Excellence in Electronics

ROHM

Annual Report 2008

For the Year Ended
March 31, 2008

Exceeding Time

Kyoto, the ancient capital of Japan, has a history spanning over a millennium.
Advances in the development of art, spirituality and tradition unique to Japan were cultivated in the Heian period.
The Tale of Genji by Murasaki Shikibu was the first novel written in kana, Japanese characters introduced during this era.
The beautiful temple called Byōdōin is the only surviving existence of Heian architecture.
A breathtaking view of what was once known as Western Paradise (or Pure Land) on Earth can be seen from the Phoenix Hall inside the temple.
The foundation of Kyoto was built on culture that originated during this time of peace, and has since been cherished.

2008
Annual Report

ROHM CO.,LTD., established in Kyoto, Japan, in 1958, designs and manufactures integrated circuits (ICs) and other semiconductor and electronic components. ROHM's product lineup includes monolithic ICs, power modules, photo link modules, transistors, diodes, light emitting diodes (LEDs), laser diodes, resistors, capacitors, thermal heads, image sensor heads, LED displays and others.
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 also puts focal emphasis on environmental protection.

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Byōdōin, Uji

The land of Uji, located in the southeast of Kyoto Prefecture, is blessed with natural scenic beauty which can create a variety of moods when viewed throughout the four seasons. The origin of Byōdōin, built on the banks of the Uji River, dates back nearly a millennium to 1052—the seventh year of the Eishō era— when Yorimichi, the son of ruler Fujiwara Michinaga, acquired his father's private villa and converted it into a Buddhist temple. The view from Amid Hall (now known as Phoenix Hall) is said to be an expression of the Buddhist paradise (or Pure Land), according to Heian nobility beliefs. The many temples lined up in a row became a refuge for those who seek happiness in the afterlife. Today, Phoenix Hall is the only surviving existence of Heian architecture.

UNESCO listed the Byōdōin temple as a World Heritage Site as part of the "Historic Monuments of Ancient Kyoto."

The culture of Byōdōin and Kyoto were established in the Heian period. The art of Japanese gardens and the development of kana characters are traditions passed down to many generations.

In 2008, ROHM reached a milestone—the fiftieth anniversary of its establishment. ROHM hopes to continue to produce quality products and forward thinking technology based on the principles in which it was founded on, much like Byōdōin and the Heian culture. The theme of this year's Annual Report is based on the idea of longevity and cultural significance.
(photographs provided by: Byōdōin / Asukaen / Shigeru Jufuku)

To Our Shareholders and Friends

Rohm was founded in Kyoto, has continued growth as a semiconductor manufacturer, and in September 2008, will celebrate its 50th anniversary.

I am grateful to our customers who acknowledge our products, to our hard-working employees who have shared all the ups and downs of the Company as well as its joys and sorrows, to local communities that have backed the Company through our 50-year journey, and above all, to you, our shareholders, for your ideas, continued support, and enthusiasm in helping us grow ROHM into a company of which we can all be proud.

We will continue making an all-out effort to further advance our business performance and respond to the expectations of shareholders, investors, and all stakeholders.

We look forward to the continued support of shareholders, investors, and all stakeholders.

June 2008

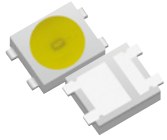
President
Ken Sato

Overall Review of Business Results

The digital audio/visual equipment segment of the electronics market is in a full expansionary phase, and incorporation of multimedia capabilities with these technologies is rapidly and increasingly applied to mobile phones.

In automotive industries, the quantity of semiconductors used tends to dramatically increase, while evolution of other segments such as bioelectronics and MEMS is stretching out beyond the conventional framework.

Under these circumstances, ROHM is committed to developing new technologies, consistently identifying new customer needs ahead of competitors, while continuing efforts to pursue the world's highest quality and reliability levels.



Exceeding Time

Development of New Technologies and Products, Research and Development for the future

Manufacturing electronics is ROHM's contribution to society where beyond a social service it is engaged in the development of technologies with an eye to the next-generation. ROHM continuously promotes harmonized R&D activities from all possible perspectives; from material development and design technology to manufacturing technology and quality improvement.

In the area of LSIs, ROHM is constantly delivering cutting-edge solutions to customers by developing the ICs with high efficiency and high accuracy through optimizing ROHM's digital, analog, and combined digital/analog technologies required by circuit blocks used in electronic equipment.

In the semiconductor industry, as the keyword of its technological development, "refinement" that takes place in accordance with Moore's Law has been adopted as a theme. With "More than Moore" set as a motto, ROHM places importance on the complexity of diverse technologies such as new material, MEMS, and bio-optical technologies without being confined to mere refinement.

ROHM achieves high added value by reinforcing the quality reliability in product development efforts and developing products with high accuracy and strong resistance. ROHM's LSI product development efforts continue to focus on products for use in digital home appliances, audio/visual equipment, mobile phones and automotive electronics.

In the area of discrete semiconductors and module products, ROHM's products have been utilized in a broad range of applications including digital home appliances and audiovisual equipment, and by quickly responding to the miniaturization of products and energy saving, additional market growth in the coming years is highly expected. The ECOMOS™ Series developed for power supply circuits for mobile devices represented by mobile phones greatly reduce ON-resistance in operation and have reduced power consumption in the power supply circuits, enabling long-time operation with a limited battery capacity.

The Phoenix Hall of Byōdōin

The Phoenix Hall of Byōdōin was built using advanced architectural techniques during its time. Phoenix Hall has three wings, creating an image of the mythical bird of China, the phoenix. The central hall is flanked by twin wing corridors on both sides in addition to a "tail" corridor. The shape of the phoenix is reflected in the Ajiike Pond, and seated at the western edge of Ajiike Pond is the golden Amida Buddha statue which catches the first rays of the rising sun. The flawless symmetry and splendid silhouette evokes a feeling of strength and empowerment which will transcend time.

As an example of R&D progress in new areas, a multiple wafer batch processing technique of SiC (silicon carbide) wafers was established for the first time in Japan by the use of a test model of epitaxial film growth apparatus of SiC, which was jointly developed with Kyoto University and others in June 2007.

Production Technology and Systems

ROHM develops the majority of its manufacturing equipment and back-end processes in-house to meet the objective of "building the quality into the process by the equipment" and to eventually utilize such manufacturing equipment at all the plants including those overseas. This enables ROHM to manufacture and supply the most outstanding product quality and reliability in the industry at home and abroad. Moreover, to guarantee a stable product supply to customers, ROHM pays particular attention to risk management. ROHM is equipped with a double-backup system for protecting data, and the production base of each product category is decentralized.

Regarding wafer processes, materials such as 300-mm wafers are manufactured in-house to improve the quality and reduce cost. In 2007, the plant at ROHM HAMAMATSU CO., LTD., which is a seismically isolated structure, enlarged its clean room by half its previous size, and adopted an automatic wafer conveyor system to increase capacity. Consequently the plant is becoming fully prepared for quick response to growing demand.

These efforts allow ROHM to carry out quality control in all LSI manufacturing phases from materials to the final processing stage, providing ROHM's LSI products overwhelming superiority in terms of quality and reliability.

Sales System and Customer Support

ROHM is reinforcing its technical support and quality assurance systems for customers worldwide.

As a technical support system, ROHM reinforced its LSI product development customized for automotive applications at the Nagoya Design Center. Outside Japan ROHM enhanced its design center network in China and established new design centers in Europe and the United States with the prospect of upgrading its customer support system, as well as its design and development system mainly for the areas of mobile phones and automotive electronic components.

As a quality support system, ROHM installed QA Centers equipped with various analysis devices at key sites both within and outside Japan. These centers provide quick analysis and reply to issues on product nonconformity.

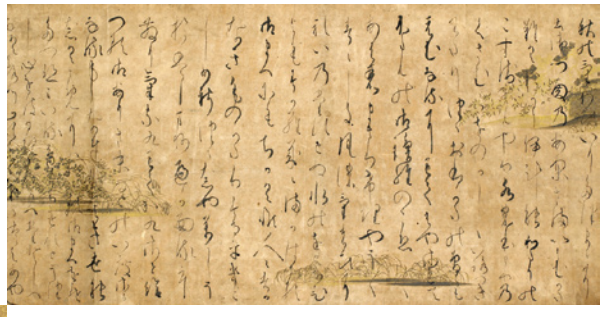
In the sales system arena, ROHM's sales units are located close to the customers' development bases, allowing ROHM to carry out customer-centered sales activities. In China, a key target area for its global sales promotion, ROHM established sales bases in various areas in the country to reinforce the customer support system. In Eastern Europe, where the production of electronic equipment for the European market is on the rise, ROHM has augmented personnel at sales offices in Hungary, Poland, and Russia.

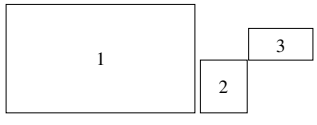
Social Responsibility

With the belief that social responsibility for sustainable development as a corporate citizen is of paramount importance in business management, 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. The Company is striving to ensure employees' full understanding and observance of the "ROHM Group Business Conduct Guidelines" in an effort to enlighten and educate employees. Moreover, ROHM is enhancing its internal control system by establishing committees, each focusing on a specific subject such as risk management, compliance, and information disclosure.

As part of its activities to contribute to society and local communities, ROHM has donated research facilities to Ritsumeikan University, Doshisha University and Kyoto University as the "ROHM Plaza Project," where substantial educational programs and industry-training joint projects are being performed for technological advancements in Japan. ROHM is also actively participating in various activities of local communities and supporting their welfare, educational, and cultural activities as a responsible enterprise to maintain and improve healthy relations with society. ROHM is also actively engaged in the assistance for reconstruction of natural-disaster-afflicted areas overseas, where ROHM deploys its business.

Occupational health and safety is another focal area for ROHM as it has introduced risk assessment measures and continues group-wide efforts in deploying it throughout the company. In July, ROHM achieved thirteen consecutive years of zero accidents of the type that would normally cause employee absence from work, demonstrating its constant high performance in occupational health and safety.





1 Inside the central hall of Phoenix Hall during the time of its construction (recreated through computer graphic technology).
Statues of Bodhisattvas dancing within the hall illustrated in spectacular and vibrant colors. They express a longing for the Pure Land.
(Computer graphic created by: NHK Kinki Media Plan)

2 "Ukibune" from The Tale of Genji picture screen
The protagonist Kaoru visiting Uji, is reunited with Ukibune, and is at a loss for words. (From the collection of the Tale of Genji Museum in Uji City)

3 A segment of the Diary of Murasaki Shikibu picture scroll
A diary written with kana characters which portrays the way of life during the Heian period and the mood created by the four seasons.
(From the collection of the Paleological Association of Japan)

Byōdōin and Heian Culture

Byōdōin was built during the Heian period in which art (especially poetry and literature), spirituality and tradition unique to Japan was first cultivated. Yamato-e and maki-e were beautiful art pieces characteristic of its time and are considered to be classical Japanese style art. The distinct architectural methods as seen in shinden-zukuri as well as majestic pond gardens also make up this traditional culture. The establishment of hiragana characters allowed a more advanced expression of the Japanese language through literature such as narrative tales, waka poetry, memoirs and novels. The Tale of Genji, which is widely considered to be the first novel, was also written in this period by Murasaki Shikibu. This tale recounts the life of a member of the Heian court and the women of the aristocracy by describing their complex lives which evolves over a period of time, much like real life. The novel is noted for its consistency, psychological interpretation and characterization, and is widely appreciated by many.

Corporate Philanthropy

ROHM is actively providing assistance to cultural and sporting activities in parallel with social contributions through its business.

ROHM is providing continuous support to the ROHM Music Foundation, with the objective of contributing to the progress of music as a cultural activity. Besides offering scholarships for musicians, we have also provided support for events intended to assist aspiring young musicians. Such events include the annual Kyoto International Music Students Festival and the Seiji Ozawa Ongaku-juku Opera Project Series.

ROHM also provided support for major distinctive sporting events, including the Lake Biwa Mainichi Marathon, one of the selection races for the Japanese men's marathon team at the Beijing Olympics; the Kyoto City Half Marathon, an urban marathon participated in by as many as 6,200 citizen runners; and the Inter-Prefectural Men's Ekiden, a road relay race aimed at deciding which prefecture is No. 1 in Japan in the inter-prefectural running event.

Environmental Conservation

ROHM declares its environmental policy in this phrase: "Think of the global environment and contribute to the healthy survival of the human race and eternal prosperity of the company." Through these activities shared at all business levels of the ROHM Group, ROHM continues to lead the industry in environmental conservation.

ROHM has obtained a single ISO 14001 certification covering all domestic and overseas Group companies from a third-party certification organization, which is testimony to ROHM's group-wide commitment to environmental conservation in conformity with international standards. As an environmental management system, through activities of the "Environmental Conservation Committee" and its umbrella specialty sectional meetings, ROHM has accomplished successful results; examples include zero emissions of waste achieved quickly at all the production bases of the Group in Japan, the establishment of a closed wastewater treatment system and plant wastewater recycling system, the development of environmentally friendly, energy- and resource-saving products, complete elimination of environmentally controlled substances, and green procurement.

As part of its anti-global warming efforts, ROHM is cutting the volume of the greenhouse gas emissions other than CO_2 and is conducting a large-scale reforestation project named "ROHM Forest" in Southern Australia for the first time as a Japanese semiconductor manufacturer.

