¥5,570 million from previous year, resulting in the business profits of ¥76,054 million, down 19.5% from the previous year.

In the previous year, ROHM recorded a foreign currency exchange loss of ¥5,529 million, as well as a loss of ¥2,205 million from the cost of shifting the employees' pension plans to the defined contribution pension plans, while an income of ¥10.9 billion occurred as a result of returning to the Government the portion of the pension funds that the Company had collected on behalf of the Government, resulting in an increase in income before income taxes and minority interests. In this year, the Company made a profit of ¥333 million from exchange gains, while a loss of ¥7,934 million occurred in relation to early retirement, resulting in a decrease in income before income taxes and minority interests.

As a result of these conditions, the current net income decreased 29.2% from the previous year to ¥45,135 million.

The ratio of corporate taxes paid decreased 0.7 points from the previous year.

(2) Financial Position

As of March 31, 2005, total assets amounted to ¥867.323 billion (up ¥20.523 billion from March 31, 2004); total liabilities, ¥127.653 billion (down ¥2.914 billion); minority interest, ¥341 million (up ¥46 million); and total shareholders' equity, ¥739.329 billion (up ¥23.391 billion).

The status of cash flow for the fiscal year ended March 31, 2005 is as follows:

Net cash provided by operating activities increased ¥13.553 billion from the previous year. This is primarily because the income before income taxes and minority interests decreased ¥30.228 billion, because cash inflow related to accounts receivable increased ¥11.538 billion, and because the corporate taxes paid decreased ¥27.636 billion.

Net cash used in investing activities decreased ¥15.292 billion from the previous year, primarily because of an increase of ¥20.692 billion due to decrease in time deposits and because of the increase in the cash outflow in the amount of ¥33.533 billion resulting from the acquisition of tangible fixed assets.

Net cash used in financing activities decreased ¥27.008 billion from the previous year, primarily because the spending increased ¥19.882 billion due to the treasury-stock purchases and because dividend payments increased ¥7.126 billion.

As a result, total cash and cash equivalents showed a decrease in the amount of ¥21.603 billion, so that the balance for this fiscal year amounted to ¥288.975 billion.

3. Risks Concerning the Company's Businesses

The following are the risks that may have a great impact on the Company's financial status and operating results:

(1) Risks Associated with Market Changes

The semiconductor industry and electronics component industry are subject to sharp, abrupt changes in market conditions, as end set manufacturers may adjust production according to the sales conditions of electronic products and competition in prices and technology development with rival companies. Prices are especially susceptible to a sudden drop according to supply-demand relationship, the pricing strategies of other companies, and other factors. Such price changes may adversely influence the statements of income in regard to maintaining or increasing sales.

(2) Exchange Risks

ROHM has development bases, manufacturing bases and sales bases around the world. The financial statements prepared in local currencies are translated into Japanese yen to prepare the consolidated financial statement. Therefore, even if the values in the local currencies are the same, the profits and losses on the consolidated financial statement may be different because of the exchange rates at the time of translation.

The Group produces products in Japan and other Asian countries and sells them in Japan, other Asian countries, the Americas and Europe. Because different currencies are used between production bases and sales bases, we are influenced by exchange rate fluctuation. Generally, a strong Japanese yen adversely influences our business performance, while a weak yen has favorable influence.

(3) Risks of Product Defects

The Company places the top priority on quality persistently, as stated in the Company Mission, and we produce products under severe quality control. However, this does not guarantee that we never produce defective products or that we will never be liable to pay for product losses by a buyer. If a buyer makes a claim for losses with regard to our products, our statements of income may be adversely influenced.

(4) Legal Risks

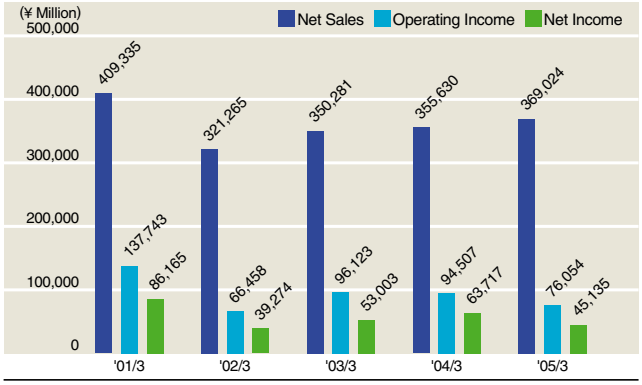
To manufacture products distinguished from the products of other companies, we develop various new technologies and know-how, and produce and sell products worldwide based on such original technologies. We have a specializing division that strictly supervises in-house activities to ensure that the technologies and know-how the Group uses do not infringe the intellectual property rights of other companies, such as patent rights. In addition, to conserve the environment, protect health and ensure safety, we comply with all the relevant laws and regulations in all the fields we do business in, monitoring gas emissions, drainage, harmful-material utilization and handling, waste treatment, and soil/underground water pollution. However, we may shoulder legal responsibilities in this respect, because of a difference in views among those concerned or unexpected events, possibly having an adverse influence on the statements of income.

(5) Natural Disasters and Geopolitical Risks

The Group performs development and manufacture activities in Japan and seven other countries and we have production lines located at different bases as a measure against these risks. However, we may suffer damage due to earthquake, typhoon, flood and other natural disasters, or political uncertainty or international conflict. If these events prevent us supplying products to customers, our statements of income may be adversely influenced.

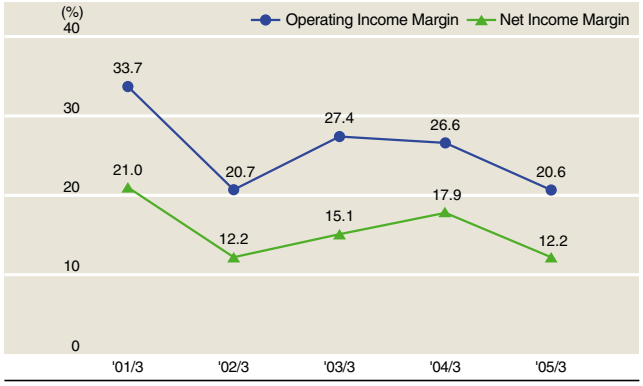
Results of Operations

1. Results of Operations



The Company's business remained strong in the first half of the year, mainly in the area of electronic components for the consumer equipment market, supported chiefly by the demand driven by the Athens Olympic Games. However, with the market entering the correction phase, also affected by mobile phone production adjustments in China and declined sales price per product, the electronic component market made a sharp downturn in the second half of the year. A strong yen against the dollar also adversely influenced income.

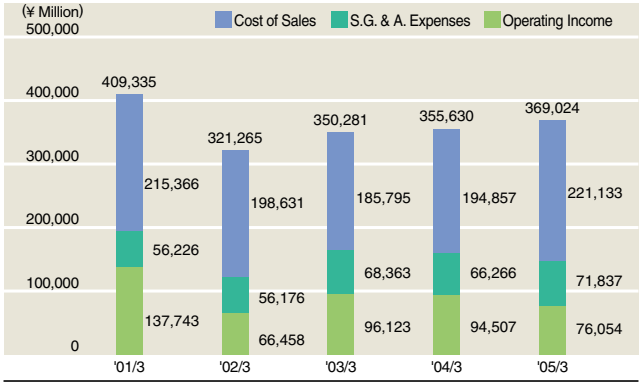
2. Income Margin



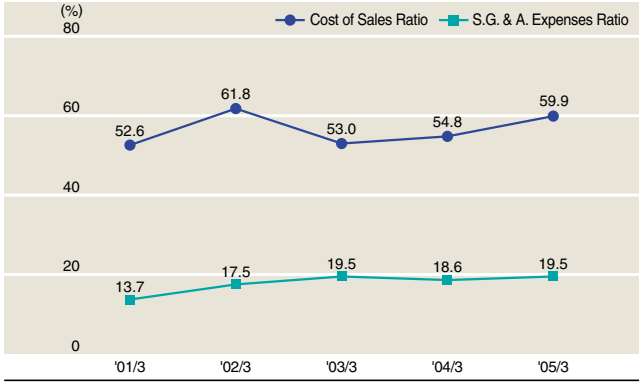
Operating income margin declined due to increased temporally costs related to the shifting of facilities to overseas and declined sales price per product. Net income margin also declined, because a loss occurred in relation to the early retirement program, which was accounted for as an extraordinary loss.

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

1. Cost of Sales, Selling, General and Administrative Expenses, and Operating Income

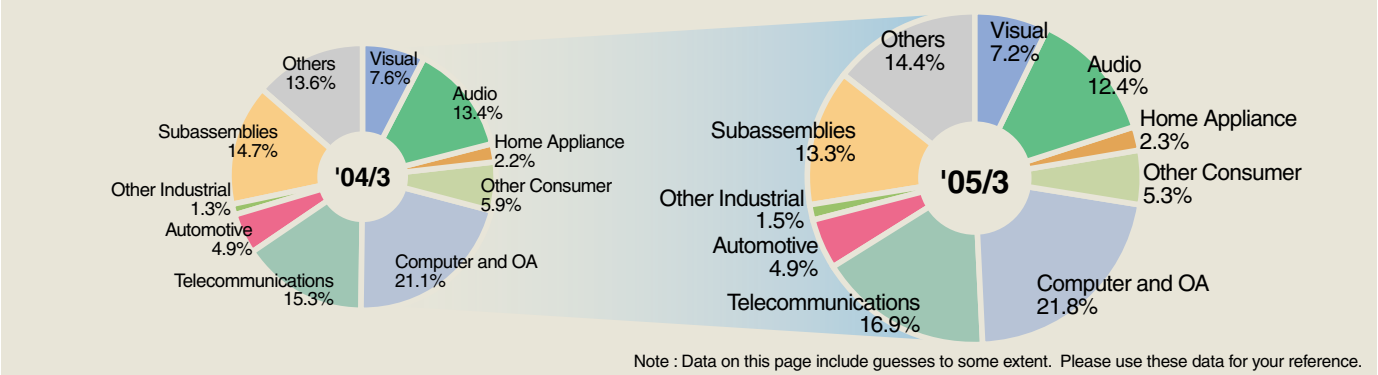


2. Cost of Sales and Selling, General and Administrative Expenses to Net Sales



Despite the sales growth, operating income declined due to an increase in cost of sales resulting from rises in manufacturing expenses and labor costs, as well as to an increase in selling, general and administrative expenses, including research and development costs.