Distribution of Profits to Shareholders

Regarding profit distribution to shareholders, ROHM gives thorough consideration to various factors, including business performance, financial position, and expected demand for funds for business investment aimed at improving corporate value, so as to live up to shareholders' expectations.

Specifically, for three years from 2008 to 2010, ROHM will return to shareholders, not less than 100% of its consolidated free cash flow. The form of this capital return will be by regular dividends or share repurchase, while the company continues to aim at declaring stable regular dividends in a consistent manner, increasing the consolidated dividend payout ratio to 30%.

Gardens and the Seasons in Uji

The land of Uji and its beautiful gardens possess a natural scenic beauty which can invoke a variety of moods, changing with the seasons. The Uji River glistens brightly in the sunlight and is tinged a pale pink during the spring. In the fall, reflections of branches full of autumn leaves and vibrant colors cover the river like a blanket. The Uji River, Uji mountains and pond garden were considered as the backdrop setting when building Byōdōin. The concept of containing the natural beauty of this picturesque scene was derived from using the natural world and condensing it into a single space, viewed from Phoenix Hall.

Corporate Governance

Basic Policy concerning Corporate Governance

In line with the social trend that mandates effective corporate governance, ROHM acknowledges that it is an entity supported by all its stakeholders including shareholders, customers, business partners, local communities and employees. Based on this acknowledgment, ROHM believes that its business operations and activities must be founded on corporate fairness, soundness and transparency and positions establishment of the corporate governance as an extremely important issue. Under this acknowledgment, ROHM has been carrying out various activities to prioritize the enhancement of corporate values in consideration of its stakeholders.

Structure of Management Organization for Executive Decision-making, Implementation, Supervision and Other Corporate Governance System

(1) Organizational structure and operation

ROHM believes that an agile and effective management system with emphasis on competitive enhancements in the semiconductor industry, where the business environment is undergoing accelerated change, can be established so Directors familiar with ROHM's businesses and technologies have executive power and supervise each other. As part of the executive supervision, ROHM maintains the existing auditing system, which is implemented only by outside Corporate Auditors, based on the idea that internal supervision over the executive branch will function sufficiently by improving and enhancing the system.

ROHM's Corporate Auditors and Accounting Auditors work in coordination with one another. They hold meetings several times a year, in which they make reports on audit programs, audit status and results and other related topics and exchange their opinions. The Corporate Auditors also work in cooperation with ROHM's Internal Auditing Department. The activities of the Internal Auditing Department are communicated to the Corporate Auditors by means of a monthly report.

Other functions of ROHM's outside Corporate Auditors include: auditing ROHM's divisions and affiliates by dividing the audit tasks among the Corporate Auditors according to their experience and expertise and attending the Board of Directors and the Board of Corporate Auditors to make necessary comments to the management from the viewpoints of respective areas of expertise. To support the outside Corporate Auditors, ROHM's auditing system requires that the materials related to the Directors' decision-making (minutes of the Board of Directors, circulars sent around for managerial decisions, etc.) are reviewed on a regular basis, and that major divisions of ROHM make reports of their operations and other information via the monthly report. Additionally, the Internal Audit Department, consisting of six staff members including the Department Chief, audits individual divisions and affiliates of ROHM by interviewing executives and employees, inspecting documents and sets of accounts and regularly communicates the audit results to the Corporate Auditors. Various findings from day-to-day audit activities are also communicated from full-time Corporate Auditors to part-time Corporate Auditors at the Board of Corporate Auditors and on other occasions as needed.

To determine remuneration and bonuses for the Directors, ROHM has adopted a performance pay system, in which remuneration and bonuses for the Directors are decided using the consolidated profit of the relevant fiscal year as the performance indicator, to clarify the management responsibilities of the Directors. The total amount of remuneration paid to all Directors is disclosed in the annual securities reports and other relevant announcements.

Compensation and other payments made to Directors for the year ended March 31, 2007: ¥423 million

(Notes)

1. The amount of compensation paid to Directors does not include the amount of employee salaries paid to employee Directors.
2. A resolution was passed at the 48th general shareholders' meeting on June 29, 2006, setting maximum annual compensation for Directors at ¥600 million.
3. The amount of compensation paid to Directors includes bonuses to Directors for the year ended March 31, 2007 (¥58 million), and provision for retirement benefits for Directors and Corporate Auditors for the same year (¥82 million).

(2) Matters related to functions such as performance of business operation, audits, supervision, designation of certified public accountants and decision on remuneration

The Articles of Incorporation limit the number of directors on the Board of Directors to ten in order to encourage sufficient discussion whilst allowing adequate and swift decision making. Additionally, one outside Director was designated to enhance mutual supervision among the Directors. With five Corporate Auditors, ROHM reinforces auditing functions by overseeing all implementations. The Auditors are committed to building a fair management supervision system through legally stipulated audits.

The Corporate Auditors attend important meetings such as the Board of Directors and audit the individual divisions of ROHM and its affiliates together with the Internal Audit Department by holding meetings with those in managerial positions and by inspecting documents and reports. Through these audits ROHM checks whether the Directors perform their duties in compliance with the existing laws, whether ROHM's internal control is well maintained and operated, whether the in-house rules are well observed, and whether the soundness of ROHM's assets is ensured.

All Auditors - Corporate Auditors, Internal Audit Department and Accounting Auditors- regularly have report meetings, consistently maintain close cooperation and coordination and proactively exchange their information and opinions. Sharing the information obtained through their individual audits enhances the accuracy of the audits and constantly improves the operation process.

ROHM is under contract with Deloitte Touche Tohmatsu for its accounting audits and abides by Japanese Corporation Law and Financial Instruments and Exchange Law. ROHM has an established environment where the auditing organization can perform audits from a fair, unbiased position as an independent third party. The following are the names of certified public accountants (CPAs) who audited ROHM's accounts for the fiscal year ended March 31, 2008, the number of consecutive years they have been engaged in auditing ROHM and information on the assistants involved in the audits.

CPAs who audited ROHM (Number of consecutive years they have been engaged in auditing ROHM)

Designated CPAs (employees in charge of performing the audit) of Deloitte Touche Tohmatsu: Yoshifumi Tsutsumi (4 years), Yasuhiro Onishi (1 year), Hiroyuki Asaga (6 years)

Major assistants in the audits

6 CPAs and 9 assistant CPAs and clerical personnel

Updates on the Performance of Actions Taken with Respect to Shareholders and Other Stakeholders

(1) Efforts to energize general shareholders' meetings and facilitate the process of exercising voting rights

ROHM sends out notices of general shareholders' meetings four weeks

prior to each meeting and has enabled its shareholders to exercise their voting rights via the Internet connection from PCs and mobile phones. In addition, based on the findings of surveys on shareholders, ROHM takes various actions including promotion of investor relations activities, facilitation of the process to exercise voting rights and preparing an English version of notices of general shareholders' meetings.

(2) Investor relations activities

In Japan, the financial results briefings given by two or more Directors are held twice a year to provide domestic securities analysts and corporate investors with information on business results, forecasts and strategies.

For overseas investors, regular briefings are held once a year in the US and Europe.

Furthermore, ROHM has an investor relations section on its homepage that provides a wealth of information including legally stipulated disclosure documents such as financial reports, voluntary information including annual reports, materials for financial results briefings, performance trend charts and long-term financial data, an IR calendar and information on paperwork for shareholders.

(3) Efforts to ensure respect for stakeholders

ROHM expresses its intention to respect all stakeholders surrounding ROHM through the publication of CSR (Corporate Social Responsibility) reports. As part of efforts to ensure due respect for stakeholders, ROHM also strives to enlighten and educate its employees by distributing the 'Guidelines for Ethics in the Business of the ROHM Group'.

ROHM has also introduced an environmental management system applicable to all ROHM Group companies based on ISO 14001 to actively and continuously contribute to environmental conservation. As for CSR activities, ROHM also promotes business operations based on the idea that the sustainable development as a corporate citizen fulfills social corporate responsibility. Specifically, ROHM makes constant efforts to build up and maintain favorable relations with local communities and society through various activities including donations of research institutions to universities and active involvement in charitable activities intended for local communities such as sponsoring and supporting various types of events.

Regarding provision of information to stakeholders, ROHM's policies on information disclosure to stakeholders are outlined in in-house rules on information disclosure including the requirements for fairness and legal compliance.

Basic Policy and Current Status concerning Internal Control System

Enhancement of the internal control system is one of the most important management issues, and the ROHM Group is not only committed to maintaining proper business processes across the whole Group, but also to ensuring reliable financial reporting, thereby fulfilling corporate social responsibility. ROHM is advancing the establishment and enhancement of its internal control system based on the following specific policies.

(1) System for ensuring that the Directors perform their duties in compliance with established laws, regulations, and Articles of Incorporation

1) Directors' noncompliance with the laws regulations or Articles of Incorporation in performing their duties is deterred, based on the Guidelines for Ethics in the Business of the ROHM Group, Board of Directors Regulations, and other relevant rules.
2) Directors with a thorough knowledge of their own areas of expertise have responsibility and authority for business operations of their respective areas, hold discussions regularly, and supervise each other.
3) Every Director/Corporate Auditor promptly notifies the Board of Directors and the Board of Corporate Auditors of any violation of laws, regulations or in-house rules by any Director when the violation comes to be known by the Director/Corporate Auditor.
4) The internal "Compliance Hotline" system for reporting compliance concerns and issues has been established and is used to find any violation by any Director, of the laws, regulations or in-house rules and to take preventive measures against any recurrence.
5) All Corporate Auditors are appointed from outside the Company to constantly monitor how the Directors perform their duties in compliance with established laws, regulations, and Articles of Incorporation.

(2) System regarding storage and management of information on the execution of Directors' duties

1) All materials related to the Directors' decision-making process as well as information regarding the execution of their duties are maintained in written form. This may include minutes and other materials pertaining to general shareholders' meetings, materials pertaining to the Board of Directors meetings, circulars sent around for managerial decisions, and materials pertaining to annual business planning. Retention periods and other instructions for management of such documents comply with established laws, regulations and in-house rules.
2) All instructions to different units of the Company, Group companies or other relevant sectors are issued in written form in principle, and are maintained in a manner that is accessible by Directors, Corporate Auditors and other relevant parties upon request.
3) Information pertaining to the execution of duties of Directors is properly retained and controlled by related units, etc., and insider information is disclosed on a timely basis and properly through the Corporate public relations units under the control of the Information Disclosure Committee.

(3) Rules and system regarding the management of risk of loss

1) ROHM has organized an in-house Risk Control Committee as an overall risk management function. The committee sets out risk management policies on the basis of the risk management regulations formulated at the committee. The committee extracts and analyzes all the potential risks that may occur in performing tasks, and decides countermeasures against them, and at the same time, reviews and controls the activities of various entities in management regarding potential risks.
2) ROHM has established different in-house committees including the Central Health and Safety Committee, Fire Prevention Committee, and the Environmental Conservation Committee as well as subcommittees, and through daily activities of those committees, prevents risks and addresses unavoidable risks in a proper and ethical manner.

(4) System for ensuring efficient execution of Directors' duties

1) The number of members of the Board of Directors with executive authority has been reduced to ensure swift and proper executive decision-making.
2) The Board of Directors consists of Directors with a thorough knowledge of their respective areas of responsibility and each Director, based on the segregation of duties, executes his/her own specific duties.

3) Regarding matters that may have a significant impact on business management, expeditious decision-making is performed, as appropriate, at the Board of Directors meetings or by consultation via circular documents sent around for managerial decision according to in-house rules.
4) Documented company standards of risk management, information management and other in-house management procedures are strictly observed.
5) To strengthen the competitiveness of the ROHM Group and to secure appropriate profits, a profit plan is prepared annually for each Group company and operating division specifying the target profit for use in performance management.

(5) System for ensuring that employees perform their duties in compliance with established laws, regulations, and Articles of Incorporation

1) A Compliance Committee has been organized to formulate and disseminate the "Guidelines for Ethics in the Business of the ROHM Group" throughout the Group, thereby promoting the compliance activities of the Group as a whole. The responsible persons of functions of each Group company are appointed as compliance leaders in order to make sure that everyone in the function is thoroughly conversant with awareness of compliance and legal compliance.
2) In an effort to ensure that efficient actions are taken regarding compliance matters inherent in different areas of management, various committees have been established, including the Compliance Committee, the Information Disclosure Committee, the Central Health and Safety Committee and the Environmental Conservation Committee, to check the status of compliance and conduct enlightenment activities across the Group.
3) Under the control of the Information Disclosure Committee, each unit makes efforts to properly manage insider information, provide education and enlightenment to employees, and prevent insider trading.
4) Through addressing the system for evaluating and audit internal control concerning financial reporting, the internal control system is being enhanced and the reliability of financial reporting is secured.
5) The internal "Compliance Hotline" system for reporting compliance concerns and issues has been established and is used to determine any violation by any employee of laws, regulations or in-house rules in the course of performing his/her duties and to take prevention measures against recurrence.
6) Internal audits are conducted to check the work of employees, ensuring compliance with the established laws, regulations, Articles of Incorporation, and making necessary improvements for streamlining of work processes.

(6) System for ensuring sound and appropriate business operations within the corporate group

1) Documented standards applicable across the ROHM Group are prepared and implemented.
2) Some directors/auditors of the ROHM Group companies are appointed from the staff members of ROHM Co., Ltd. or its subsidiaries to supervise and ensure sound and appropriate business operations.
3) A compliance system similar to that of ROHM is organized in subsidiaries for enhancing deployment and cooperation of compliance activities.
4) A system is operated that requires --- in the case of important matters or issues at subsidiaries -- consultation with ROHM Co., Ltd. via a circular sent around for managerial decisions so that each sector of the Company exercises control across all the Group companies.
5) The internal control system is being improved and enhanced in order to cover not only the Company but also its major subsidiaries through addressing a system for ensuring sound and appropriate financial reporting which include procedures for auditing financial reporting.
6) The Company's auditing department conducts internal audits of the Group companies.

(7) In the case where Corporate Auditors request employees to serve as assistants in performing their duties

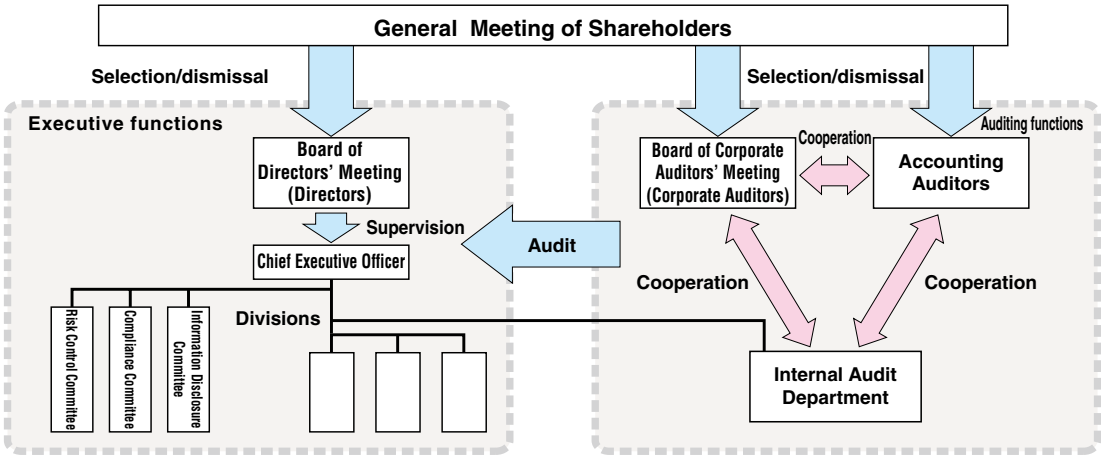
When requested by a Corporate Auditor, support staff with necessary practical skills is provided.

(8) Independence of the employees indicated in (7) above from Directors

Corporate Auditors' support staff members shall not hold a post or engage in any activity related to the implementation of the Company's business operations. Any personnel changes involving them shall require the prior approval of the Board of Corporate Auditors. In the personnel performance evaluation process, the views and opinions of the members of the Board of Corporate Auditors shall be taken into account.

(9) System for Directors and employees to make reports to Corporate Auditors and other system reports to Corporate Auditors

<ROHM Corporate Governance System>



1) Every Director makes reports to Corporate Auditors, as needed, regarding the presence or absence of any violation of laws, regulations or in-house rules by any Director with regard to the performance of his/her duties, or of any breach of duty by any Director, or of any fact that may cause material damage to the Company.
2) The Compliance Committee, the Risk Control Committee, the Information Disclosure Committee, and other committees make a report regularly to Corporate Auditors by means of minutes.

3) The Company maintains a system in which the processes and results of execution of business operations are communicated to Corporate Auditors as deemed appropriate by presenting reports and circulars sent around for managerial decisions as well as by other means.

(10) Other systems to ensure effective audits by Corporate Auditors

1) Directors make reports on the current status of the internal control system at the request of the Board of Corporate Auditors.
2) The Internal Audit Department will be expanded and enhanced considerably to strengthen cooperation with Corporate Auditors.
3) All Corporate Auditors are appointed from outside the Company and include legal experts, accounting experts, and those from government ministries/agencies and financial circles to establish a sophisticated and capable auditing system with a high degree of independence.

Risk Management

The following are the risks that may have great impacts on the ROHM Group's financial status and operating results.

(1) Risks associated with market changes

The semiconductor industry and electronics component industry are subject to sudden, abrupt changes in market conditions, as original equipment 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 and the pricing strategies of Southeast Asian companies, which are growing rapidly. Such price changes compose an uncertainty factor in maintaining or increasing sales as well as ensuring profits.

(2) Exchange risks

The ROHM Group 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, the gains and losses on the consolidated financial statement may change because of the exchange rates at the time of translation, even if values remain unchanged in local currencies.

The ROHM 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 constantly influenced by exchange rate fluctuations. Generally, a strong Japanese yen adversely affects our business performance, while a weak yen has a favorable influence.

(3) Risks of product defects

As stated in the Company Mission, the ROHM Group regards "quality" as a top persistent priority. Our products are produced under severe quality control measures. 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 ROHM products, our business performance may be adversely influenced.

(4) Legal risks

To manufacture products distinguishable 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. The ROHM Group has a specialized 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, the ROHM Group complies with all the relevant laws and regulations in all the fields the ROHM Group does business in: monitoring gas emissions, drainage, harmful-material utilization and handling, waste treatment, and soil/underground water pollution. However, The ROHM Group may shoulder legal responsibilities in this respect, because of a difference in views among those concerned or unexpected events. Such cases would possibly have an adverse influence on our business performance.

(5) Natural disasters and geopolitical risks

The ROHM Group performs development and manufacturing activities in Japan and in other countries. As a measure against natural disasters and geopolitical risks, the Group locates production lines at different bases. However, our business bases may suffer damage due to earthquakes, typhoons, flooding and other natural disasters, or political uncertainty or international conflicts. Our business performance may be affected in cases where these events prevent us supplying products to customers.

(6) Other risks and corporate risk management system

In addition to the above-mentioned risks, there are various risks that may influence our financial conditions and administrative performance during the course of business activities, such as logistics risks, material procurement risks, and information system risks.

The ROHM Group has an in-house Risk Control Committee to preclude these risks or minimize their influence, reinforcing the in-house risk management system.

Other Information

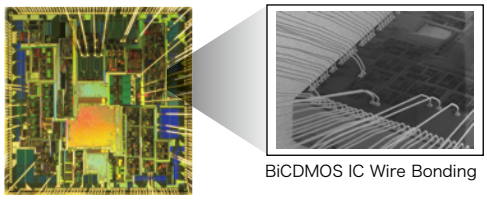
Defense against takeover

On May 11, 2006, the Board of Directors of ROHM decided to adopt "Fair Rules for the Acquisition of Substantial Shareholdings (Takeover Defense Measures)" (hereinafter called the "Rules"). ROHM believes that in the event of a takeover bid, the final decision as to whether or not to accept the bid should be made by the Company's existing shareholders at the time of the bid. To ensure that the shareholders make an informed judgment based on sufficient information and with a reasonable time period to consider the bid and go through a fair and transparent procedure for ascertaining their will, ROHM has set forth a procedure that the takeover bidder must follow before undertaking the purchase. Aimed at securing and enhancing corporate value and common interests of shareholders, the Rules is also designed to be objective and specific, so that the Board of Directors facing a takeover bid does not take any arbitrary action (to protect their own interests, for example). The Board of Directors of ROHM requires any party wishing to make a takeover bid to comply with the procedure stipulated in the Rules. Should the bidder fail to comply, the Board will take prescribed measures (including issuance of stock acquisition right certificates). Details are available on the Company's website.

MORE MOORE and MORE THAN MOORE: Opening the door to the future through innovation

Electronics technology, amid growing awareness of global environmental problems, is increasingly providing solutions that will allow us to not only peacefully coexist with the environment but go beyond energy conservation to address concerns over safety and comfort. Digital broadcasting of high definition digital video has driven widespread acceptance of flat-screen TVs, leading to advancements in performance and energy savings. Technological evolutions in portable audio players paved the way for the growth of the internet and the personalization of images. Concerns about environmental health spawned interest in health care, home automation and home security products, further extending to energy conservation, safety and comfort. Electronics technology now permeates every aspect of our lives and addresses a variety of consumer needs, providing unparalleled functionality while breaking down physical barriers and minimizing the impact on the environment. At ROHM we continue to build on our strong foundation of reliable, high-quality semiconductor technology, developing new products and technologies that benefit society at an ever increasing pace and to an unprecedented degree.

Technological developments in semiconductors are driven by research in micromachining aimed at increasing miniaturization and performance. The development of truly novel products requires advanced expertise in a variety of areas, such as new materials, new circuitry, new compounds, new applications, and software. Only by combining these disparate areas is it possible to develop high value-added products.



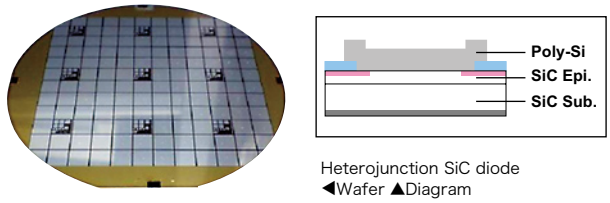
BiCDMOS IC chip

BiCDMOS IC Wire Bonding

Advancements in system IC technology have allowed ROHM to produce system ICs utilizing 90nm processes. ROHM is also developing BiCMOS and BiCDMOS devices from 300mm wafers using a unique 350nm mixed signal power process and continues to make rapid strides in the mass production of power-related system ICs.

In the field of high-speed communication, where circuit design and device quality are of critical importance, high definition TVs are growing at a rapid pace, along with Blu-Ray disc recorders and full HD*1 movie cameras. ROHM has developed an HDMI*2 transmission IC that provides high-quality waveform transmission at speeds up to 2.25Gbps (HDMI ver.1.3a) and stable digital audio/video operation over 20m cables – far longer than the conventional 10m length. This was achieved using proprietary RF circuit technology and optimized pattern layout that corrects for signal attenuation/deterioration due to cables and connectors and ensures high-precision impedance matching*3.

Regarding new materials, ROHM has focused on the R&D of SiC (Silicon Carbide) elements for inverters in electric cars (HEV, FCV, EV). A new SiC diode has been developed in collaboration with Nissan that incorporates a newly structured



Heterojunction SiC diode
◀Wafer ▲Diagram

HJD (Hetero Junction*4 Diode). This new SiC diode is a revolutionary device that can be used at temperatures up to 200°C under currents approaching 300A with low loss and low ON-resistance, typically 1mΩ/㎠ or less – one-fifth to one-tenth that of silicon, whose 5mΩ/㎠ to 10mΩ/㎠ generates relatively high power loss, necessitating heat dissipation countermeasures. Silicon devices also feature low temperature resistance, making them more damage-prone under harsh conditions. ROHM's new SiC Schottky barrier diode, first introduced in October 2007 at CEATEC Japan, proved its stability under high temperatures by running in a prototype inverter module at 200°C. ROHM is continuing to research applications for this new technology in large appliances, industrial machinery, and electric vehicles.

In the IC application technology sector ROHM offers a wireless LAN system module that integrates all required parts, including power circuitry, EEPROMs, and software utilizing advanced IC, module, and system technologies.

ROHM is also currently researching a number of next-generation technologies that apply the principle of MORE THAN MOORE*5, including organic EL microdisplays and ultrasensitive infrared image sensors constructed of thin laminate image sensors on an IC chip. In addition, a new CIGS ($CuInGaSe_2$) image sensor, developed jointly with the National Institute of Advanced Industrial Science and Technology (AIST), is capable of successfully recognizing images in light conditions as low as 0.001 lux (the brightness of starlight) – 100 times the sensitivity of silicon-based CCD and CMOS sensors currently used in vehicle mounted and security (night-vision) cameras.

In the realm of environmental technology ROHM is developing narrow-pitch taping to improve efficiency and is initiating full-scale manufacturing of halogen-free packages for bulk cases to lessen environmental impact.

ROHM will continue to develop new technologies that benefit society under its guiding principle: "Contributing to Society through Electronics,"

(*1) Full HD
A high definition digital TV broadcasting (HDTV) format specifying a resolution of 1080 scan lines or more. Most full HD TVs have a resolution of 1920×1080 pixels.

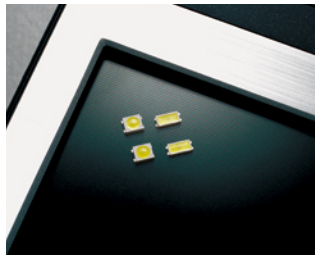
(*2) HDMI (High Definition Multimedia Interface)
A digital audio/video interface standard for TVs capable of transmitting uncompressed video, audio and control signals through a single cable. HDMI expands the color depth from 8 bits to 10 bits for a much wider color range and supports the latest multi-channel audio formats, including Dolby True HD and DTS-HD. HDMI is also compatible with the Lip Sync function for synchronizing video and audio.

(*3) Impedance matching
The practice of making the output impedance of a source the same as the input impedance of a load. Without impedance matching high-speed waveforms cannot be reproduced correctly.

(*4) Heterojunction
A junction that occurs between two different solid state structures. In this case polysilicon and SiC.