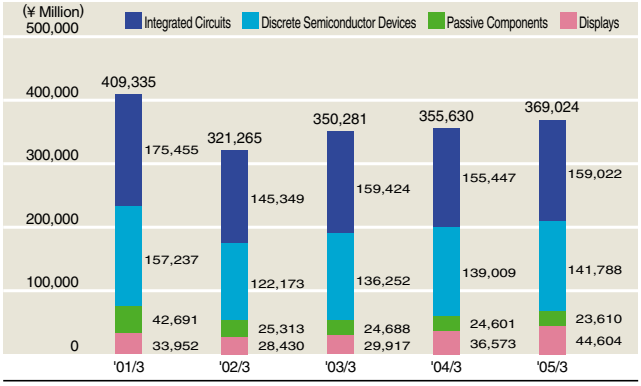
Sales by Application



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

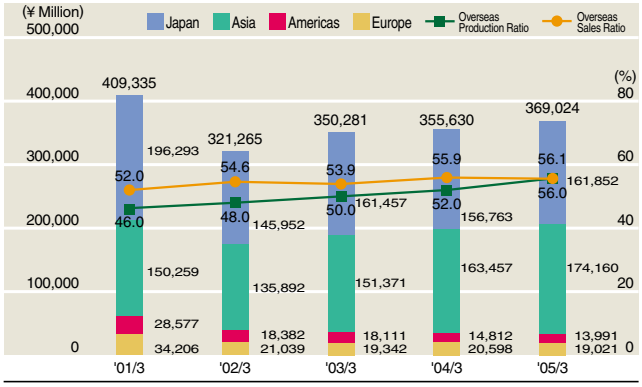
Sales

1. Sales by Product Category



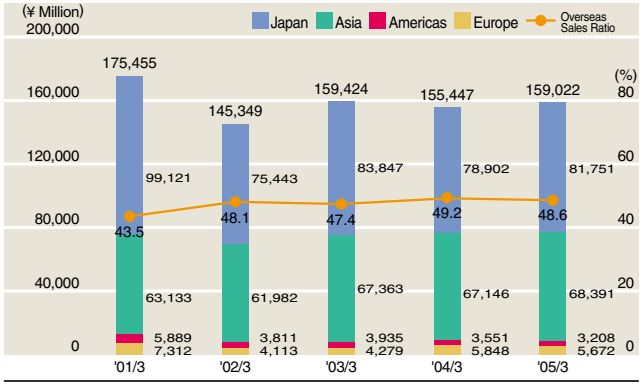
In the integrated circuits category, sales of LSIs for mobile phones, such as LCD driver LSIs, increased. In the area of displays as well, camera modules, image sensor heads and printheads sold favorably.

2. Sales by Geographical Region and Overseas Production Ratio

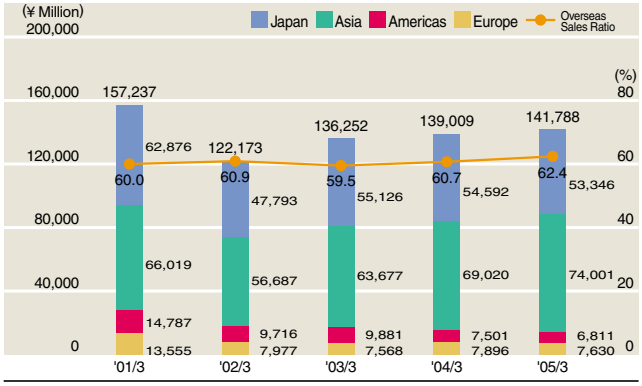


Sales increased in Asia due to an accelerated shift of electronic equipment production to Asia from other parts of the world. Overseas production ratio increased as a result of the Company's enhanced production systems at production bases in Asia.

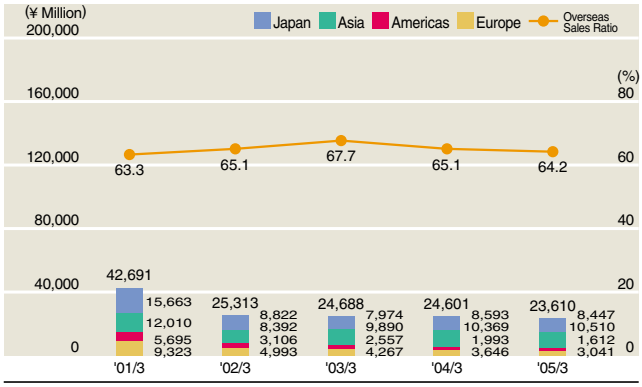
3. Integrated Circuits Sales by Geographical Region



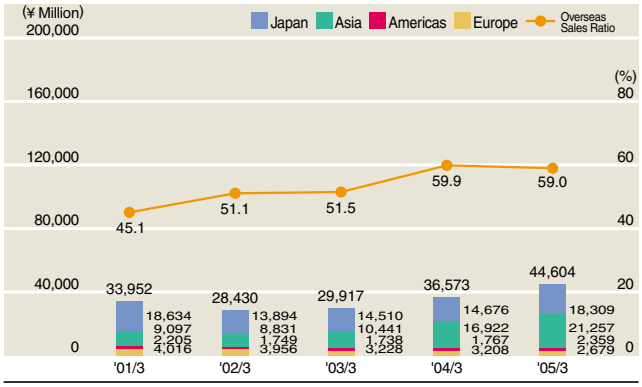
4. Discrete Semiconductor Devices Sales by Geographical Region



5. Passive Components Sales by Geographical Region

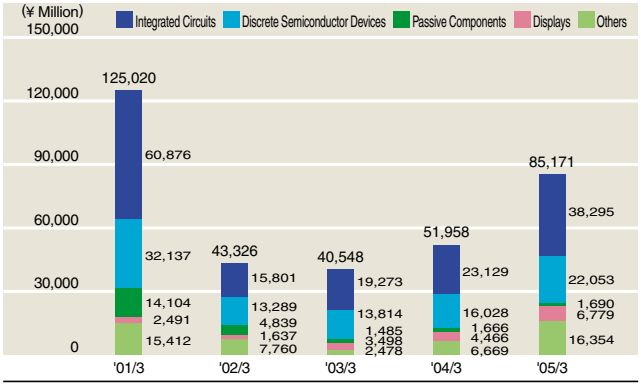


6. Displays Sales by Geographical Region

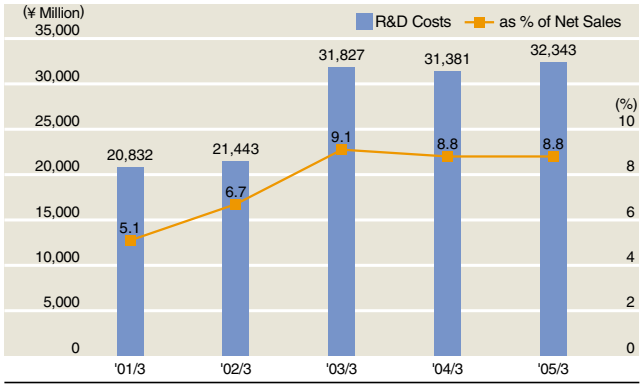


Capital Expenditures and Research and Development Costs

1. Capital Expenditures



2. Research and Development Costs

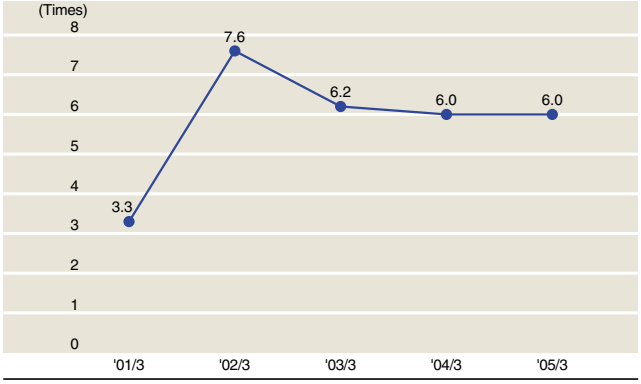


ROHM made active capital investment aimed at meeting the demand from the market and enhancing cost competitiveness, including establishment of a 300 mm wafer process and production capacity enhancement for compact, thin package products. For the back-end process, ROHM proceeded with shifting production to overseas plants, while upgrading the existing overseas plants.

As part of R&D efforts, besides reinforcing the R&D system for further growth in the future, ROHM is improving R&D efficiency by promoting partnerships with other companies and universities to complement its technologies.

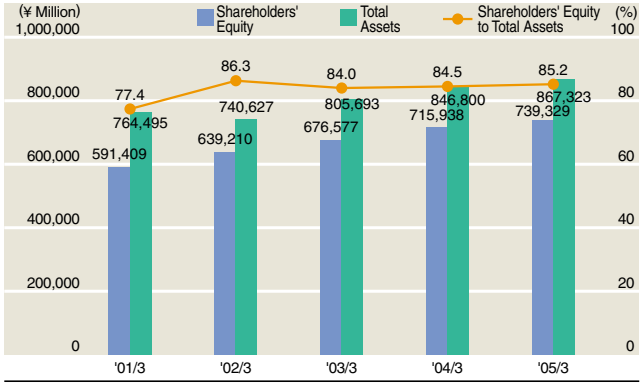
Financial Position

1. Current Ratio



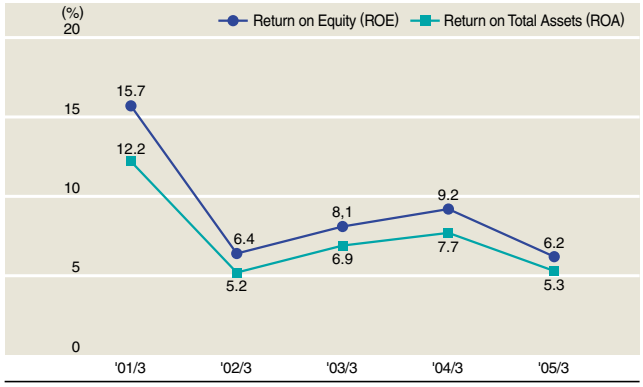
Current ratio remained at almost the same levels as the previous year, with no major changes in current assets and liabilities.

2. Shareholders' Equity and Total Assets



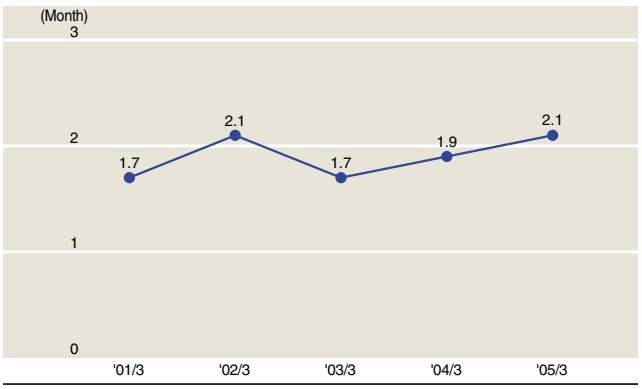
Net income for the fiscal year ended March 31, 2005 was ¥45.1 billion, while the increase from the previous year in shareholders' equity was limited to ¥23.4 billion due to purchase of treasury stock purchases amounting to ¥19.9 billion.

3. Return on Equity (ROE) and Return on Total Assets (ROA)



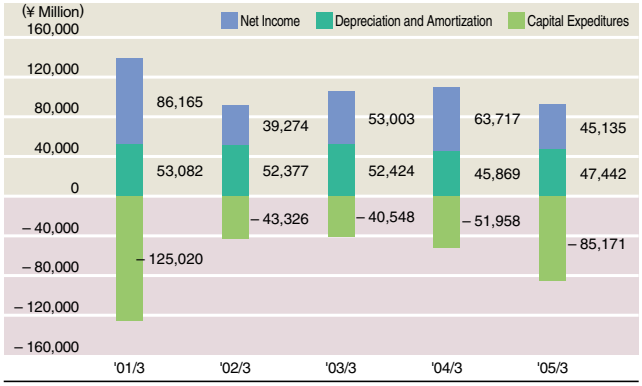
Return on equity (ROE) and return on total assets (ROA) declined due to profit decrease.

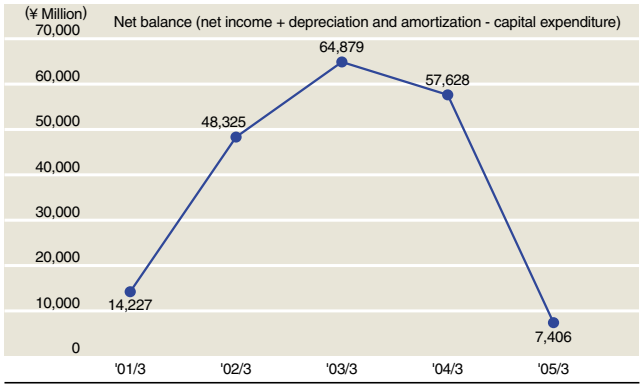
4. Inventory Turnover



Inventory turnover period lengthened to 2.1 months due to the increase in inventories.

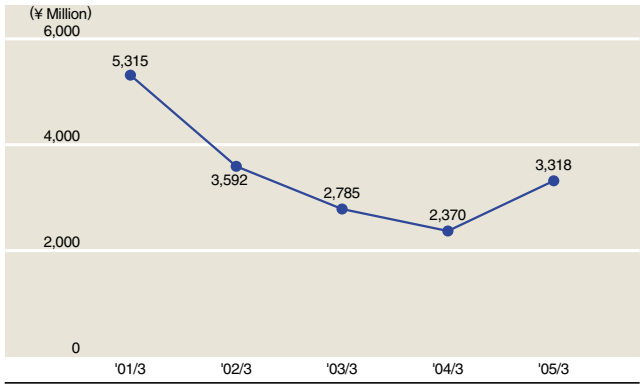
Net income, Depreciation, and Capital Expenditure

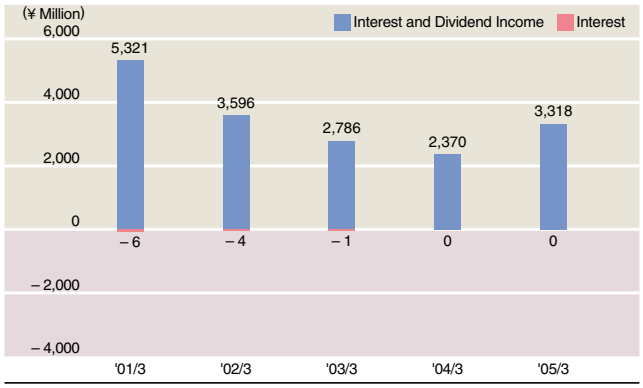




Net balance decreased from the previous year due to net income decrease and capital expenditure increase.

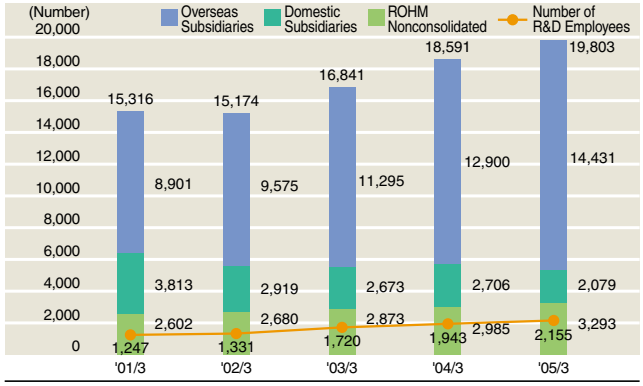
Net Financial Revenue





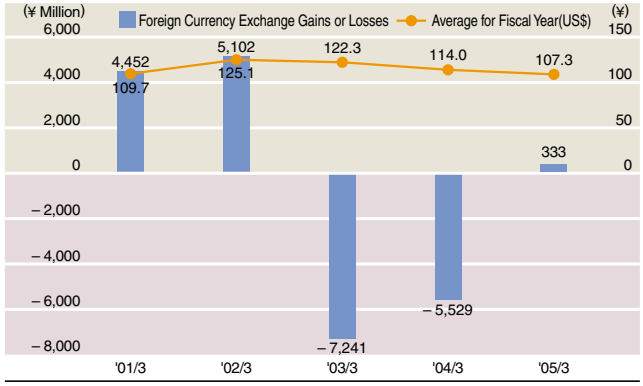
In fund management, ROHM places top priority on safety. The Company recorded a ¥3.3 billion surplus in net financial revenue for the year under review, as a result of an increase in interest and dividend income.

Number of Employees



With the accelerated shift to overseas production, the number of employees increased at overseas production bases, while employees were reduced at domestic subsidiaries as a result of implementation of early retirement programs. The Company is continuing to augment personnel for research and development.

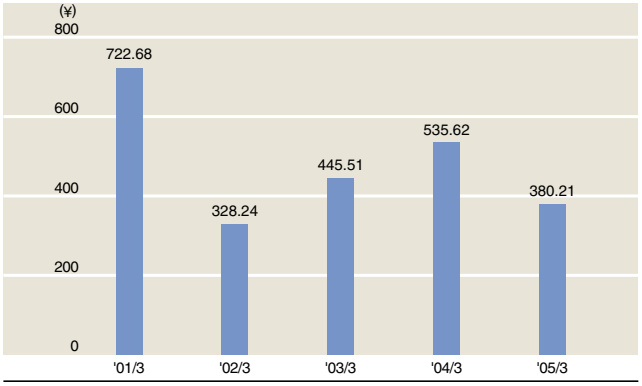
Exchange Rate and Foreign Currency Exchange Gains or Losses



The average yen-dollar exchange rate during the year under review was ¥107.3.

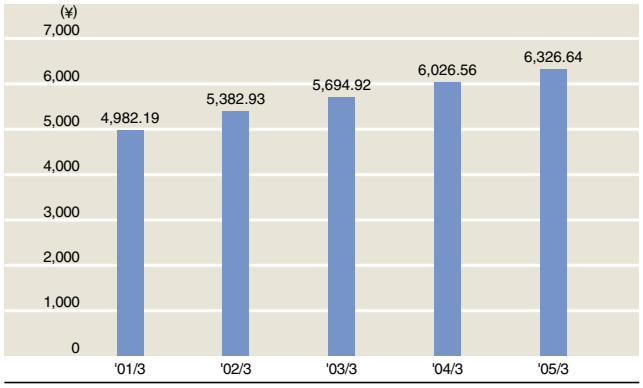
Share-related Information

1. Net Income per Share



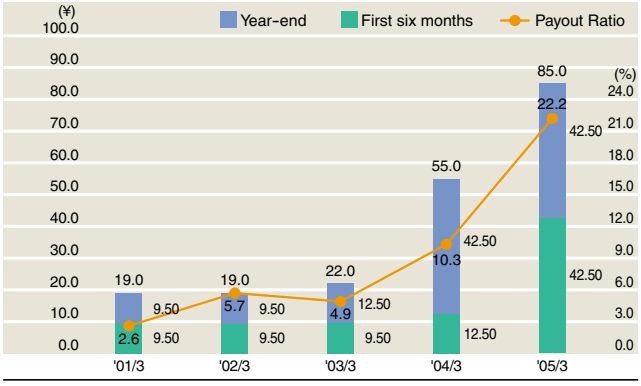
Net income per share decreased by ¥155.41 to ¥380.21 as the Company's net income declined.

2. Shareholders' Equity per Share



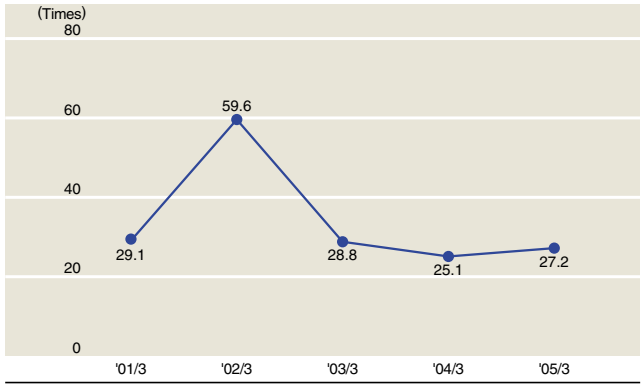
Shareholders' equity per share increased to ¥6,326.64 due to the company showing steady profits each year.

3. Cash Dividends per Share and Payout Ratio

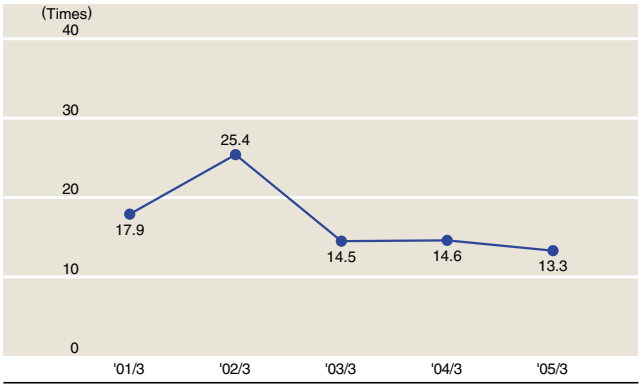


The Company has decided to pay an increased annual dividend of ¥85.00 per share as an effort to increase returns to shareholders, in light of business performance of the fiscal year ended March 31, 2005, expected demand for funds, and other factors.

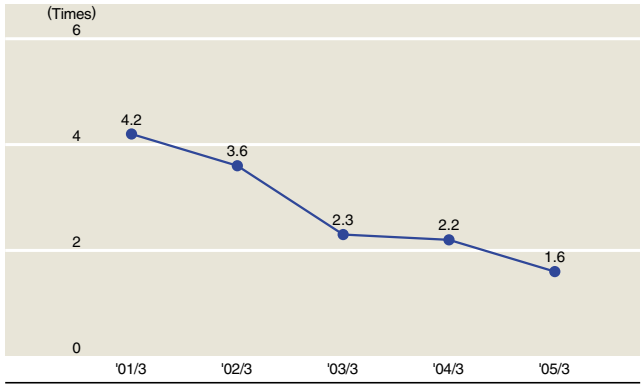
4. Price-earnings Ratio (PER)



5. Price Cash Flow Ratio (PCFR)

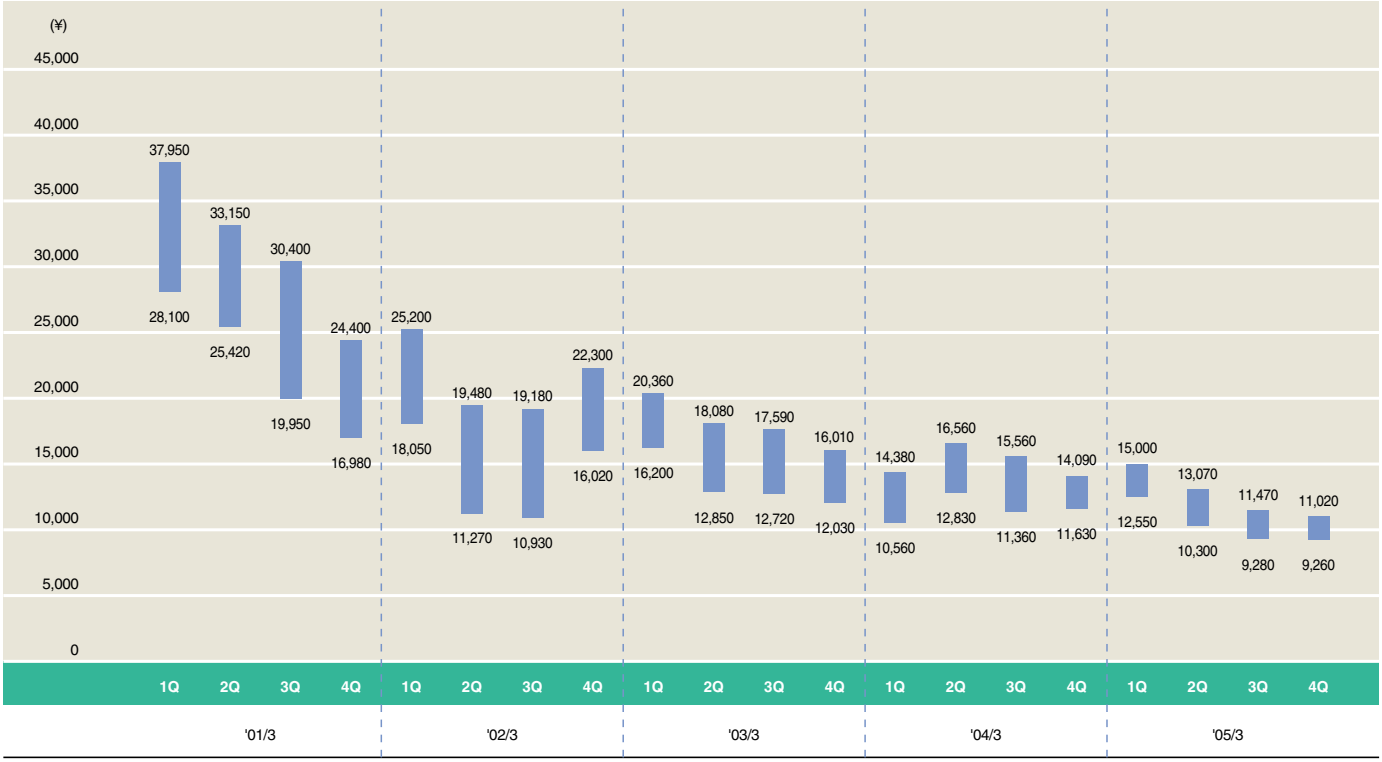


6. Price Book-value Ratio (PBR)



Stock Data

Stock Prices; Quarterly Highs and Lows in Each Year (Osaka Securities Exchange)