(*5) MORE THAN MOORE
Refers to technology developed to integrate heterogeneous elements onto a single semiconductor device (e.g. MEMS, organic components). Innovations merging different fields will be required in the near future, since CMOS transistors are quickly approaching their physical limits.

ROHM White LEDs forBacklighting and Illumination:World Class Brightness in the Medium Current Range



LEDs are used as light sources for LCD backlights in virtually all current compact portable devices. Car navigation systems and portable DVD players in particular require higher brightness, increasing demand for medium current range LEDs (50 to 150mA).

ROHM PSML1 and PSML2 package white LEDs offer ultra-high brightness (7cd at 100mA) in the medium current range. A high thermal conductivity Cu frame with exposed backside provides a thermal dissipation pathway to the substrate for significantly improved heat dissipation characteristics: 70°C/W and 60°C/W for PSML1 and PSML2, respectively (when mounted on a standard FR4 glass epoxy resin board), making them ideal for backlight sources in a wide variety of devices such as car navigation systems, illumination sets, interior lighting, indicator displays and entertainment systems.

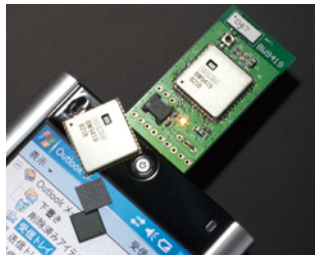
In addition, improved processes and construction eliminate temperature dependency and prevent both brightness and temperature degradation in the medium current range, even during long-term, continuous use and under high temperatures.

1.5V drive MOSFET reduces power consumption by up to 85%

The current trend in portable devices is towards greater sophistication. In addition to standard phone and music playback a number of functions are being continually added, including TV, camera, and GPS capability. At the same time, device drive voltage continues to fall due to refinements in the IC manufacturing process and increasingly low voltage operation. Extending the battery life of portable devices will largely depend on how efficiently single-cell Li-ion batteries (3.6V) can be used.

ROHM's ECOMOS™ series utilizes a proprietary low-voltage operation process to provide stable operation in the low-voltage range (V_{GS}=1.5V). ON-resistance is much lower than 2Ω during 1.5V operation, helping to conserve energy by reducing power consumption by up to 85%. Optimized for energy savings in compact portable devices such as digital cameras and mobile phones, the units feature halogen-free packaging in a variety of form factors (e.g. TSMT8, TSST8, WEMT6), minimizing the impact on the environment.

The industry's first wireless LAN baseband IC with built-in IEEE8021.X protocol



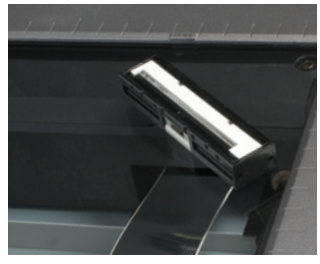
In this age of wireless broadband high-speed wireless LAN communication is no longer limited to PC peripherals, but is increasingly finding its way into consumer and industrial devices. This raises security issues that are difficult to address in devices with a large CPU load.

ROHM's wireless LAN IC is the first in the industry to feature hardware-based encryption protocols, making it possible to transmit data without placing a load on the system CPU when running encrypted wireless LAN. The result: added security without increased power consumption. In addition, ROHM offers the BW9419 2.4GHz wireless LAN module with integrated baseband processor for embedded applications.

Expertise gleaned from years of experience as a manufacturer of passive, discrete, and IC products has allowed ROHM to develop high reliability, easy-to-use wireless module solutions optimized for virtually any application.

Conventional manufacturers develop wireless LAN modules based on a particular baseband processor. ROHM, on the other hand, customizes the baseband chip to conform with firmware changes, resulting in greater flexibility and more efficient operation.

Compact, high-speed contact image sensor head for card reading



Card and business card scanners need to be compact, maintenance-free, and operate at high speeds. Contact image sensor (CIS) heads are small, reduce power consumption, and eliminate the need for optical system design, making them the ideal solution.

ROHM CIS products, developed using high efficiency engineering design, utilize in-house LEDs and sensor chips, resulting in stable, high performance operation over a wide range of temperatures and under continuous load.

A novel prism design that utilizes proprietary optical technology for uniform light distribution with minimal intensity loss throughout the entire range is combined with an RGB LED light source that enables compatibility with color scanning, resulting in more stable operation and longer life than CCD systems using cold cathode tubes.

In addition, low voltage operation (3.3V) contributes to greater energy savings, while bi-directional scanning capability allows scanning in both the forward and reverse directions, enabling greater design flexibility free of constraints imposed by carrier direction.

Divisional Review

IC (Integrated Circuit) Field: Overview

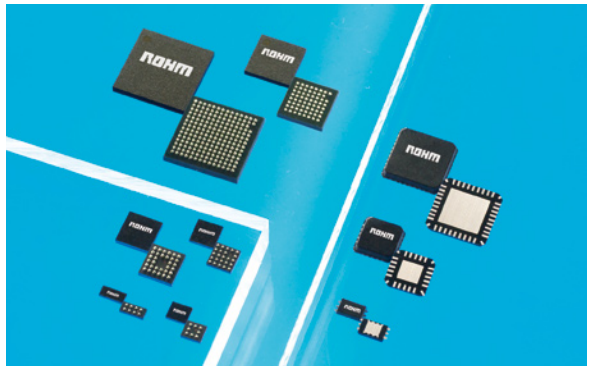
Power ICs

ROHM is continually working to strengthen and broaden its extensive power product lineup through the pursuit of power technology and by integrating disparate technical fields. Applications currently being expanded and improved upon include backlight inverter driver ICs for LCD TVs and power source ICs for gradient control. The adoption of new power supply solutions for automotive applications and driver ICs has begun to intensify with increased requirements for greater efficiency and performance. Product development is being implemented on ROHM's lineup for digital cameras and mobile phones by adding functionality to power blocks, such as USB charge protection.

The demand for motor drivers for office equipment, (i.e. fan motor drivers) continues to be high, while multichannel camera lens drivers, including those for zoom, autofocus, jitter correction in digital cameras and camera-equipped mobile phones, have been well-received in the marketplace. ROHM is also expanding its lineup of H-bridge and stepping motor drivers to include both standard and custom lineups.

Custom ICs

ROHM custom ICs contribute to device differentiation and the creation of novel applications through utilization of proprietary element technology. A unique product development system makes it easy to fulfill custom IC development orders. ROHM enjoys a well-deserved reputation for providing optimized state-of-the-art solutions that meet the demands of set engineers in the communications and audio sectors. Extensive experience in the high frequency field enables the development of products compatible with virtually any specification while ensuring support for customer-defined components such as antennas and AFEs. This custom design flexibility extends from single chips to black boxes that incorporate ROHM's core technology, including hard macrocells utilizing user-defined logic circuits and software as well as standard IP such as ARM processors. At ROHM we are further differentiating ourselves from the competition as a top manufacturer of custom ICs by providing direct support from our circuit design engineers for seamless communication.



ASSP and General Purpose ICs

Developing a more sophisticated and diverse lineup of analog and digital sound processors (ASP/DSP) has resulted in wide popularity in the automotive audio and home theater fields, while innovations in the video device sector have engendered high-speed data communications technology overdrive processors and LVDS/HDMI transceivers optimized for thin-screen televisions. Class D amplifiers, a key component for energy saving in audio systems, continue to evolve, along with SATA-PATA conversion ICs for wireless LANs and storage devices and high-speed MSDL and MDDI data interfaces for mobile phones.

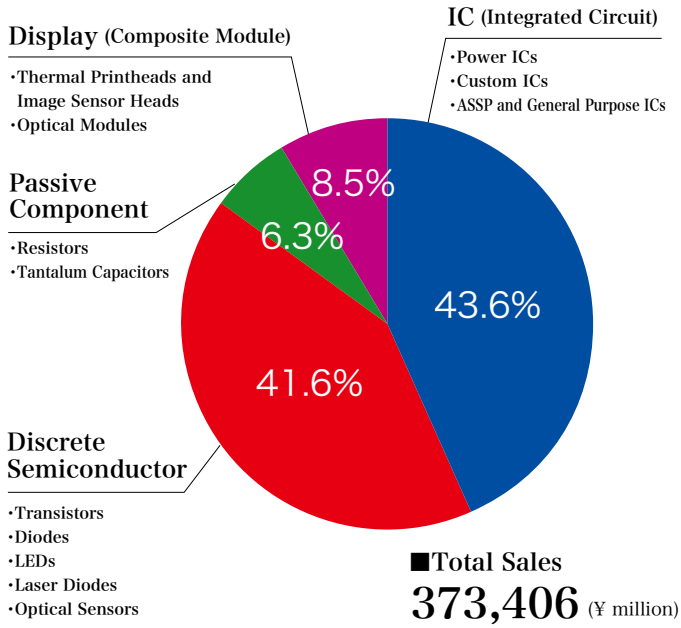
ROHM sensors, including Hall, temperature, brightness, and capacitive touch sensors, are renowned for their high quality and reliability and continue to command a large market share. ROHM high capacity (128k/256kbit) EEPROMs, featuring a unique double-cell structure that ensures a high degree of reliability through redundant operation, have seen widespread use in digital home appliances and automotive applications.

System Technology and SIPs

Implementing unique IP design automation has drastically improved the capability to respond to customer demands, while mass production of 90nm generation ICs utilizing 300mm wafers and mixed signal BiCDMOS processes mounted on power DMOS using 350nm wafers enable the production of IC solutions a class apart.

Package technology incorporating the concept of 'higher added value' has led to the development of more sophisticated wafer-level CSPs featuring greater power capability in a smaller form factor. In addition, a new type of baseband IC for wireless LANs is offered that features a new SIP (System In Package) configuration integrating an RF chip, power source, and EEPROM into a single module. High reliability custom modules for automotive use are also on the rise, along with optimized IC solutions built completely in-house, from the manufacture of wafers, masks, molds, and lead frames from ingots to final inspection and taping, that ensure an unparalleled level of reliability.

Sales by Product Category



■Total Sales
373,406 (¥ million)

■IC (Integrated Circuit)

	sales (¥ million)	% of net sales	% change from previous year
2008	162,940	43.6	-6.1
2007	173,442	43.9	2.0
2006	170,088	43.9	7.0
2005	159,022	43.1	2.3
2004	155,447	43.7	-2.5

■Discrete Semiconductor

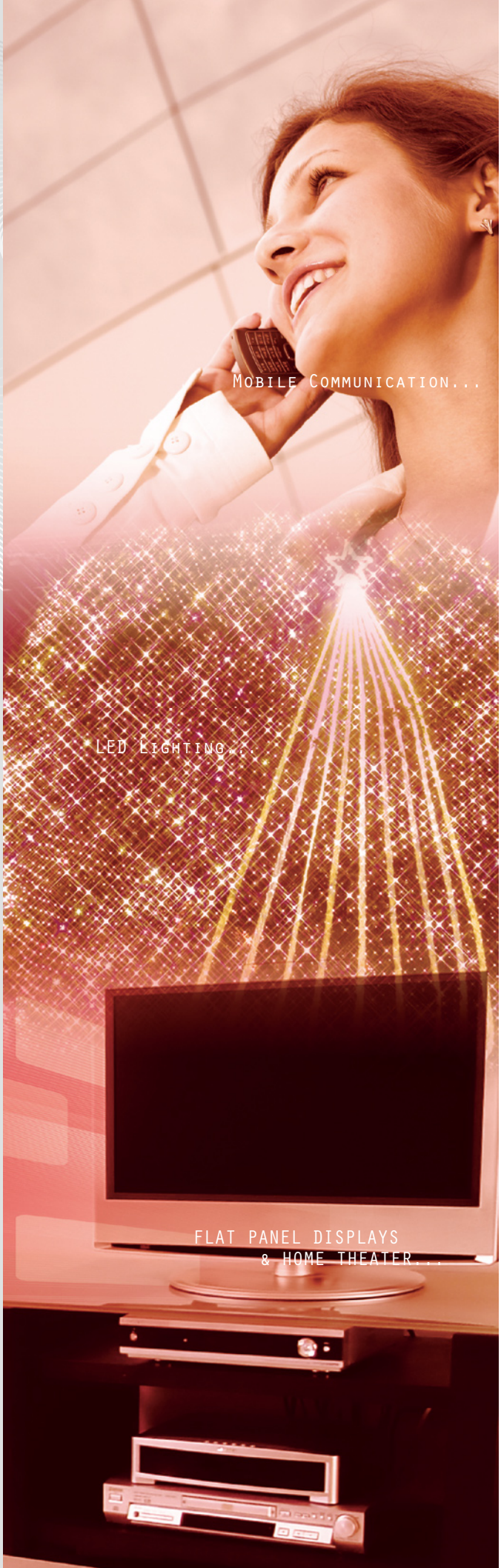
	sales (¥ million)	% of net sales	% change from previous year
2008	155,469	41.6	-0.7
2007	156,536	39.6	3.9
2006	150,636	38.8	6.2
2005	141,788	38.4	2.0
2004	139,009	39.1	2.0

■Passive Component

	sales (¥ million)	% of net sales	% change from previous year
2008	23,446	6.3	-5.2
2007	24,735	6.3	-1.1
2006	24,998	6.4	5.9
2005	23,610	6.4	-4.0
2004	24,601	6.9	-0.4

■Display (Composite Module)

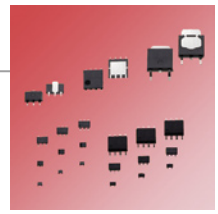
	sales (¥ million)	% of net sales	% change from previous year
2008	31,550	8.5	-21.8
2007	40,369	10.2	-4.0
2006	42,068	10.9	-5.7
2005	44,604	12.1	22.0
2004	36,573	10.3	22.3



Divisional Review

Discrete Semiconductor Field: Overview

Transistors



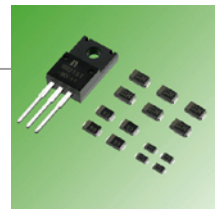
In the small signal field ROHM offers the ECOMOS™ series of low voltage drive (<1.5V), low ON-resistance MOSFETs specifically designed to reduce power consumption in compact portable devices. In addition, two new package types have been added to the popular bipolar lineup. Both the UMT (2.0 × 2.1mm) and EMT (1.6 × 1.6mm) feature flat leads, which is expected to bolster sales in the compact transistor market.