Notes (Computation)

- **Price-earnings ratio (PER) =**stock price (year-end closing price at Osaka Securities Exchange) / net income per share
- **Price cash flow ratio (PCFR) =** stock price (year-end closing price at Osaka Securities Exchange) / cash flow per share*

  *Cash flow per share = (net income + depreciation and amortization) / the average number of shares of common stock (consolidated)
- **Price book-value ratio (PBR) =** stock price (year-end closing price at Osaka Securities Exchange) / net assets per share

The computation of net income per share and cash flow per share is based on the average number of shares of common stock outstanding during each year.

The average number of shares of common stock (consolidated) used in the computation for the fiscal year 2005, 2004, 2003, 2002, and 2001 was 118,562 thousand, 118,784 thousand, 118,743 thousand, 118,671 thousand and 118,599 thousand, respectively.

Eleven-Year Summary

ROHM CO., LTD. and Subsidiaries
Years ended March 31

	1995	1996	1997	1998
For the Year:				
Net sales	¥ 241,493	¥ 292,280	¥ 297,790	¥ 335,923
Cost of sales	153,792	169,365	165,436	163,060
Selling, general and administrative expenses	40,757	43,031	46,834	56,260
Operating income	46,944	79,884	85,520	116,603
Income before income taxes and minority interests	45,030	78,303	89,962	119,486
Income taxes	23,589	38,055	42,888	56,453
Net income	22,685	38,199	45,540	60,990
Capital expenditures	37,895	57,676	38,014	51,607
Depreciation and amortization	36,074	31,881	37,563	35,088
Per Share Information (in yen and U.S. dollars):				
Basic net income	¥ 214.10	¥ 343.63	¥ 393.56	¥ 521.71
Diluted net income	198.98	332.22	386.15	517.34
Cash dividends applicable to the year	19.00	25.00	19.00	19.00
At Year-End:				
Current assets	¥ 243,194	¥ 282,750	¥ 299,795	¥ 345,045
Current liabilities	88,193	114,207	103,520	107,399
Long-term debt	58,308	33,127	12,259	5,064
Shareholders' equity	236,609	292,249	338,541	401,861
Total assets	401,265	459,344	479,063	533,825
Number of employees	13,566	13,739	12,614	12,633

Notes:
1. U.S. dollar amounts are provided solely for convenience at the rate of ¥107 to US$1, the approximate exchange rate at March 31, 2005.
2. Certain reclassifications of previously reported amounts have been made to conform with current classifications.
3. Effective April 1, 1997, the Company and certain domestic subsidiaries changed their accounting policy for retirement benefits for directors and corporate auditors from the cash basis to the accrual basis. The cumulative effect on prior year of this change, amounting to ¥1,843 million, was amortized over a period of five years beginning with fiscal 1998.
4. Effective April 1, 1999, the Company and its domestic subsidiaries changed their accounting method or adopted a new accounting standard as follows:
(1) changed their accounting method for employees' retirement plans. The annual provision for retirement benefits was calculated to state the liability for retirement benefits at the amount of the expected benefits at the retirement date, less the fair value of the plan assets. The cumulative effect of this change, amounting to ¥5,076 million, was charged to income and "Income before income taxes and minority interests" was decreased by ¥2,277 million for the year ended March 31, 2000.
(2) adopted a new accounting standard for research and development cost. The cumulative effect of this adoption, amounting to ¥2,146 million, was charged to income and "Operating Income" and "Income before income taxes and minority interests" were decreased by ¥2,193 million and ¥4,339 million, respectively for the year ended March 31, 2000.
(3) changed their accounting method for interperiod allocation of income taxes in accordance with new accounting standards which are based on the asset and liability method. The cumulative effect of the change on interperiod tax allocation in prior years in the amount of ¥8,136 million is included as an adjustment to retained earnings as of April 1, 1999. The effect of this change was to decrease "Net Income" by ¥3,021 million for the year ended March 31, 2000.
5. Effective April 1, 2000, the Company and its domestic subsidiaries adopted (1) a new accounting standard for financial instruments, (2) a new accounting standard for employees' retirement benefits, and (3) a revised accounting standard for foreign currency transactions. The effect of these adoptions to the consolidated statement of income was immaterial for the year ended March 31, 2001.
6. Effective April 1, 2002, the Company adopted a new accounting standard for earnings per share of common stock. Certain retroactive adjustments of previously reported per share information have been made to conform with current method. Diluted net income per share for 2005 and 2004 are not disclosed because there is no outstanding potentially dilutive securities.

Millions of yen							Thousands of U.S. dollars
1999	2000	2001	2002	2003	2004	**2005**	**2005**
¥ 328,631	¥ 360,080	¥ 409,335	¥ 321,265	¥ 350,281	¥ 355,630	**¥ 369,024**	**$ 3,448,822**
185,175	179,380	215,366	198,631	185,795	194,857	**221,133**	**2,066,663**
53,365	58,358	56,226	56,176	68,363	66,266	**71,837**	**671,374**
90,091	122,342	137,743	66,458	96,123	94,507	**76,054**	**710,785**
93,340	114,902	147,059	68,129	90,476	101,070	**70,842**	**662,075**
39,706	46,469	60,581	28,829	37,479	37,268	**25,667**	**239,879**
52,235	66,727	86,165	39,274	53,003	63,717	**45,135**	**421,822**
49,202	57,997	125,020	43,326	40,548	51,958	**85,171**	**795,991**
41,242	38,759	53,082	52,377	52,424	45,869	**47,442**	**443,383**
¥ 443.14	¥ 562.97	¥ 722.68	¥ 328.24	¥ 445.51	¥ 535.62	**¥ 380.21**	**$ 3.55**
441.15	561.63	721.47	327.89	445.30			
19.00	19.00	19.00	19.00	22.00	55.00	**85.00**	**0.79**
¥ 341,076	¥ 407,524	¥ 449,684	¥ 445,094	¥ 519,996	¥ 530,121	**¥ 512,990**	**$ 4,794,299**
80,140	98,477	136,765	58,579	83,681	88,321	**85,964**	**803,402**
1,172	678	579					
452,961	509,718	591,409	639,210	676,577	715,938	**739,329**	**6,909,617**
550,432	648,336	764,495	740,627	805,693	846,800	**867,323**	**8,105,822**
12,675	13,659	15,316	15,174	16,841	18,591	**19,803**	

Consolidated Balance Sheets

ROHM CO., LTD. and Subsidiaries
March 31, 2005 and 2004

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	2004	**2005**
Current Assets:			
Cash and cash equivalents (Note 3)	**¥ 288,975**	¥ 310,578	**$ 2,700,701**
Short-term investments (Note 3)	**39,538**	35,423	**369,514**
Notes and accounts receivable:			
Trade	**93,079**	92,508	**869,897**
Other	**1,722**	5,851	**16,094**
Allowance for doubtful notes and accounts	**(595)**	(503)	**(5,561)**
Inventories (Note 4)	**68,037**	61,494	**635,860**
Deferred tax assets (Note 8)	**12,139**	12,425	**113,449**
Prepaid pension cost (Note 5)	**3,677**	4,356	**34,364**
Refundable income taxes	**1,646**	3,560	**15,383**
Prepaid expenses and other	**4,772**	4,429	**44,598**
Total current assets	**512,990**	530,121	**4,794,299**
Property, Plant and Equipment:			
Land	**64,582**	53,968	**603,570**
Buildings	**156,327**	150,282	**1,461,000**
Machinery and equipment (Note 10)	**395,478**	355,761	**3,696,056**
Construction in progress	**33,182**	23,592	**310,112**
Total	**649,569**	583,603	**6,070,738**
Accumulated depreciation	**(395,610)**	(365,976)	**(3,697,290)**
Net property, plant and equipment	**253,959**	217,627	**2,373,448**
Investments and Other Assets:			
Investment securities (Note 3)	**89,785**	89,085	**839,112**
Deferred tax assets (Note 8)	**7,254**	5,794	**67,794**
Other	**3,335**	4,173	**31,169**
Total investments and other assets	**100,374**	99,052	**938,075**
Total	**¥ 867,323**	¥ 846,800	**$ 8,105,822**

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	2004	**2005**
Current Liabilities:			
Notes and accounts payable:			
Trade	**¥ 22,153**	¥ 23,432	**$ 207,037**
Construction and other	**42,328**	42,539	**395,589**
Accrued income taxes	**8,874**	10,400	**82,935**
Deferred tax liabilities (Note 8)	**477**	381	**4,458**
Accrued expenses and other	**12,132**	11,569	**113,383**
Total current liabilities	**85,964**	88,321	**803,402**
Long-term Liabilities:			
Liability for retirement benefits (Note 5)	**2,792**	9,388	**26,093**
Deferred tax liabilities (Note 8)	**38,897**	32,858	**363,523**
Total long-term liabilities	**41,689**	42,246	**389,616**
Minority Interests	**341**	295	**3,187**
Shareholders' Equity (Notes 6 and 12):			
Common stock - authorized, 300,000,000 shares; issued,			
118,801,388 shares	**86,969**	86,969	**812,794**
Capital surplus	**102,404**	102,404	**957,047**
Retained earnings	**601,689**	566,750	**5,623,261**
Net unrealized gain on available-for-sale securities (Note 3)	**2,570**	2,673	**24,019**
Foreign currency translation adjustments	**(34,062)**	(42,557)	**(318,336)**
Total	**759,570**	716,239	**7,098,785**
Treasury stock-at cost			
1,950,553 shares in 2005 and 19,751 shares in 2004	**(20,241)**	(301)	**(189,168)**
Total shareholders' equity	**739,329**	715,938	**6,909,617**
Total	**¥ 867,323**	¥ 846,800	**$ 8,105,822**