ROHM medium power MOSFETs are available in the high performance MPT6 package size – 40% smaller than conventional surface mount products – meeting the needs of motor drivers and DC/DC converters.

New developments have been made in the power MOSFET sector, including high speed switching, high voltage resistance MOSFETs for plasma TVs and gaming devices, as well as a compact, thin package (TCPT3) compatible with currents above 30A.

ROHM continues to develop new technologies and sophisticated products in order to expand its already considerable share in the transistor market.

Diodes



Recent diode developments include a new lineup of ultra-high performance fast recovery diodes (FRDs) for thin screen TVs – well-regarded for their high speed and low VF – as well as power diodes, including Schottky barrier diodes (SBDs) featuring unprecedented voltage resistance levels. The automotive industry has been driving the demand for not only for these high voltage resistance SBDs but for compact, high surge resistance rectifying diodes as well.

Development and mass production of the compact small signal diode – a new class of diodes in the 0603 package size (the industry's smallest) – has stimulated new demand in mobile phones and portable music players. In addition, novel bidirectional Zener diodes utilizing a new type of surge-absorbing element are available in a wide range of voltages for broad compatibility, from mobile phones to industrial equipment and automotive sets.

Finally, silicon carbide (SiC) diodes, jointly developed with Nissan Motor Corp., have achieved a level of functionality and performance exceeding that of conventional silicon elements, with a high operating temperature range, high avalanche resistance, and large current capability, making them ideal for electric car applications.

LEDs

In the LED sector ROHM offers the PICOLED™ series, the most compact, thinnest LEDs on the market. Other products receiving much acclaim are high heat dissipation PSML package medium power 0.7W class LEDs and SML-M1/T1 series compact chip reflector LEDs featuring 1.5 times the brightness of conventional mold type products. In addition, combining device technologies for wavelength focusing during chip formation and for color calibration has made it possible to reproduce a wider range of colors, including previously problematic intermediate tones. These developments make ROHM ideally poised to meet the growing need for brighter, more compact LEDs in the rapidly growing markets of illumination devices, automotive electronics, and liquid crystal backlights.

Laser Diodes

ROHM laser diodes are mounted in high-quality laser devices developed in-house using advanced compound semiconductor technology. Popular in the optical disk and laser printer markets, the lineup includes infrared beam laser diodes for CDs and printers, red lasers for DVDs, and high output laser diodes for burning CDs and DVDs. Multiple package types are available in addition to the standard 5.6mm metal type, including units with a high thermal dissipation frame for high output applications.

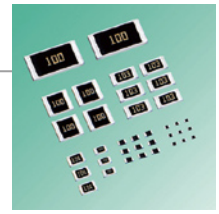
Optical Sensors

The use of photointerrupters for motion detection is increasing in a wider range of applications, such as compact rotating mechatronic devices and equipment for position/size/direction/pressure sensing. Original semiconductor and package technologies were utilized to integrate infrared photodiodes and phototransistors into the smallest surface mount package in the industry – ideal for compact digital cameras and mobile phones. ROHM offers a broad array of sensor products, including photoreflector-equipped units that combine optical emitting and receiving elements and 4-way directional sensors ideal for digital cameras.

Divisional Review

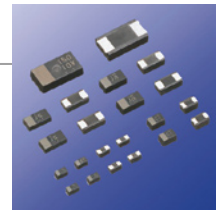
Passive Component Field: Overview

Resistors



ROHM has added to its renowned lineup of resistors with more compact, high performance, high reliability chip resistors and resistor arrays. New additions include ultra-low ohmic 1608-size, 0.25W PMR03 series units, anti-surge models, anti-sulfuration resistors, high voltage resistance products, and the smallest (0402 size) chip resistors in the industry.

Tantalum Capacitors



ROHM tantalum capacitors feature superior compactness, thinness, and capacitance compared with conventional products, making them ideal for portable audio players, mobile phones, digital cameras, and other compact electronic devices. New products include bottom electrode units, next-generation U case 1005 (1.0mm × 0.5mm) size models, and compact, thin organic tantalum capacitors featuring low ESR and large capacitance. ROHM utilizes the most advanced processes and equipment built entirely in-house to deliver products featuring unmatched reliability and quality.

Divisional Review

Display (Composite Module) Field: Overview

Thermal Printheads and Image Sensor Heads

The demand for POS terminals and kiosks continue to grow, requiring a greater number of high speed, high resolution thermal printheads. To meet this need ROHM has developed ultra-high performance printheads utilizing a proprietary step-free structure for greater reliability, improved resolution, and longer life. Additional features include high speed operation and high voltage resistance, making them ideal for bar code printers, package printers, and other high volume printing applications.

New innovations have been made in the contact image sensor (CIS) field, including compact 2-inch units for card reading, making ROHM ideally poised to meet the growing demand for small CISs in the security authentication field.

Optical Modules

ROHM continues to develop LED dot matrix modules that push the limits of functionality in the information display sector by utilizing the most advanced LED and process technologies. Ultra-fine pitch dot matrix modules are now available that are not only ideal for standard applications but for new applications not previously compatible with LED displays due to exceedingly strict requirements for compactness and precision.

"Creating a harmonious future", an assignment that must be fulfilled at our own responsibility

Since its foundation in compliance with the corporate objectives, ROHM has constantly attached importance to improved business performance and contribution to society. Satisfaction of customers can be obtained through good quality in every aspect of products, while at a global level prioritizing quality serves as the driving force for the promotion of CSR.

ROHM thoroughly recognizes its responsibility for the future generation and will continue to carry forward manufacturing with prime consideration given to the reduction of CO_2 emission and to the environment, observance of compliance (laws and regulations, norms of the society, corporate ethics, etc.), promotion of risk management, participation in community activities, development of ideal workshops, and others, from a global perspective.

Commitment to customers

ROHM considers in-depth quality control as the most serious responsibility so that customers can use ROHM products with full satisfaction and a sense of security.

Commitment to suppliers

ROHM conducts sustainable transactions with suppliers, which enables co-existence and co-prosperity, based on a relationship of mutual trust.

Commitment with employees/safety, hygiene, and health promotion

ROHM encourages employees to do their best and provides opportunities for them to take the initiative. In addition, ROHM performs various activities to promote the health of company members.

Commitment to ROHM stockholders and investors

ROHM aims at creating and improving corporate value under the recognition that ROHM stockholders and investors are important stakeholders.

Philanthropic activities/activities to transfer knowledge and achievements to the community

In order to be a company upon whom the local community constantly bestows its confidence, the ROHM Group participates in relevant community affairs. In addition, ROHM actively performs academic-industrial alliance with universities

Social and cultural support activities that cultivate a generous mind

Over many years, ROHM has supported musical, cultural and sporting activities to aim at becoming a "good corporate citizen."

Environmental policy/environment management system

The ROHM Group organizes its environmental management system in accordance with its environmental policy. All corporate members seriously undertake the task of continuously improving the environment.

Engagement with global warming/consideration given to the water and air

ROHM has seized the initiative of the reduction of greenhouse gas for the purpose of prevention of global warming. In addition, ROHM engages in various activities aimed at improving water and air quality, including improvement of the water recycling ratio and total abolishment of ODC (ozone-depleting chemicals).

Waste and recycling

In order to build a recycling-oriented society, ROHM works positively to reduce waste generation and recycle waste.

Ecologically friendly products/green procurement

ROHM contributes to energy saving of electrical appliances by developing low power consumption products. In addition, ROHM aims at reducing environmental load by achieving compliance with the RoHS directives and waste volume reduction, waste weight reduction, and recycling of packaging material.

Environmental education and enlightenment/environmental communication

ROHM enhances awareness of the environment right throughout the company by corporate member education and enlightenment activities. In addition, ROHM's environmental conservation activities are extensively reported through CSR reports, and others.

Production activities and environmental load/environmental accounting

ROHM creates and releases environmental accounting so that ROHM's environmental activities and their effects are properly analyzed and comprehensively assessed.

■ Kyoto City Half Marathon

■ Illuminations, the center of attraction every year

Mark of Eneserve Corporation attesting that green electric power (natural energy) is used.

2008

Management Policies and Financial Data

CONTENTS

Management Policies

1. ROHM's Basic Management Policy

ROHM believes, in proceeding with the creation and improvement of perpetual and overall corporate value, that added values created by the company's business activities should be allocated to all constituents; including shareholders, employees and stakeholders in local communities in appropriate proportions, as well as the allotment of retained earnings for business investment and increased competitive strength. To pursue this objective it is also essential to obtain the understanding and cooperation of all those with stakes in the company's performance. Making ROHM's stocks more attractive to investors has been one of the highest priorities of the Company's management.

Under these perspectives, ROHM has committed itself to developing market-leading products, including high-value-added system LSIs for digital information technologies, mobile electronic equipment and automobile components, which are expected to undergo rapid growth, along with optical devices, another area with considerable growth potential. As another fundamental policy, ROHM also pursues the enhancement of cost competitiveness through optimal utilization of its distinctive production technologies and consequently maintains a leading position in the global electronic component market.

2. Basic Policy for Profit Distribution

In profit distribution for shareholders, ROHM intends to implement actions in order to meet shareholders' expectations, by thoroughly considering the Company's business results, financial status, and fund demands for business investment in order to improve the future value of the Company.

More specifically, ROHM intends to pay a return to shareholders that will represent no less than 100% of the consolidated cash flow(*) in each fiscal year by the year ending March 31, 2010. As the means to realize these returns, ROHM intends to use ordinary dividends, the acquisition of treasury shares, and extraordinary dividends. Regarding ordinary dividends, the consolidated dividend ratio of 30% is a target, thus ROHM strives to continuously maintain a stable dividend.

In the semiconductor industry, while market expansion is anticipated over the mid to long term, alongside further progress of informatization, global competition is expected to intensify more than ever, involving industry realignment and the elimination of non-competitive businesses on a global scale.

For the ROHM Group to continue growth and expand its business under these circumstances, it is essential to reinforce the expertise in developing original products and also enhance cost competitiveness, preventing other companies from easy emulation. ROHM continues company-wide efforts to further enhance its corporate value by investment in each cash reserve and generated cash flow carefully and effectively, with the plants and equipment required to enhance its developmental and technological expertise. Technology expertise is the source of ROHM competitiveness and strategic business projects, such as joint ventures and the acquisition of other companies, which will result in synergy effects and ensure attractive returns. By implementing such schemes, ROHM will improve the net income per share (EPS) and return on equity (ROE).

*** Free cash flow**
The free cash flow is the amount obtained by a simple calculation method, namely, the sum of the net income and the depreciation and amortization, minus the plant, equipment and operating capital investments.

3. Referenced Corporate Performance Indexes

ROHM is making continued efforts to ensure its earnings power by taking various steps, including the development of new products, while reinforcing its sales operations. ROHM signifies indexes representing the rate of return, such as EBITDA(*), as well as the asset turnover ratio and plant and equipment investment efficiency. In addition, we are also striving to improve the net income per share (EPS) and the rate of return on equity (ROE), in order to enhance shareholder value.

*** 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. It is commonly used to compare corporate earnings internationally.

4. Mid- to Long-term Corporate Strategies

Amidst the anticipated expansion in the electronics market over the medium to long term, and in parallel with the further progress of informatization, global competition is expected to intensify, due mainly to the broadening in demand fluctuations, mandating realignment of the industry and the elimination of non-competitive businesses.

To ensure stable growth and a strong, well-balanced financial position under these circumstances, a range of measures should be taken: the development of original high-value added products, utilizing world-beating advanced technologies, enhanced cost competitiveness, the establishment of a global production and distribution network that conveys high customer satisfaction in both domestic and overseas markets as well as strengthening technical support and service systems for customers.

Consistent development in production systems, customer-oriented products, and the significance of quality will be ROHM's top priorities while making utmost efforts to tackle countermeasures where required.

As concrete measures, with a continuous increase in R&D personnel, ROHM will enhance digital, analog, and digital/analog integrated technologies. In addition to its original REAL SOCKET design system, which is used to develop complicated, high-performance system LSI circuits, ROHM has newly developed a REAL PLATFORM, which cuts the design lead-time and accelerates the development of system LSI circuits. With these innovative technologies, ROHM aims to meet various customer needs, including the supply of larger-scale and higher-performance system LSI circuits within shorter cycles; particularly within the markets for digital home appliances and info-communications equipment. ROHM is also committed to reinforcing its high-quality, high-reliability product lines for automobiles, in which the use of electronics is rapidly increasing. Furthermore, ROHM is advancing with R & D for the next generation, moving forward with prepara-

tion for power devices using silicon carbide substrate, which is expected to be far superior to semiconductor devices using conventional silicon substrates in terms of voltage endurance, high electric currents, and small losses, and also preparation for the practical applications of biochips for the medical equipment industry. ROHM is also implementing a study on the next-generation technologies of optical devices, including green and blue laser diodes using a non-polar plane, where development on a micro display as well as an extra-sensitive/wideband image sensor using new materials are eventually expected.

As the bases for technological enhancement, ROHM is operating the "Yokohama Technology Center", "Optical Device Research Center" and "LSI Test Technology Center" as well as the "LSI Development Center", and thus reinforcing customer support and the in-house R&D system for further growth in future.

ROHM is actively involved in a wide range of joint projects with a multitude of domestic and foreign universities regarding next-generation R&D; including comprehensive industrial-academic collaboration alliances with Kyoto University; joint efforts with the Semiconductor Industry Research Institute of Japan- a think tank of the Japanese semiconductor industry; and participation in other Japanese national leading-edge R&D projects, which integrate the industry-government-academia expertise. ROHM is also promoting partnerships with other companies whenever necessary to complement its technologies and consequently improve the efficiency of R&D activities.

In production systems, ROHM is enhancing its cost competitiveness and supply system which can achieve global success. In particular, in the front-end process, the group is aggressively advancing with the enlargement and miniaturization of wafers, while in the back-end process, ROHM is promoting production transfer to overseas plants, centering on Thailand, the Philippines and China, and striving to improve the production capacity of those plants. Domestic plants further store production technology as process supporting plants for production networks of the entire ROHM group. By horizontally developing production technology, which has been established at domestic plants, and its extension to overseas plants, we will supply high-quality ROHM products to the entire 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 development, ROHM will extend its company-wide efforts to enhance its product reliability. ROHM will also continue to produce components such as wafers, photomasks and lead frames in-house. Developing products in-house that exceed competitors' products in terms of quality and reliability will reduce lead-time and ultimately improve global competitiveness.

To expand its shares in growing overseas markets, ROHM intends to open new sales bases and design centers as well as improve quality assurance center networks in Europe, North America, and Asia; thus reinforcing its customer-support systems in sales, technology and quality. At the same time ROHM is dedicated to restructuring and integrating corporate organizations, both in and outside Japan, in order to continue improving the administrative efficiency and accelerating the decision-making process.

In the area of environmental conservation, the ROHM group as a whole continues to progress with establishing and implementing an environmental management system based on "ISO 14001" standards as well as developing new products which contribute to energy saving. Low power consumption products are one example in this category. ROHM is committed, in every domestic and overseas production base, to attaining zero emission goals by promoting the recycling of waste, and continuing to support "green" procurement and supply. In Australia, ROHM will actively promote the tree planting project as part of its efforts against global warming. Furthermore, ROHM swiftly responded to the RoHS Directive, the European environmental regulations, and enforced the analysis system of toxic substances by acquiring the accreditation of the "ISO/IEC 17025" Laboratory, and undertaking business activities considering global environmental protection.

5. Priority Issues

The electronics industry is expected to grow in the mid to long term due to the increasing demand for digital home information equipment and more sophisticated automotive electronic control systems. However, increased material costs, technological competition and price wars are also expected to intensify continuously on a global scale, making it increasingly necessary to constantly supply internationally competitive products, through sustained efforts toward innovative, high-quality products and technologies as well as comprehensive cost-reduction efforts.

Under these circumstances, the ROHM group does its best with across-the-board efforts to improve business performance through the development of new, high-value-added products and technologies in anticipation of future customer needs. Further enhancements in quality and reliability as well as reinforcement of production and sales organization through improvements in manufacturing technologies, and streamlining corporate operations and cost cutting endeavors are other requirements of such an optimal business performance.

The entire ROHM group will administer thorough streamlining and cost-reduction efforts with a view to this enhanced business model.

Business Results

1. Analysis of the business results
(Business results for the year ended March 31, 2008)
Overall condition on business performance

This fiscal year, the global economy, supported by increased capital investment in Asia and Europe, consumption in Asia and exports to emerging countries such as BRICs, despite surging prices of crude oil and raw materials in the first half performed considerably well. However in the second half, the disarray of the financial market stemmed from the emergence of subprime loan problems in the US spreading to real economic activities, stagnated overall performance mainly due to the higher unemployment rate and slowdown in personal consumption. The Japanese economy remained firm, supported by strong corporate performance

and aggressive capital investment in the first half. In the second half, however, corporate performance deteriorated due to the abrupt appreciation of the yen, as well as the underperformance of personal consumption and decrease in housing starts, with a sluggish sign of slowdown in the overall economy.

In the electronics industries, the market for automobile components performed well in line with the increase in digital AV equipment, with markets such as LCD TVs expanding favorably in the first half. However in the second half, in addition to seasonal factors and the impact of the global economic slowdown, these markets abruptly entered an adjustment phase. The mobile phone market enjoyed increased production, but with its focus on low-price terminals for countries with emerging economies, in terms of the demand for parts, growth remained slow. The personal computer market, with its focus on laptop computers saw signs of recovery after the summer, but re-entered an adjustment phase after the New Year.

Regarding the status of each individual region, in Japan, the markets for LCD TVs, digital still cameras, and automobile components remained steady, but mobile phone market experienced sluggish sales volumes; afflicted by market saturation. In Asian regions, in addition to the progression of a production shift from western regions, the production of economical mobile phone units for emerging countries remained solid. However, in the second half, affected by the global economic slowdown, it lost streams drastically. In the western regions, despite the increased demand for flat-screen TVs in the European market, the market remained weak due to a continuous production shift to the Asian regions and the sluggish US automobile components market.

Under these circumstances, the ROHM group continued to fulfill lineups of new products for the markets of flat-screen TVs, mobile phones, and automobile components as well as focusing on high-value added products in the existing product categories. ROHM strove to utilize automation tools in LSI product development, restructured organizations in order to reinforce the development management system and improved development efficiency. In addition, ROHM has promoted streamlining of its production process and production capacities. ROHM also strengthened the customer support system by enhancing the functions of the domestic and overseas design centers and quality assurance centers, increasing the number of personnel at the Nagoya Design Center, which opened two years ago while opening a QA center in Thailand.

The net sales in the year ended March 31, 2008 recorded 373,406 million yen, a 5.5 percent decrease on a year-on-year basis, but the ratio of gross profit to sales improved to 1.9 points from the previous fiscal year due to changes in product configuration.

Operating income amounted to 67,362 million yen, a 3.1 percent decrease on a year-on-year basis, due to increase of selling, general and administrative expenses of 1,137 million yen from the previous fiscal year.

Non-operating income (Net value) changed to a negative 4,566 million yen in the year ended March 31, 2008 from a positive 8,081 million yen in the previous fiscal year. The main factor was that while interest income increased 1,336 million yen, foreign currency exchange losses increased 14,213 million yen.

Consequently, ordinary income marked 62,796 million yen (down 19.1 percent from the previous fiscal year).

Extraordinary gains and losses (Net value) changed from a positive 295 million yen in the previous fiscal year to a negative 4,829 million yen in the year ended March 31, 2008. This was attributable to the fact that impairment loss of 1,593 million yen and loss on the revaluation of investment securities of 2,997 million yen were posted, and this fact became the decrease factor of income before income taxes and minority interests.

As a result, net income of the year ended March 31, 2008 recorded 31,932 million yen, down 32.7 percent from the previous fiscal year.

Overview of performance in each division

<Integrated circuits>

Sales of integrated circuits in the year ended March 31, 2008 recorded 162,940 million yen. (down 6.1 percent on a year-on-year basis)

In the digital AV equipment market, assortments of ICs for flat-screen TVs and game consoles, Lens Control Driver ICs(*1), and system power sources LSI for digital cameras reported robust sales. However, they were affected by tough competition and seasonal adjustments after autumn. As for the mobile phone market, analog front end LSIs(*2) and LED Drivers remained favorable, but were also adversely affected by production adjustment of the domestic mobile phone market and fierce price competition of Power Management LSI(*3) and LCD Driver LSIs. The personal computer equipment market increased sales of driver LSIs for fan motors and system power source LSIs in the first half, but slowed down in the second half. Driver LSIs and power source LSIs for automobiles and car AV equipment remained firm. As for General Purpose LSIs, regulators, DC/DC converters(*4) recorded healthy sales, while EEPROM faced an adjustment phase after the autumn.

ROHM also worked on production system efficiency and introduced leading-edge processes, including mass-production of the 300 mm wafer process with copper wiring, which facilitates movement at a higher speed than existing aluminum wiring. The in-house production of parts for measurement processes and parts such as lead frame/metal mold and full-scale operation of the automatic wafer conveyer system were additional elements of this enhanced production system efficiency.

Sales of module products were sluggish, affected by the tough price competition of IrDA(*5) for mobile phones.

***1 Lens controller driver LSI**
LSI devices that focus the camera lens and control functions such as zooming and correction of images blurred by hand movement.

***2 Analog front end LSI**
LSI devices that convert radio waves (analog signals) received by a mobile phone into processable digital signal data.

***3 Power management LSI**
LSI devices that distribute and control the electricity sent to each circuit block of electronic equipment.

***4 DC/DC converter**
Circuit to convert the voltage values of DC into different voltage values.

***5 IrDA**

Infra –red Data Association; standards for transmitting and receiving data using infrared rays. Widely used for laptop computers and mobile phones.

<Discrete semiconductor devices>

Sales in the year ended March 31, 2008 recorded 155,469 million yen. (down 0.7 percent on a year-on-year basis)

In the categories of transistors and diodes, MOSFETs of the small signal type for portable equipment and super-small diodes of the 0603 size(*6), as well as power diodes for automobiles and flat-screen TVs saw steadily increased sales, although some markets, such as that for power MOSFET, were affected by tough price competition and seasonal adjustment in the second half.

Sales of LEDs were affected by fierce price competition centered on blue and white LEDs, but orders increased for our newly developed LED "PICOLED™" which is the smallest and thinnest in the world.

Semiconductor lasers faced tough conditions due to aggravated price competition on both dual- and single-wavelength lasers.

Regarding production systems and as a move related to the front-end process, ROHM continued efforts in order to increase the production capacity of MOSFETs at ROHM Tsukuba Co., Ltd. For the post-end process, ROHM continuously strengthened production at new factories in Thailand and Tianjin, China, to enhance its cost competitiveness by improving production efficiency.

***6 0603 size**

Super-small package with an overall size of 0.6 mm × 0.3 mm

<Passive components>

Sales of passive components in the year ended March 31, 2008 recorded 23,446 million yen. (down 5.2 percent on a year-on-year basis)

Concerning resisters, although ROHM tried to expand sales of high-value added resisters, such as super-low ohmic resisters and super-small size products, circumstances remained tough due to the price competition and the high cost of raw materials.

The sales of tantalum capacitors experienced a favorable increase in the bottom surface electrodes for mobile phones and digital portable music players. In addition, they were affected by the decrease in sales of multi-layer ceramic capacitors, of which ROHM transferred business operations in January last year.

As for production systems, ROHM has strengthened its production system for tantalum capacitors in the Thai plant and is focused on enhancing cost competitiveness.

<Displays>

The sales of displays in the year ended March 31, 2008 recorded 31,550 million yen (down 21.8 percent on a year-on-year basis).

In the Printheads category, although the demand for thermal printheads for miniaturized-printers, including POS systems, remained solid, that for image sensor heads for high-function multifunction printers diminished considerably(*7).

In LED displays, sales of numeric displays with eight-characters were sluggish.

The sales of LCD modules decreased drastically due to severe price competition.

***7 Multifunction printers**

Printers with multiple functions of copying, faxing and scanning.

2. Financial Analysis

Analysis on status of assets, liabilities, net assets and cash flow

During the fiscal year ended March 31, 2008, total assets decreased by 91,631 million yen from the previous fiscal year and amounted to 870,972 million yen.

Liabilities decreased by 29,685 million yen from the previous fiscal year and amounted to 115,099 million yen.

Net assets decreased by 61,946 million yen from the previous fiscal year and amounted to 755,873 million yen.

Consequently, the shareholder's equity ratio increased from 84.9 percent of the previous fiscal year to 86.7 percent.

The cash flow status is as follows:

Cash flow from operating activities increased by 136,191 million yen (an increase of 103,929 million yen in the previous fiscal year). This is mainly attributable to the increased factors of income before income taxes and minority interests, depreciation and amortization, and decrease in the accounts receivable, and the decreased factor of payment of corporate tax.