Consolidated Statements of Income

ROHM CO., LTD. and Subsidiaries
Years ended March 31, 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2005	2004	2003	**2005**
Net Sales	**¥ 369,024**	¥ 355,630	¥ 350,281	**$ 3,448,822**
Operating Cost and Expenses :				
Cost of sales	**221,133**	194,857	185,795	**2,066,663**
Selling, general and administrative expenses (Note 7)	**71,837**	66,266	68,363	**671,374**
Total operating cost and expenses	**292,970**	261,123	254,158	**2,738,037**
Operating Income	**76,054**	94,507	96,123	**710,785**
Other Income (Expenses):				
Interest and dividend income	**3,318**	2,370	2,786	**31,009**
Interest expense			(1)	
Foreign currency exchange gains (losses) - net	**333**	(5,529)	(7,241)	**3,112**
Gain on transfer of the substitutional portion of the governmental pension program (Note 5)		10,900		
Loss on transfer to a defined contribution pension plan (Note 5)		(2,205)		
Loss on early retirement (Note 5)	**(7,934)**			**(74,149)**
Other - net	**(929)**	1,027	(1,191)	**(8,682)**
Total other income (expenses) - net	**(5,212)**	6,563	(5,647)	**(48,710)**
Income before Income Taxes and Minority Interests	**70,842**	101,070	90,476	**662,075**
Income Taxes (Note 8)**:**				
Current	**20,975**	26,731	35,281	**196,028**
Deferred	**4,692**	10,537	2,198	**43,851**
Total income taxes	**25,667**	37,268	37,479	**239,879**
Minority Interests	**(40)**	(85)	6	**(374)**
Net Income	**¥ 45,135**	¥ 63,717	¥ 53,003	**$ 421,822**

	Yen			U.S. dollars
Per Share Information (Note 11)**:**				
Basic net income	**¥ 380.21**	¥ 535.62	¥ 445.51	**$ 3.55**
Diluted net income			445.30	
Cash dividends applicable to the year	**85.00**	55.00	22.00	**0.79**

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

ROHM CO., LTD. and Subsidiaries
Years ended March 31, 2005, 2004 and 2003

	Outstanding number of shares of common stock	Millions of yen						
		Common stock	Capital surplus	Retained earnings	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Treasury stock	Total shareholders' equity
Balance at April 1, 2002	118,687,990	¥ 86,802	¥ 102,237	¥ 455,743	¥ 997	¥ (6,528)	¥ (41)	¥ 639,210
Net income				53,003				53,003
Conversion of convertible debt	111,061	167	167					334
Conversion of convertible debt by issuance of treasury stock	4,716			(69)			83	14
Cash dividends, ¥19.00 per share				(2,255)				(2,255)
Bonuses to directors				(321)				(321)
Net unrealized gain on available-for-sale securities					(288)			(288)
Foreign currency translation adjustments						(12,835)		(12,835)
Purchase of treasury stock	(17,877)						(285)	(285)
Balance at March 31, 2003	118,785,890	86,969	102,404	506,101	709	(19,363)	(243)	676,577
Net income				63,717				63,717
Decrease in retained earnings due to decrease in ownership of an associated company				(5)				(5)
Cash dividends, ¥25.00 per share				(2,970)				(2,970)
Bonuses to directors				(93)				(93)
Net unrealized gain on available-for-sale securities					1,964			1,964
Foreign currency translation adjustments						(23,194)		(23,194)
Purchase of treasury stock	(4,253)						(58)	(58)
Balance at March 31, 2004	118,781,637	86,969	102,404	566,750	2,673	(42,557)	(301)	715,938
Net income				**45,135**				**45,135**
Reserve for employees' welfare fund				**(8)**				**(8)**
Cash dividends, ¥85.00 per share				**(10,096)**				**(10,096)**
Bonuses to directors				**(92)**				**(92)**
Net unrealized gain on available-for-sale securities					**(103)**			**(103)**
Foreign currency translation adjustments						**8,495**		**8,495**
Purchase of treasury stock	**(1,930,802)**						**(19,940)**	**(19,940)**
Balance at March 31, 2005	**116,850,835**	**¥ 86,969**	**¥ 102,404**	**¥ 601,689**	**¥ 2,570**	**¥ (34,062)**	**¥ (20,241)**	**¥ 739,329**

	Thousands of U.S. dollars (Note 1)						
	Common stock	Capital surplus	Retained earnings	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Treasury stock	Total shareholders' equity
Balance at March 31, 2004	$ 812,794	$ 957,047	$ 5,296,729	$ 24,981	$ (397,729)	$ (2,813)	$ 6,691,009
Net income			**421,822**				**421,822**
Reserve for employees' welfare fund			**(75)**				**(75)**
Cash dividends, $0.79 per share			**(94,355)**				**(94,355)**
Bonuses to directors			**(860)**				**(860)**
Net unrealized gain on available-for-sale securities				**(962)**			**(962)**
Foreign currency translation adjustments					**79,393**		**79,393**
Purchase of treasury stock						**(186,355)**	**(186,355)**
Balance at March 31, 2005	**$ 812,794**	**$ 957,047**	**$ 5,623,261**	**$ 24,019**	**$ (318,336)**	**$ (189,168)**	**$ 6,909,617**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

ROHM CO., LTD. and Subsidiaries
Years ended March 31, 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2005	2004	2003	**2005**
Operating Activities:				
Income before income taxes and minority interests	**¥ 70,842**	¥ 101,070	¥ 90,476	**$ 662,075**
Adjustments for:				
Depreciation and amortization	**47,442**	45,869	52,424	**443,383**
Amortization of goodwill - net	**668**	17	(261)	**6,243**
Interest and dividends income	**(3,318)**	(2,370)	(2,786)	**(31,009)**
Foreign currency exchange losses (gains) - net	**(1,321)**	2,016	4,983	**(12,346)**
Increase (decrease) in net liability for retirement benefits	**(6,000)**	(9,129)	1,154	**(56,075)**
Write-down of investment securities	**284**	9	803	**2,654**
Changes in assets and liabilities:				
Decrease (increase) in notes and accounts receivables - trade	**716**	(10,822)	(901)	**6,692**
Decrease (increase) in inventories	**(5,253)**	(12,143)	(7,655)	**(49,093)**
Increase (decrease) in notes and accounts payables - trade	**(1,630)**	6,605	570	**(15,234)**
Other - net	**5,036**	2,752	(45)	**47,065**
Sub-total	**107,466**	123,874	138,762	**1,004,355**
Interest and dividends - received	**3,510**	2,569	3,037	**32,804**
Interest - paid			(1)	
Compensation for expropriation - received	**1,384**			**12,934**
Income taxes - paid	**(20,441)**	(48,077)	(867)	**(191,037)**
Net cash provided by operating activities	**91,919**	78,366	140,931	**859,056**
Investing Activities:				
Decrease (increase) in short-term investments and investment securities - net	**(8,656)**	(28,097)	(3,664)	**(80,897)**
Purchases of property, plant and equipment	**(78,754)**	(45,221)	(35,828)	**(736,019)**
Other - net	**(19)**	1,181	1,110	**(177)**
Net cash used in investing activities	**(87,429)**	(72,137)	(38,382)	**(817,093)**
Financing Activities:				
Purchase of treasury stock	**(19,940)**	(58)	(285)	**(186,355)**
Dividends paid	**(10,096)**	(2,970)	(2,255)	**(94,355)**
Other - net	**(1)**	(1)	(5)	**(10)**
Net cash used in financing activities	**(30,037)**	(3,029)	(2,545)	**(280,720)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**3,944**	(15,172)	(7,794)	**36,860**
Net Increase (Decrease) in Cash and Cash Equivalents	**(21,603)**	(11,972)	92,210	**(201,897)**
Cash and Cash Equivalents at Beginning of Year	**310,578**	322,550	230,340	**2,902,598**
Cash and Cash Equivalents at End of Year	**¥ 288,975**	¥ 310,578	¥ 322,550	**$ 2,700,701**
Noncash Financing Activities:				
Stock issued on conversion of convertible debt			¥ 320	
Conversion of convertible debt by issuance of treasury stock			14	

See notes to consolidated financial statements.

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, 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.

Certain reclassifications of previously reported amounts have been made 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 ¥107 to $1, the approximate rate of exchange at March 31, 2005. 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 include the accounts of the Company and all of its subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

The significant difference between the equity in net assets acquired at the respective dates of acquisition and the cost of the Company's investments in subsidiaries and associated companies, is being amortized over a period of five 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 eliminated.

(b) 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 mutual funds investing in bonds, all of which mature or become due within three months of the date of acquisition.

(c) Debt and equity securities

Debt and equity securities are classified and accounted for depending on management's intent.

Available-for-sale securities, which represent securities not classified as either trading securities or held-to-maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of shareholders' equity. The cost of available-for-sale securities sold is determined based on the moving average method.

The Group classified all debt and equity securities as available-for-sale securities.

(d) Inventories

Inventories are stated principally at cost determined by the moving average method.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost.

Depreciation is computed principally by the declining-balance method over the estimated useful lives of the assets.

Estimated useful lives of the assets are principally as follows:

Buildings..... 3 to 50 years

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

(f) Liability for retirement benefits

The Company and certain domestic subsidiaries have a pension plan for employees; non-contributory funded defined benefit pension plan and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

The Company and certain foreign subsidiaries also have employees' defined contribution pension plans.

The contributory funded defined benefit pension plan, which is established under the Japanese Welfare Pension Insurance Law, covered a substitutional portion of the governmental pension program managed by the Company on behalf of the government and a corporate portion established at the discretion of the Company.

In accordance with the Defined Benefit Pension Plan Law enacted in April 2002, the Company applied for an exemption from obligation to pay benefits for future employee services related to the substitutional portion which would result in the transfer of the pension obligations and related assets to the government upon approval. The Company obtained approval of exemption from the future obligation by the Ministry of Health, Labor and Welfare on December 16, 2002.

The Company applied for transfer of the substitutional portion of past pension obligations to the government and obtained approval by the Ministry of Health, Labor and Welfare on December 1, 2003. Thereafter, the Company transferred the substitutional portion of the pension obligations and related assets to the government on March 26, 2004 and recognized ¥10,900 million as "Gain on transfer of the substitutional portion of the governmental pension program" in other income for the difference between the balance of the retirement benefit liabilities brought forward and the amount actually transferred for the year ended March 31, 2004.

According to the enactment of the Defined Contribution Pension Plan Law in October 2001, the Company and certain domestic subsidiaries implemented a defined contribution pension plan on March 1, 2005 by which the former corporate portion of the contributory funded defined benefit pension plan was terminated. For this transition the Company and certain domestic subsidiaries estimated and charged a loss of ¥2,205 million as "Loss on transfer to a defined contribution pension plan" for the year ended March 31, 2004 applying accounting treatment specified in the guidance issued by the Accounting Standards Board of Japan (the "ASBJ"). The difference between actual loss and the estimation was charged to income and was immaterial for the year ended March 31, 2005.

Retirement benefits to directors and corporate auditors are provided at the amount which would be required if all directors and corporate auditors retired at the balance sheet date. Amounts payable to directors and corporate auditors upon retirement are subject to the approval of shareholders.

(g) Research and development costs

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

(h) Leases

All leases of the Company and its domestic subsidiaries are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deemed to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

(i) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements 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 basis of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(j) Foreign currency transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by forward exchange contracts.

(k) Foreign currency financial statements

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

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

(l) 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 risks. The Group does not enter into derivatives for trading or speculative purpose.

Monetary receivables and payables denominated in foreign currencies, for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations, are translated at the contracted rate if the forward contracts qualify for hedge accounting.