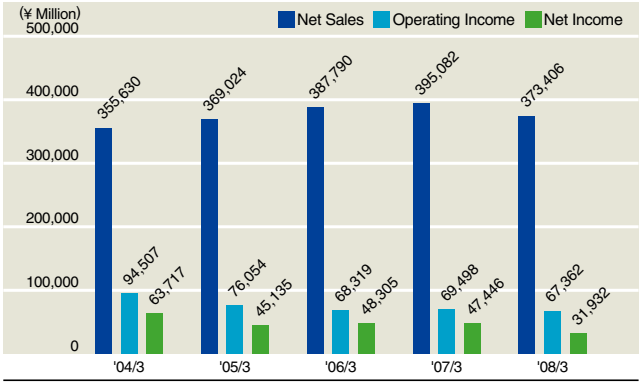
Cash flow from investment activities decreased by 33,337 million yen (a decrease of 50,142 million yen in the previous fiscal year). It was caused by the decreased factor of the revenue of acquisition and sales of tangible fixed assets and the increased factor of the revenue of acquisition and sales of securities and investment securities.

Cash flow from financial activities decreased by 53,118 million yen (a decrease of 27,367 million yen in the previous fiscal year). This is from the decreased factor of the payment for the acquisition of treasury shares and that of dividends.

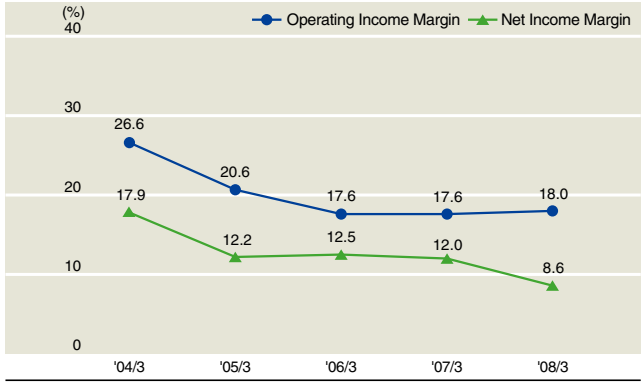
Consequently, cash and cash equivalents increased 13,537 million yen with a balance of 325,715 million yen as of March 31, 2008.

Results of Operations

1. Results of Operations



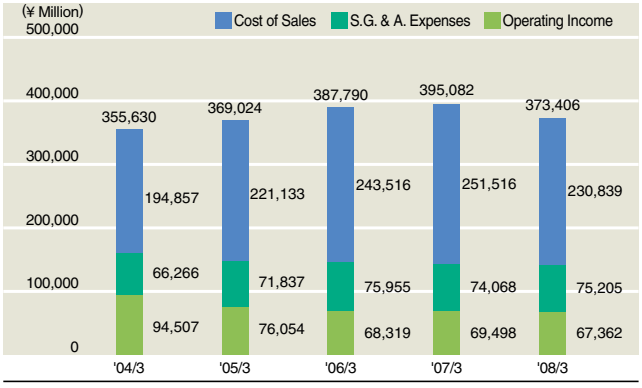
2. Income Margin



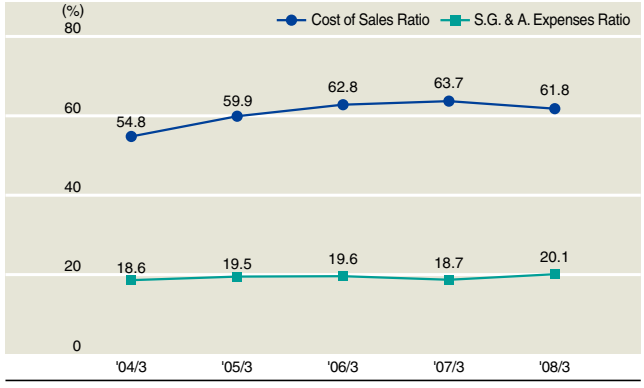
In the current period, the automobile component market and LCD TV and other digital audio/visual equipment market built on solid growth but in the latter half of the period, the economy was subject to a worldwide deflationary spiral in addition to seasonal factors, and digital audio/visual equipment market rapidly entered an adjustment stage. The profits were subject to the foreign exchange loss due to the rapid appreciation of the yen in the latter half of the period.

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

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

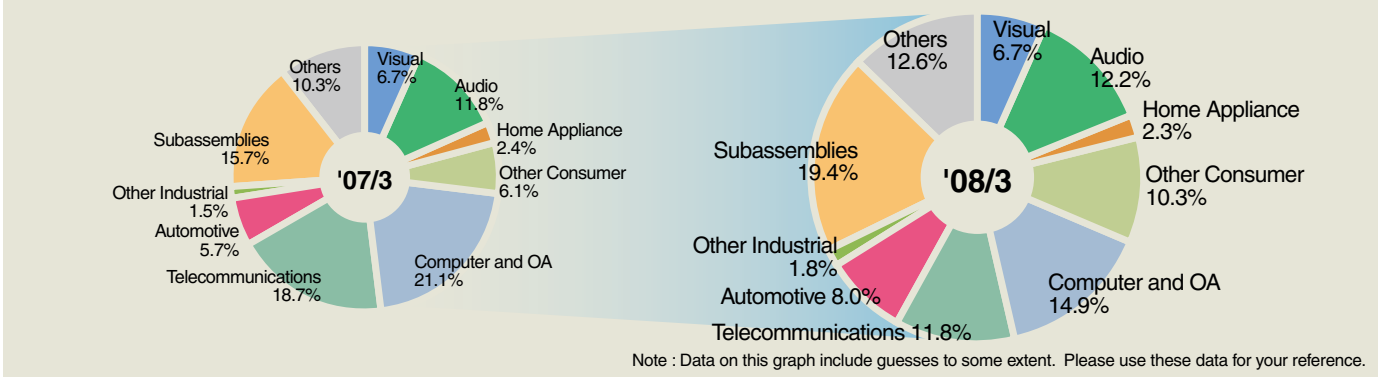


2. Cost of Sales and Selling, General and Administrative Expenses to Net Sales



The cost to sales ratio was reduced due to a decrease of the capital investment amount and decrease of material cost by the improved marginal income ratio.

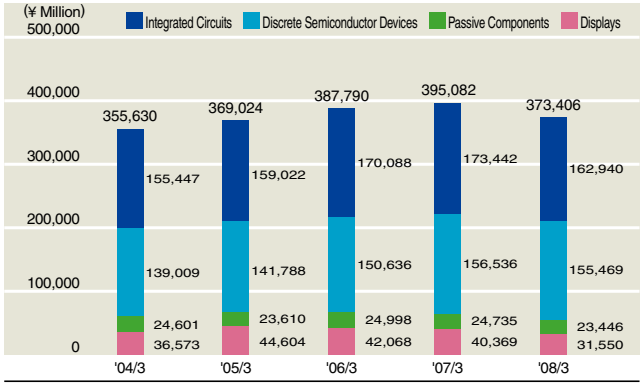
Sales by Application



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

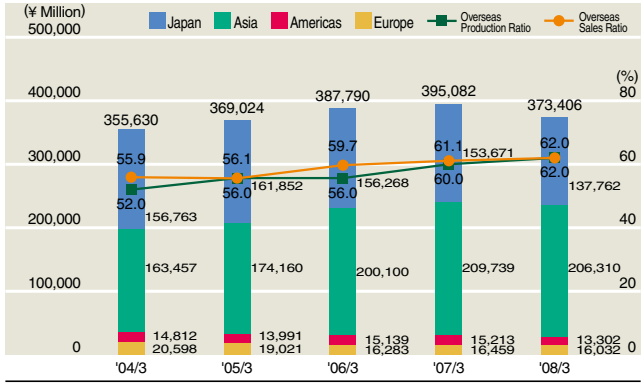
Sales

1. Sales by Product Category



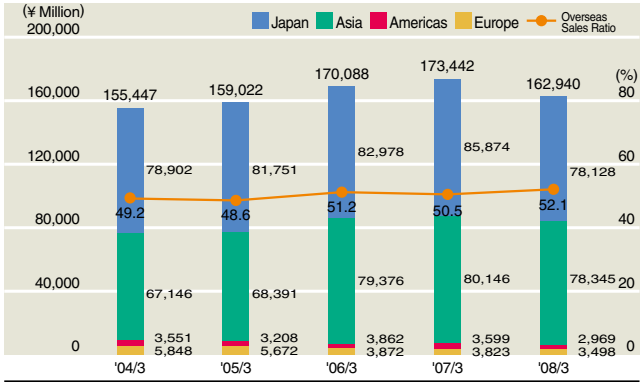
Under the influence of sluggish individual spending and slowing of the economy caused by the appreciation of the yen which took place suddenly, a difficult situation generally resulted. Flat-screen TVs and other digital audio/visual equipment and LSIs and power devices for game consoles took a favorable turn but the integrated circuit segment was subject to the decrease of the domestic mobile phone market. Furthermore, in addition to slowing sales of LCD modules and camera modules, printheads were subject to the sluggish market, and the sales of the display unit segment hovered at a low level.

2. Sales by Geographical Region and Overseas Production Ratio

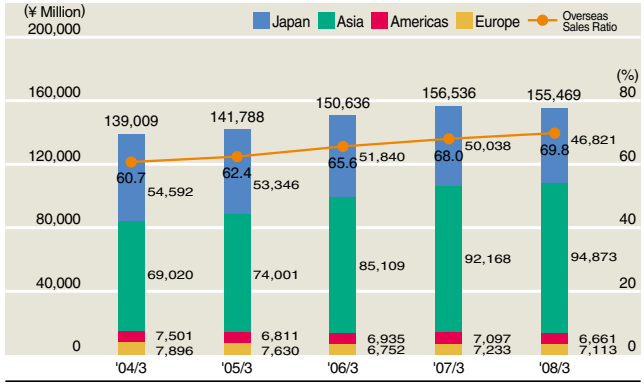


The production shift from all over the world to Asia still continues to take place, and in the first half of the period, the sales in Asia remained firm but after autumn, rapid adjustment was observed and the economy generally hit a rough spot.

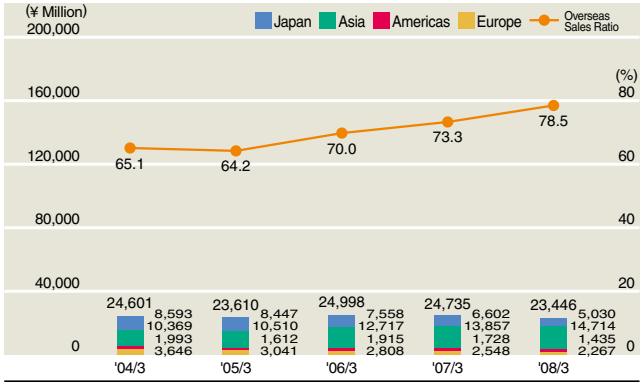
3. Integrated Circuits Sales by Geographical Region



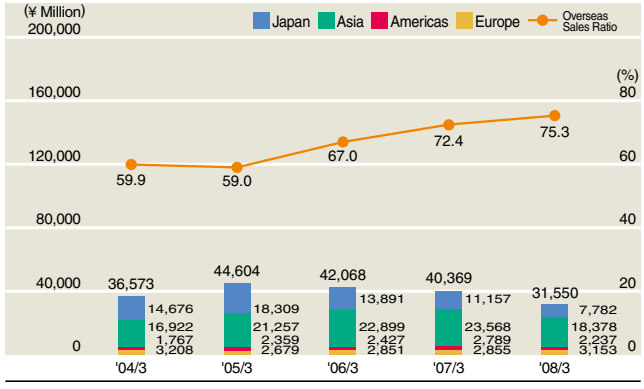
4. Discrete Semiconductor Devices Sales by Geographical Region



5. Passive Components Sales by Geographical Region

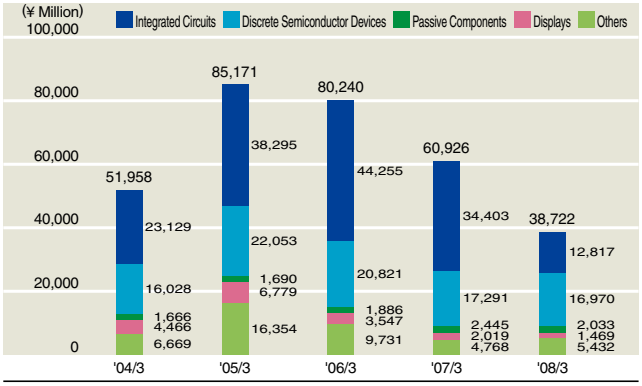


6. Displays Sales by Geographical Region



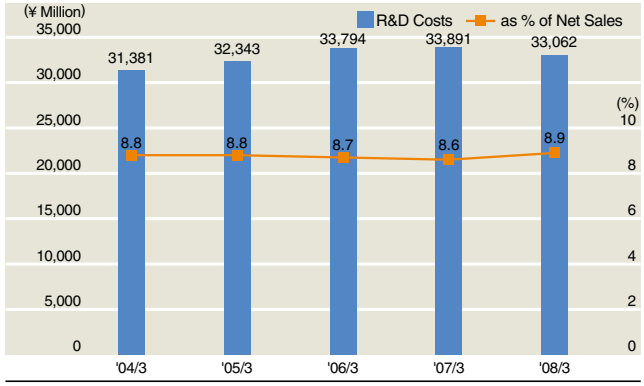
Capital Expenditures and Research and Development Costs

1. Capital Expenditures



While observing market trends, timing of investment for refinement lines, and the automated transport line of ROHM Hamamatsu, etc. were put off, and capital investment was greatly reduced on the whole.