(m) 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.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible debt at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants. However, diluted net income per share for 2005 and 2004 are not disclosed because there is no outstanding potentially dilutive securities.

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

(n) New Accounting Pronouncements

In August 2002, the Business Accounting Council issued a Statement of Opinion, “Accounting for Impairment of Fixed Assets”, and in October 2003 the ASBJ issued Guidance No.6, “Guidance for Accounting Standard for Impairment of Fixed Assets”. These new pronouncements are effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004.

The new accounting standard requires an entity to review its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be 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.

The Group expects to adopt these pronouncements from the fiscal year beginning on April 1, 2005. The effect of this adoption is not able to be determined, as the Group is currently in the process of adopting these pronouncements.

3. Debt and equity securities

Debt and equity securities held by the Group as of March 31, 2005 and 2004 were classified and included in the following accounts:

Securities classified as:	Millions of yen		Thousands of U.S. dollars
	2005	2004	**2005**
Available-for-sale:			
Cash and cash equivalents	**¥ 21,040**	¥ 21,032	**$ 196,636**
Short-term investments	**37,135**	17,650	**347,056**
Investment securities	**89,776**	89,080	**839,028**
Total	**¥ 147,951**	¥ 127,762	**$ 1,382,720**

Information regarding each category of the marketable securities included in "Cash and cash equivalents", "Short-term investments" and "Investment securities" and classified as available-for-sale at March 31, 2005 and 2004 were as follows:

	Millions of yen			
	2005			
Securities classified as:	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	**¥ 7,911**	**¥ 5,239**	**¥ 690**	**¥ 12,460**
Government and corporate bonds	**113,192**	**117**	**281**	**113,028**
Other	**21,005**	**35**		**21,040**
Total	**¥ 142,108**	**¥ 5,391**	**¥ 971**	**¥ 146,528**

	Millions of yen			
	2004			
Securities classified as:	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥ 2,976	¥ 4,378	¥ 6	¥ 7,348
Government and corporate bonds	98,464	239	182	98,521
Other	21,006	69		21,075
Total	¥ 122,446	¥ 4,686	¥ 188	¥ 126,944

	Thousands of U.S. dollars			
	2005			
Securities classified as:	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	**$ 73,935**	**$ 48,963**	**$ 6,449**	**$ 116,449**
Government and corporate bonds	**1,057,869**	**1,094**	**2,626**	**1,056,337**
Other	**196,308**	**327**		**196,635**
Total	**$ 1,328,112**	**$ 50,384**	**$ 9,075**	**$ 1,369,421**

Available-for-sale securities included in "Cash and cash equivalents", "Short-term investments" and "Investment securities" whose fair value is not readily determinable as of March 31, 2005 and 2004 were as follows:

	Carrying values		
	Millions of yen		Thousands of U.S. dollars
	2005	2004	**2005**
Equity securities	**¥ 1,006**	¥ 818	**$ 9,402**
Corporate bonds	**417**		**3,897**
Total	**¥ 1,423**	¥ 818	**$ 13,299**

Proceeds from sales of available-for-sale securities were ¥204 million ($1,907 thousand) and ¥1,811 million for the years ended March 31, 2005 and 2004, respectively. Gross realized gains on these sales, computed on the moving average basis, were ¥150 million ($1,402 thousand) for the year ended March 31, 2005. Gross realized gains and losses on these sales were ¥3 million and ¥8 million for the year ended March 31, 2004.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale at March 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	**2005**
Due in one year or less	**¥ 37,033**	¥ 17,550	**$ 346,103**
Due in one to five years	**75,107**	78,321	**701,934**
Due in five to ten years	**1,075**	2,056	**10,047**
Total	**¥ 113,215**	¥ 97,927	**$ 1,058,084**

4. Inventories

Inventories at March 31, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	**2005**
Finished products	**¥ 18,995**	¥ 18,062	**$ 177,523**
Semi-finished products and work in process	**23,660**	20,679	**221,122**
Raw materials and supplies	**25,382**	22,753	**237,215**
Total	**¥ 68,037**	¥ 61,494	**$ 635,860**

5. Retirement Plans

The Company and certain subsidiaries have retirement plans for employees, directors and corporate auditors.

Under non-contributory funded defined benefit pension plan, employees terminating their employment are entitled to lump-sum and annuity payments based on their rate of pay at the time of termination, length of service and certain other factors. If the termination is involuntary, caused by retirement at the mandatory retirement age or caused by death, the employee is entitled to a greater payment than in the case of voluntary termination.

"Liability for retirement benefits" includes retirement benefits for directors and corporate auditors of ¥1,987 million ($18,570 thousand) and ¥1,983 million at March 31, 2005 and 2004, respectively.

The net liability for employees' retirement benefits at March 31, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	**2005**
Projected benefit obligation	**¥ 15,966**	¥ 28,947	**$ 149,215**
Fair value of plan assets	**(17,005)**	(21,887)	**(158,925)**
Unrecognized actuarial loss	**(1,833)**	(4,011)	**(17,131)**
Net liability (asset)	**(2,872)**	3,049	**(26,841)**
Prepaid pension cost	**3,677**	4,356	**34,364**
Liability for retirement benefits	**¥ 805**	¥ 7,405	**$ 7,523**

The components of net periodic pension costs for the years ended March 31, 2005, 2004 and 2003 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2005	2004	2003	**2005**
Service cost	**¥ 1,974**	¥ 1,536	¥ 2,111	**$ 18,448**
Interest cost	**545**	866	1,233	**5,093**
Expected return on plan assets	**(429)**	(501)	(822)	**(4,009)**
Recognized actuarial loss	**757**	1,765	1,264	**7,075**
Amortization of prior service credit		(593)	(580)	
Gain on transfer of the substitutional portion of the governmental pension program		(10,900)		
Loss on transfer to a defined contribution pension plan		2,205		
Other	**89**	93	207	**832**
Net periodic benefit costs	**¥ 2,936**	¥ (5,529)	¥ 3,413	**$ 27,439**

Besides the above costs, the Group recognized ¥7,934 million ($74,149 thousand) as "Loss on early retirement" in the consolidated statement of income for the year ended March 31, 2005.

Assumptions used for the years ended March 31, 2005, 2004 and 2003 were as follows:

	2005	2004	2003
Discount rate	**2.0%**	2.0%	2.0%
Expected rate of return on plan assets	**2.0%**	2.0%	2.5%
Allocation method of the retirement benefits expected to be paid at the retirement date	**Straight-line method based on years of service**	Straight-line method based on years of service	Straight-line method based on years of service
Amortization period of prior service credit	**10 years**	10 years	10 years
Recognition period of actuarial gain / loss	**10 years**	10 years	10 years

6. Shareholders' Equity

Japanese companies are subject to the Japanese Commercial Code (the "Code").

The Code requires that all shares of common stock are recorded with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to existing shareholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

The Code also provides that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 25% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 25% of the common stock may be available for dividends by resolution of the shareholders. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the common stock by resolution of the Board of Directors.

The Code allows Japanese companies to repurchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the shareholders meeting.

The Company purchased 1,927 thousand shares of common stock from the market at an aggregate cost of ¥19,894 million ($185,925 thousand) during the fiscal year ended March 31, 2005 with resolution of the Company's Board of Directors on February 4, 2005.

In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends. The amount of retained earnings available for dividends under the Code was ¥317,992 million ($2,971,888 thousand) as of March 31, 2005, based on the amount recorded in the Company's general books of account.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

7. Research and Development Costs

Research and development costs charged to income were ¥32,343 million ($302,271 thousand), ¥31,381 million and ¥31,827 million for the years ended March 31, 2005, 2004 and 2003, respectively.

8. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 40.6% for fiscal 2005 and 41.9% for fiscal 2004 and 2003. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

On March 31, 2003, a tax reform law concerning enterprise tax was enacted in Japan which changed the normal effective statutory tax rate from approximately 41.9% to 40.6%, effective for years beginning on or after April 1, 2004.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities at March 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	**2005**
Deferred tax assets:			
Inventories	**¥ 7,645**	¥ 8,248	**$ 71,448**
Depreciation	**11,526**	11,761	**107,720**
Tax loss carryforwards	**3,637**	713	**33,991**
Accrued expenses	**1,553**	1,636	**14,514**
Liability for retirement benefits	**826**	3,559	**7,719**
Other	**5,711**	5,025	**53,374**
Valuation Allowance	**(1,053)**		**(9,841)**
Total	**29,845**	30,942	**278,925**
Deferred tax liabilities:			
Undistributed earnings of foreign subsidiaries	**(46,069)**	(41,752)	**(430,551)**
Prepaid pension cost	**(1,493)**	(1,769)	**(13,953)**
Other	**(2,264)**	(2,441)	**(21,159)**
Total	**(49,826)**	(45,962)	**(465,663)**
Net deferred tax liabilities	**¥ (19,981)**	¥ (15,020)	**$ (186,738)**

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

	Millions of yen		Thousands of U.S. dollars
	2005	2004	**2005**
Current Assets - Deferred tax assets	**¥ 12,139**	¥ 12,425	**$ 113,449**
Investments and Other Assets - Deferred tax assets	**7,254**	5,794	**67,794**
Current Liabilities - Deferred tax liabilities	**(477)**	(381)	**(4,458)**
Long-term Liabilities - Deferred tax liabilities	**(38,897)**	(32,858)	**(363,523)**
Net deferred tax liabilities	**¥ (19,981)**	¥ (15,020)	**$ (186,738)**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2005 and 2004 were as follows:

	2005	2004
Normal effective tax rate	**40.6%**	41.9%
Lower income tax rates applicable to income in certain foreign countries	**(3.0)**	(4.4)
Tax credit for research and development expenses	**(2.5)**	(1.4)
Other-net	**1.1**	0.8
Actual effective tax rate	**36.2%**	36.9%

Above information for 2003 is not shown because the difference between the statutory tax rate and the actual effective tax rate was immaterial.

9. Derivatives

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

All derivative transactions are entered into to hedge foreign currency exposures incorporated within its business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities. 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 amounts.

Derivative contracts outstanding at March 31, 2005 and 2004 were immaterial.

10. Leases

The Company and certain subsidiaries lease certain machinery, computer equipment and other assets. Total lease payments under finance leases for the years ended March 31, 2005, 2004 and 2003 were ¥20 million ($187 thousand), ¥31 million and ¥44 million, respectively.

Pro forma information at March 31, 2005 and 2004, on an "as if capitalized" basis for finance leases that do not transfer ownership of the leased property to the lessee were as follows:

	Millions of yen		Thousands of U.S. dollars
	Machinery and equipment		Machinery and equipment
	2005	2004	**2005**
Acquisition cost	**¥ 52**	¥ 172	**$ 486**
Accumulated depreciation	**25**	145	**234**
Net leased property	**¥ 27**	¥ 27	**$ 252**

Pro forma obligations under finance leases on an "as if capitalized" basis at March 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	**2005**
Due within one year	**¥ 14**	¥ 17	**$ 131**
Due after one year	**13**	10	**121**
Total	**¥ 27**	¥ 27	**$ 252**

The imputed interest expense portion is included in the above obligations under finance leases.

Depreciation expenses which are not reflected in the accompanying consolidated statements of income, computed by the straight-line method were ¥20 million ($187 thousand), ¥31 million and ¥44 million for the years ended March 31, 2005, 2004 and 2003, respectively.

11. Net Income Per Share

The average number of shares used to compute basic net income per share for the years ended March 31, 2005 and 2004 were 118,562 thousand shares and 118,784 thousand shares, respectively.

Reconciliation of the difference between basic and diluted net income per share ("EPS") for the year ended March 31, 2003 was as follows:

	Millions of yen	Thousands of shares	Yen
For the year ended March 31, 2003	Net income	Weighted average shares	EPS
Basic EPS			
Net income available to common shareholders	¥ 52,902	118,743	¥ 445.51
Effect of Dilutive Securities			
Convertible debt	1	57	
Diluted EPS			
Net income for computation	¥ 52,903	118,800	¥ 445.30

12. Subsequent Events

(a) Purchase of treasury stock

The Company purchased 963 thousand shares of common stock at an aggregate cost of ¥10,093 million ($94,327 thousand) from April 1 to April 22, 2005 with resolution of the Company's Board of Directors on February 4, 2005.

At the Company's general shareholders meeting held on June 29, 2005, it was resolved that the Company acquires its common shares up to 1,500 thousand shares or ¥15,000 million ($140,187 thousand) not later than the end of the next Company's general shareholders meeting.

(b) Appropriations of retained earnings

The following appropriations of retaind earnings as of March 31, 2005 were approved at the Company's general shareholders meeting held on June 29, 2005.

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥42.50 ($0.40) per share	**¥ 4,966**	**$ 46,411**
Bonuses to directors	**6**	**56**

13. Segment Information

Information about industry segments, geographical segments and sales to foreign customers of the Group for the years ended March 31, 2005, 2004 and 2003 was as follows:

(a) Industry segments

The Group's main operations are manufacturing and distributing electronic components. Under Japanese accounting regulations, the Group is not required to disclose industry segment information because its main industry segment represented more than 90% of its total operations.

(b) Geographical segments

The geographical segments of the Group for the years ended March 31, 2005, 2004 and 2003 were summarized as follows:

	Millions of yen					
	2005					
	Japan	Asia	Americas	Europe	Eliminations/ Corporate	Consolidated
Sales to customers	**¥ 162,816**	**¥ 172,729**	**¥ 13,112**	**¥ 20,367**		**¥ 369,024**
Interarea transfer	**58,289**	**115,210**	**220**	**874**	**¥ (174,593)**	
Total sales	**221,105**	**287,939**	**13,332**	**21,241**	**(174,593)**	**369,024**
Operating expenses	**188,003**	**243,004**	**14,344**	**21,165**	**(173,546)**	**292,970**
Operating income (loss)	**¥ 33,102**	**¥ 44,935**	**¥ (1,012)**	**¥ 76**	**¥ (1,047)**	**¥ 76,054**
Total assets	**¥ 364,147**	**¥ 293,783**	**¥ 30,346**	**¥ 16,790**	**¥ 162,257**	**¥ 867,323**

	Millions of yen					
	2004					
	Japan	Asia	Americas	Europe	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 158,766	¥ 161,086	¥ 14,088	¥ 21,690		¥ 355,630
Interarea transfer	53,200	107,034	235	407	¥ (160,876)	
Total sales	211,966	268,120	14,323	22,097	(160,876)	355,630
Operating expenses	172,892	212,321	14,906	21,141	(160,137)	261,123
Operating income (loss)	¥ 39,074	¥ 55,799	¥ (583)	¥ 956	¥ (739)	¥ 94,507
Total assets	¥ 372,752	¥ 252,675	¥ 32,248	¥ 16,495	¥ 172,630	¥ 846,800

	Millions of yen					
	2003					
	Japan	Asia	Americas	Europe	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 164,399	¥ 148,016	¥ 17,420	¥ 20,446		¥ 350,281
Interarea transfer	55,369	103,305	296	366	¥ (159,336)	
Total sales	219,768	251,321	17,716	20,812	(159,336)	350,281
Operating expenses	174,163	202,028	17,524	19,674	(159,231)	254,158
Operating income	¥ 45,605	¥ 49,293	¥ 192	¥ 1,138	¥ (105)	¥ 96,123
Total assets	¥ 359,655	¥ 242,582	¥ 35,177	¥ 15,062	¥ 153,217	¥ 805,693

	Thousands of U.S. dollars					
	2005					
	Japan	Asia	Americas	Europe	Eliminations/ Corporate	Consolidated
Sales to customers	**$ 1,521,645**	**$ 1,614,289**	**$ 122,542**	**$ 190,346**		**$ 3,448,822**
Interarea transfer	**544,757**	**1,076,729**	**2,056**	**8,168**	**$(1,631,710)**	
Total sales	**2,066,402**	**2,691,018**	**124,598**	**198,514**	**(1,631,710)**	**3,448,822**
Operating expenses	**1,757,037**	**2,271,065**	**134,056**	**197,804**	**(1,621,925)**	**2,738,037**
Operating income (loss)	**$ 309,365**	**$ 419,953**	**$ (9,458)**	**$ 710**	**$ (9,785)**	**$ 710,785**
Total assets	**$ 3,403,243**	**$ 2,745,635**	**$ 283,607**	**$ 156,916**	**$ 1,516,421**	**$ 8,105,822**

Sales and assets are summarized by geographic area based on the countries where subsidiaries are located.

(c) Sales to foreign customers

Sales to foreign customers for the years ended March 31, 2005, 2004 and 2003 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2005	2004	2003	**2005**
Asia	**¥ 174,160**	¥ 163,457	¥ 151,371	**$ 1,627,664**
Americas	**13,990**	14,812	18,111	**130,748**
Europe	**19,021**	20,598	19,342	**177,766**
Total sales to foreign customers	**¥ 207,171**	¥ 198,867	¥ 188,824	**$ 1,936,178**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of ROHM CO., LTD. and subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2005, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 subsidiaries as of March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2005, in conformity with accounting principles generally accepted in Japan.

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

Deloitte Touche Tohmatsu

June 29, 2005

Member of
Deloitte Touche Tohmatsu

Principal Subsidiaries

Domestic

ROHM HAMAMATSU CO., LTD.
Capital : ¥ 400 million Location : Shizuoka
Principal business : Manufacture of ROHM products (monolithic ICs)

ROHM WAKO DEVICE CO., LTD.
Capital : ¥ 450 million Location : Okayama
Principal business : Manufacture of ROHM products (monolithic ICs and diodes)

ROHM APOLLO DEVICE CO., LTD.
Capital : ¥ 492 million Location : Fukuoka
Principal business : Manufacture of ROHM products (monolithic ICs and transistors)

ROHM TSUKUBA CO., LTD.
Capital : ¥ 450 million Location : Ibaraki
Principal business : Manufacture of ROHM products (transistors)

ROHM WAKO CO., LTD.
Capital : ¥ 450 million Location : Okayama
Principal business : Manufacture of ROHM products (diodes, LEDs, laser diodes and LED displays)

ROHM APOLLO CO., LTD.
Capital : ¥ 450 million Location : Fukuoka
Principal business : Manufacture of ROHM products (transistors, diodes and tantalum capacitors)

ROHM FUKUOKA CO., LTD.
Capital : ¥ 385 million Location : Fukuoka
Principal business : Manufacture of ROHM products (monolithic ICs, resistors and capacitors)

ROHM AMAGI CO., LTD.
Capital : ¥ 300 million Location : Fukuoka
Principal business : Manufacture of ROHM products (power modules, photo link modules, LCDs, thermal heads, image sensor heads and camera modules)

ROHM MECHATECH CO., LTD.
Capital : ¥ 98 million Location : Kyoto
Principal business : Manufacture of molding dies and lead frames

ROHM LOGISTEC CO., LTD.
Capital : ¥ 20 million Location : Okayama
Principal business : Distribution of ROHM products

NARITA GIKEN CO., LTD.
Capital : ¥ 80 million Location : Hyogo
Principal business : Development and design of electronic circuitry

(As of March 31, 2005)

Overseas

ROHM KOREA CORPORATION
Capital : Won 9,654 million Location : Seoul, Korea
Principal business : Manufacture of ROHM products (monolithic ICs, transistors, diodes, LEDs, sensors, resistors, LED displays and capacitors)

ROHM-WAKO ELECTRONICS (MALAYSIA) SDN. BHD.
Capital : M$ 53,400 thousand Location : Kelantan, Malaysia
Principal business : Manufacture of ROHM products (diodes and LEDs)

ROHM APOLLO ELECTRONICS (THAILAND) CO., LTD.
Capital : B 448,000 thousand Location : Pathumthani, Thailand
Principal business : Manufacture of ROHM products (transistors and diodes)

ROHM APOLLO SEMICONDUCTOR PHILIPPINES, INC.
Capital : P 406,580 thousand Location : Cavite, Philippines
Principal business : Manufacture of ROHM products (transistors)

ROHM ELECTRONICS PHILIPPINES, INC.
Capital : P 1,017,060 thousand Location : Cavite, Philippines
Principal business : Manufacture of ROHM products (monolithic ICs, resistors and capacitors)

ROHM INTEGRATED SEMICONDUCTOR (THAILAND) CO., LTD.
Capital : B 667,500 thousand Location : Pathumthani, Thailand
Principal business : Manufacture of ROHM products (monolithic ICs, resistors and capacitors)

ROHM ELECTRONICS DALIAN CO., LTD.
Capital : ¥ 6,835 million Location : Dalian, China
Principal business : Manufacture of ROHM products (power modules, LCDs, thermal heads and image sensor heads)

ROHM ELECTRONICS WAKO (TIANJIN) CO., LTD.
Capital : ¥ 5,000 million Location : Tianjin, China
Principal business : Manufacture of ROHM products (diodes, LEDs, laser diodes, LED displays and sensors)

ROHM ELECTRONICS COMPONENTS (TIANJIN) CO., LTD.
Capital : US$ 28,200 thousand Location : Tianjin, China
Principal business : Manufacture of ROHM products (transistors, diodes, LEDs, resistors, capacitors and LED displays)

ROHM MECHATECH PHILIPPINES, INC.
Capital : P 100,000 thousand Location : Cavite, Philippines
Principal business : Manufacture of molding dies and lead frames

ROHM MECHATECH (THAILAND) CO., LTD.
Capital : B 100,000 thousand Location : Pathumthani, Thailand
Principal business : Manufacture of molding dies and lead frames

ROHM ELECTRONICS U.S.A., LLC
Capital : US$ 26,298 thousand Location : California, U. S. A.
Principal business : Sales of ROHM products

(EASTERN SALES DIVISION)
Location : Georgia, U. S. A.
Principal business : Sales of ROHM products

(CENTRAL SALES DIVISION)
Location : Texas, U. S. A.
Principal business : Sales of ROHM products

(WESTERN SALES DIVISION)
Location : California, U. S. A.
Principal business : Sales of ROHM products

ROHM ELECTRONICS GMBH
Capital : EURO 511 thousand Location : Willich-Munchheide, Germany
Principal business : Sales of ROHM products

(GERMANY SALES DIVISION)
Location : Willich-Munchheide, Germany
Principal business : Sales of ROHM products

(UK SALES DIVISION)
Location : Milton Keynes, United Kingdom
Principal business : Sales of ROHM products

(FRANCE SALES DIVISION)
Location : Paris, France
Principal business : Sales of ROHM products

ROHM ELECTRONICS (H.K.) CO., LTD.
Capital : HK$ 27,000 thousand Location : Kowloon, Hong Kong
Principal business : Sales of ROHM products

ROHM ELECTRONICS (SHANGHAI) CO., LTD.
Capital : US$ 200 thousand Location : Shanghai, China
Principal business : Sales of ROHM products

ROHM ELECTRONICS TRADING (DALIAN) CO., LTD.
Capital : US$ 200 thousand Location : Dalian, China
Principal business : Sales of ROHM products

ROHM ELECTRONICS TAIWAN CO., LTD.
Capital : NT$ 140,500 thousand Location : Taipei, Taiwan
Principal business : Sales of ROHM products

ROHM ELECTRONICS KOREA CORPORATION
Capital : Won 1,000 million Location : Seoul, Korea
Principal business : Sales of ROHM products

ROHM ELECTRONICS ASIA PTE. LTD. Investment Division (RES / REI)
Capital : S$ 90,630 thousand Location : Singapore
Principal business : Administrative responsibility for subsidiaries in Asia Sales of ROHM products

ROHM ELECTRONICS (MALAYSIA) SDN. BHD.
Capital : M$ 700 thousand Location : Petaling Jaya, Malaysia
Principal business : Sales of ROHM products

ROHM ELECTRONICS (PHILIPPINES) SALES CORPORATION
Capital : P 13,250 thousand Location : Muntinlupa City, Philippines
Principal business : Sales of ROHM products

ROHM ELECTRONICS (THAILAND) CO., LTD.
Capital : B 104,000 thousand Location : Bangkok, Thailand
Principal business : Sales of ROHM products

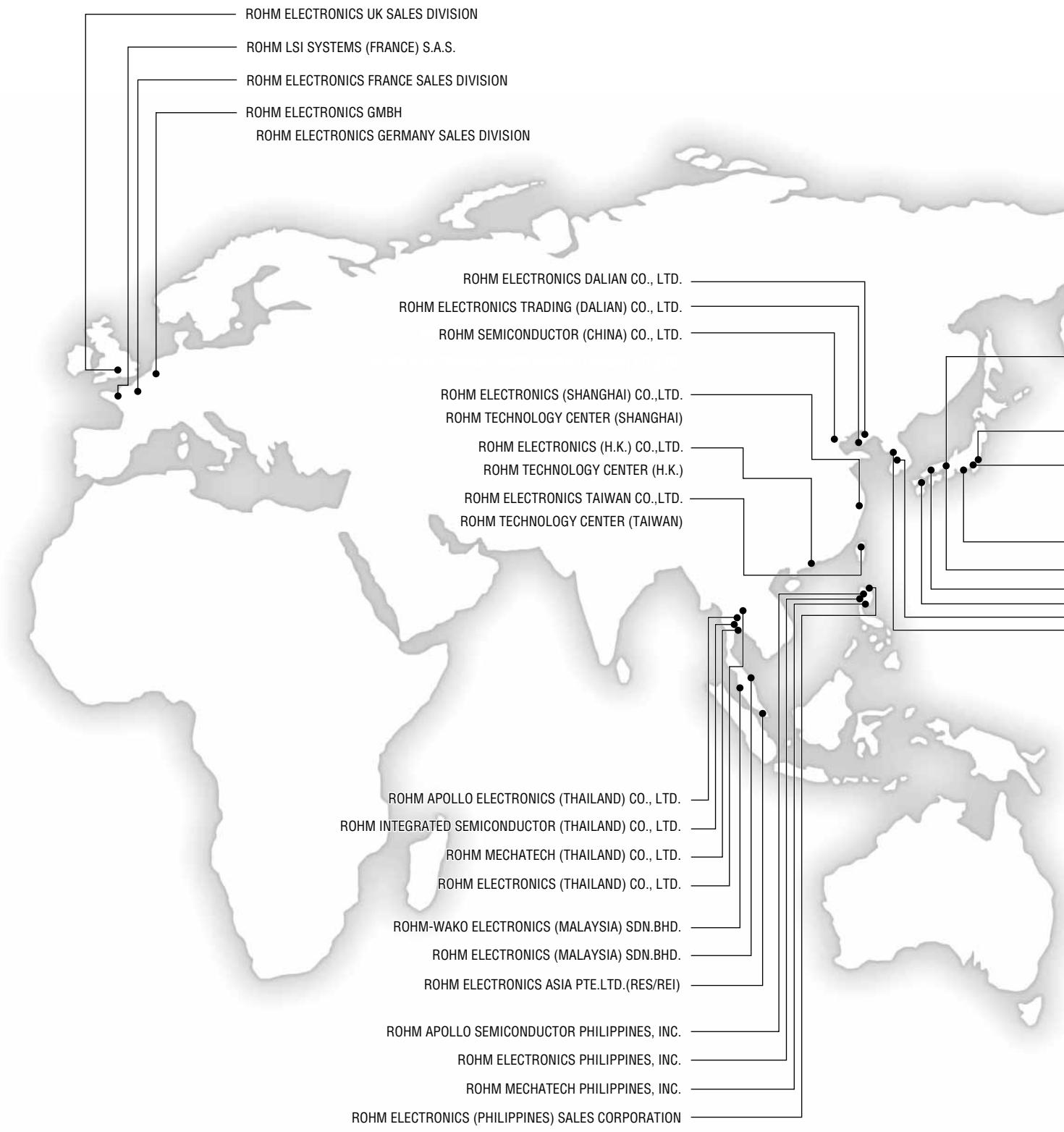
ROHM LSI SYSTEMS (FRANCE) S.A.S.
Capital : EURO 800 thousand Location : Rennes, France
Principal business : Design, Research and development of ROHM products

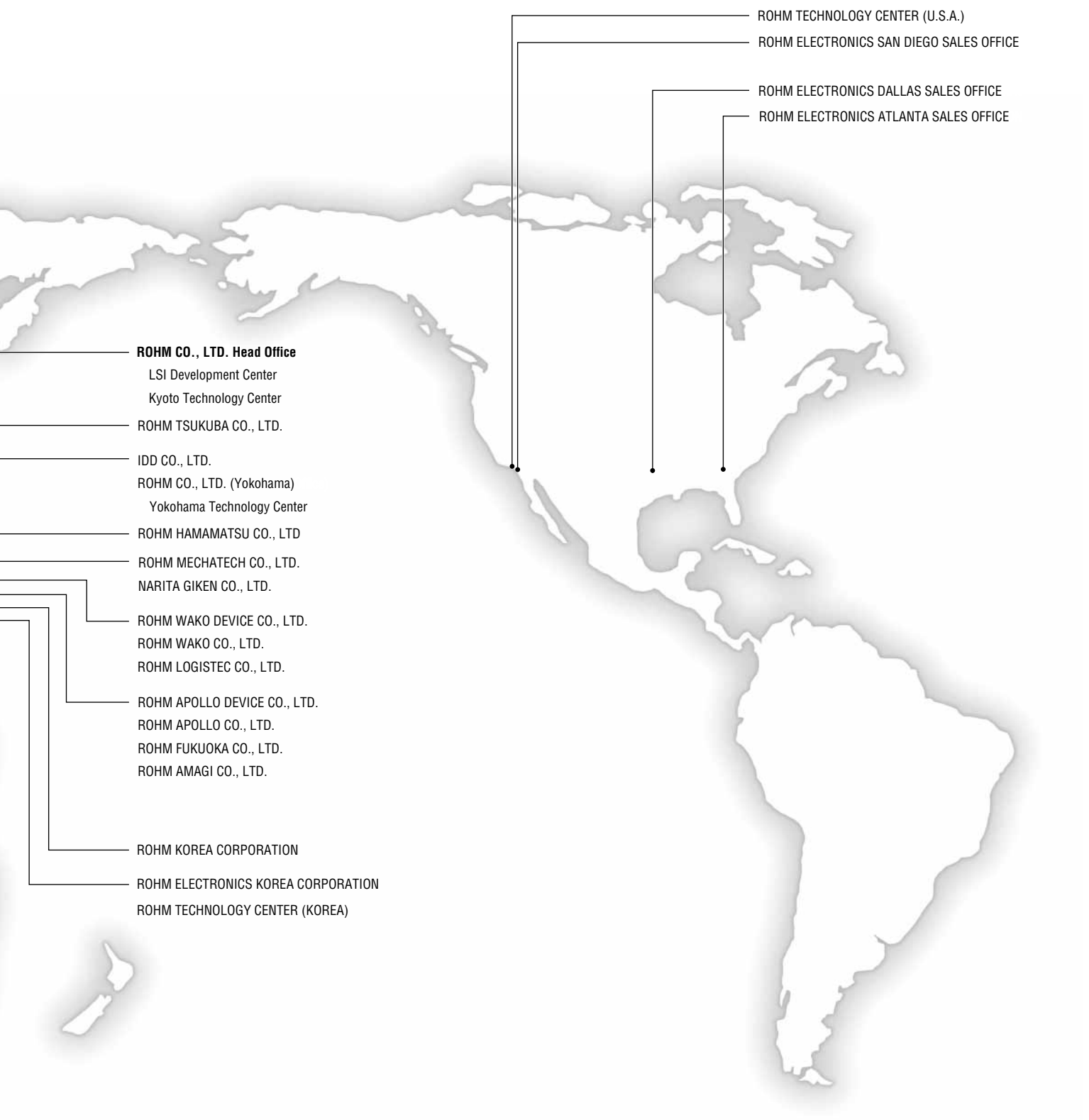
ROHM U.S.A., INC.
Capital : US$ 133,642 thousand Location : California, U. S. A.
Principal business : Administrative responsibility for subsidiaries in North and South America

(As of March 31, 2005)

The above mentioned ROHM ELECTRONICS WAKO (TIANJIN) CO., LTD. and ROHM ELECTRONICS COMPONENTS (TIANJIN) CO., LTD. merged to become ROHM SEMICONDUCTOR (CHINA) CO., LTD. in April 2005.

The ROHM Group Overseas Branches




ROHM TECHNOLOGY CENTER (U.S.A.)
ROHM ELECTRONICS SAN DIEGO SALES OFFICE
ROHM ELECTRONICS DALLAS SALES OFFICE
ROHM ELECTRONICS ATLANTA SALES OFFICE
ROHM CO., LTD. Head Office
LSI Development Center
Kyoto Technology Center
ROHM TSUKUBA CO., LTD.
IDD CO., LTD.
ROHM CO., LTD. (Yokohama)
Yokohama Technology Center
ROHM HAMAMATSU CO., LTD
ROHM MECHATECH CO., LTD.
NARITA GIKEN CO., LTD.
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ROHM WAKO CO., LTD.
ROHM LOGISTEC CO., LTD.
ROHM APOLLO DEVICE CO., LTD.
ROHM APOLLO CO., LTD.
ROHM FUKUOKA CO., LTD.
ROHM AMAGI CO., LTD.
ROHM KOREA CORPORATION
ROHM ELECTRONICS KOREA CORPORATION
ROHM TECHNOLOGY CENTER (KOREA)

Board of Directors

President

Ken Sato

Managing Director

Junichi Hikita

Directors

Akitaka Idei

Naotoshi Watanabe

Satoshi Sawamura

Nobuo Hatta

Hidemi Takasu

Toru Okada

Corporate Auditors

Yoshiaki Shibata

Yasuhito Tamaki

Shinya Murao

Toshiki Shimozono

Haruo Kitamura

(As of June 29, 2005)

Corporate Data

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Date of Establishment
September 17, 1958

Shareholders' Equity
¥739,329 million
(US$6,910 million)

Common Stock
Authorized: 300,000,000
Issued: 118,801,388

Number of Employees
19,803

Stock Listings
Tokyo Stock Exchange
Osaka Securities Exchange

Transfer Agent
UFJ Trust Bank Limited
4-3, Marunouchi 1-chome,
Chiyoda-ku, Tokyo 100-0005, Japan

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(As of March 31, 2005)

Excellence in Electronics

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