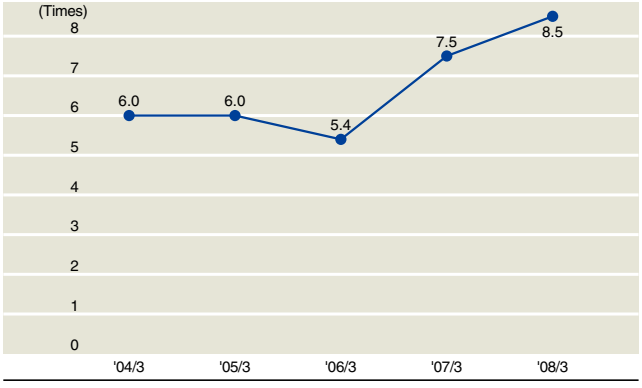
2. Research and Development Costs



ROHM will carry forward the increased scale and enhanced functions of system LSIs intended for digital home appliances and info-communications fields and at the same time, reinforce the series of high-quality and high-reliability products for automobiles which are becoming increasingly electronic. Furthermore, ROHM is undertaking research and development for the next generation, and has carried forward preparation of power devices using silicon carbide substrates and practical application of bio-chips to the medical-related field, while promoting research on the advanced optical-related devices.

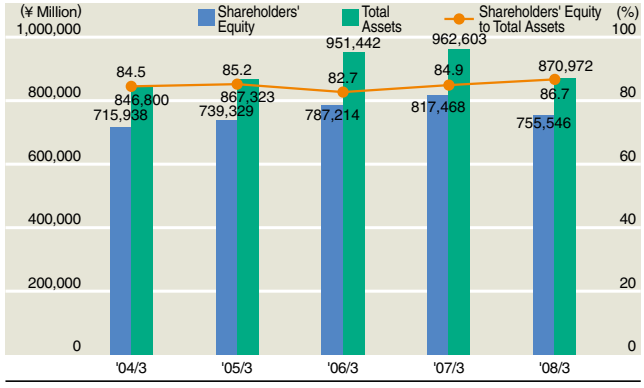
Financial Position

1. Current Ratio



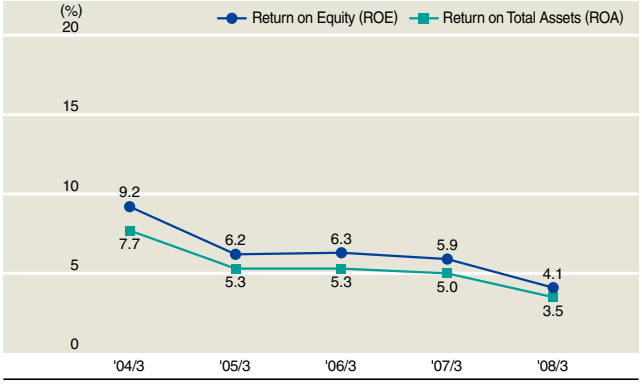
Current assets such as cash, time deposits, and securities were reduced but since the current liabilities greatly decreased, such as decrease in accrued liabilities, income taxes payable, etc., the current ratio became 8.5 times.

2. Equity Capital and Total Assets



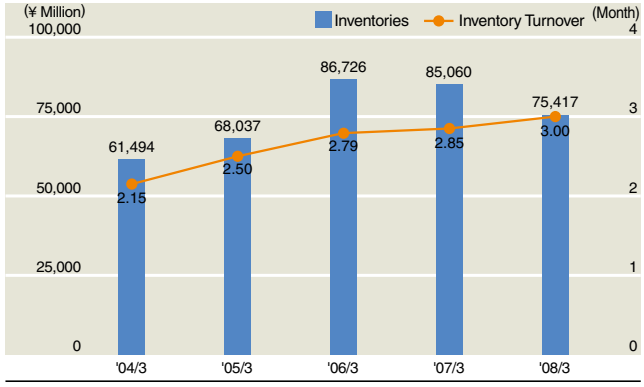
The acquisition of treasury stock amounted to about 40 billion yen, but the total assets decreased and the shareholder's equity ratio increased.

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



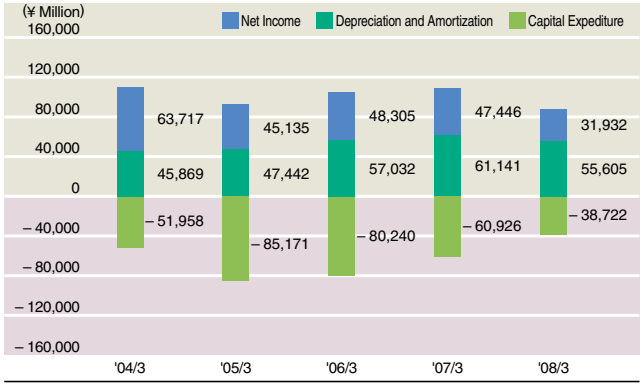
Because the current net income decreased, both the return on equity (ROE) and return on asset (ROA) were deteriorated.

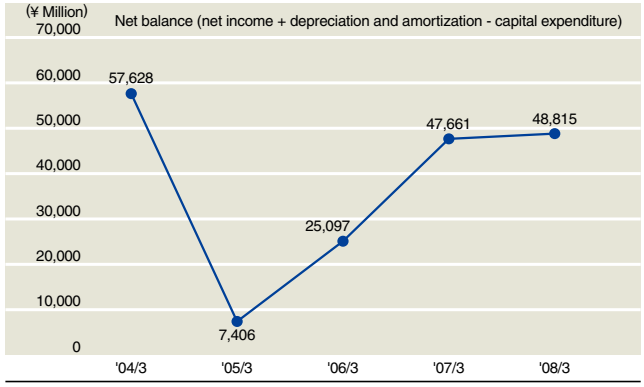
4. Inventories and Inventory Turnover



Inventory assets decreased but sales of the fourth quarter hovered at a low level and the months sales in inventory rose.

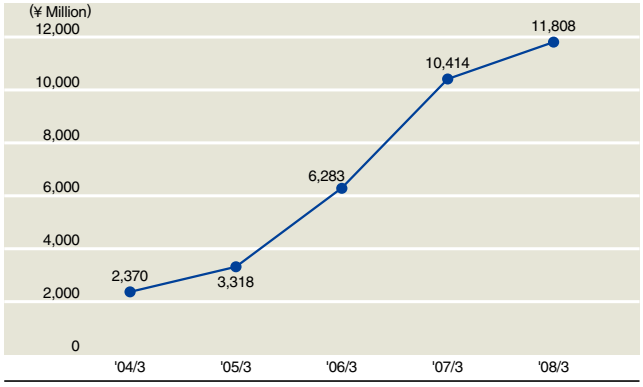
Net income, Depreciation, and Capital Expenditure

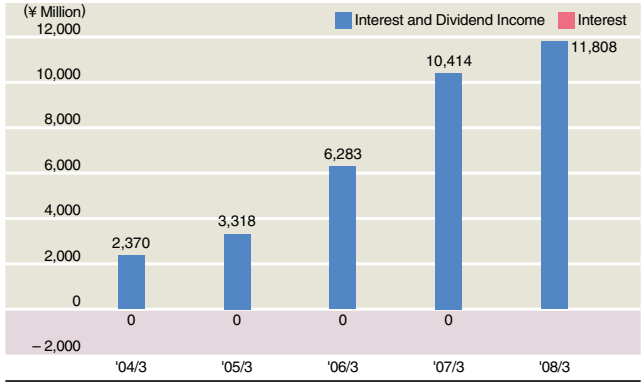




Current net income and cost depreciation decreased but due to great reduction in the capital investment amount, the net amount increased.

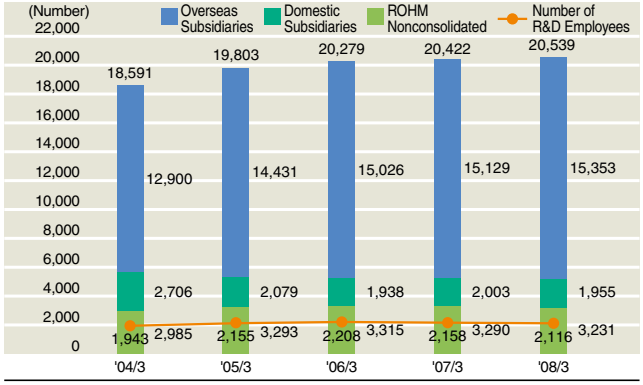
Net Financial Revenue





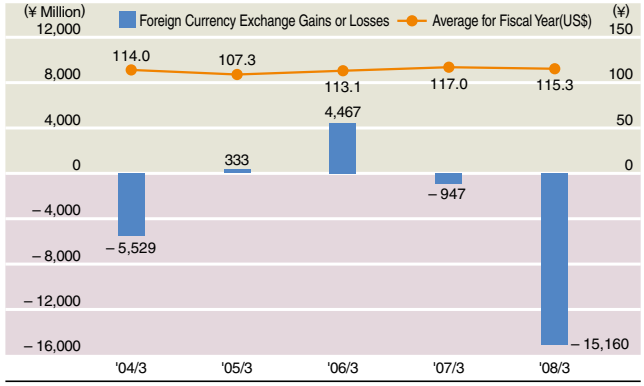
ROHM carries out fund management with the highest priority given to safety. In the current period, an increase of interests received improved net interest expense.

Number of Employees



In the current period, production shift to overseas continued to be carried out, and as a result, the number of persons at overseas production sites increased.

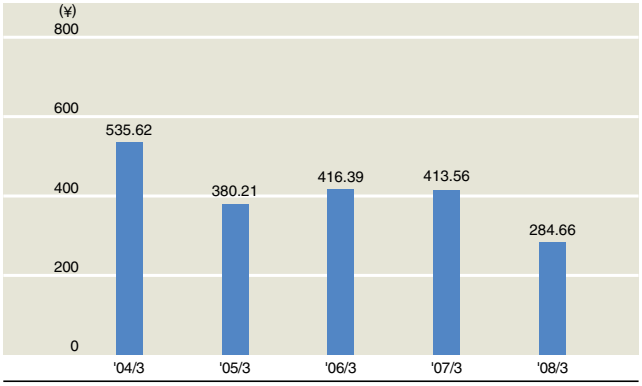
Exchange Rate and Foreign Currency Exchange Gains or Losses



Because of rapid appreciation of the yen in the latter half of the period, an exchange loss of 15 billion yen resulted.

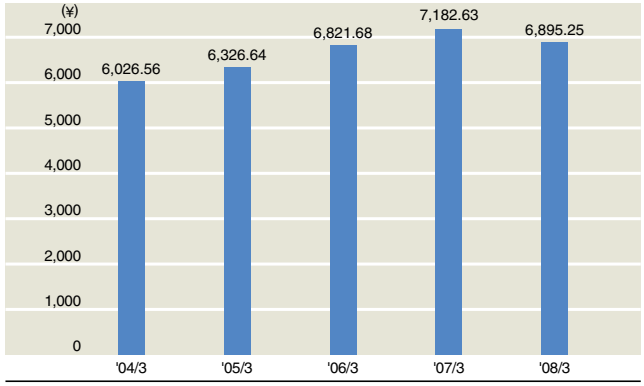
Share-related Information

1. Net Income per Share



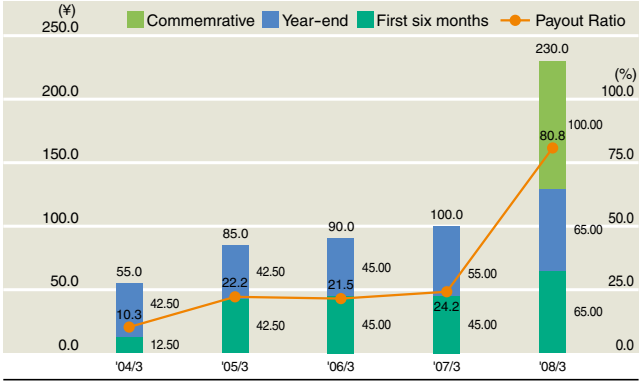
There was a decrease in the average number of shares resulting from the acquisition of treasury stock but since net income decreased, the net income per share decreased in the current period.

2. Net Assets per Share



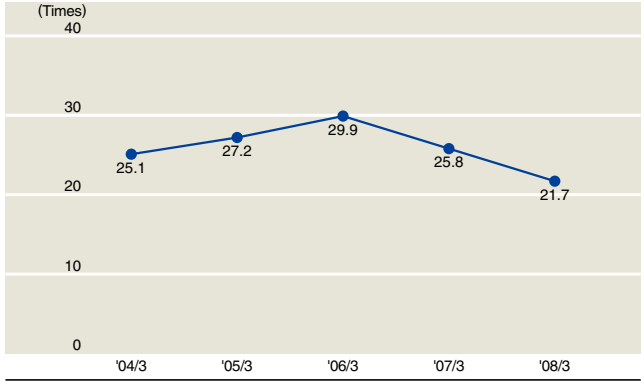
The average number of shares decreased resulting from the acquisition of treasury stock but since net assets decreased due to the influence of exchange rate fluctuations, the net assets per share decreased.

3. Cash Dividends per Share and Payout Ratio

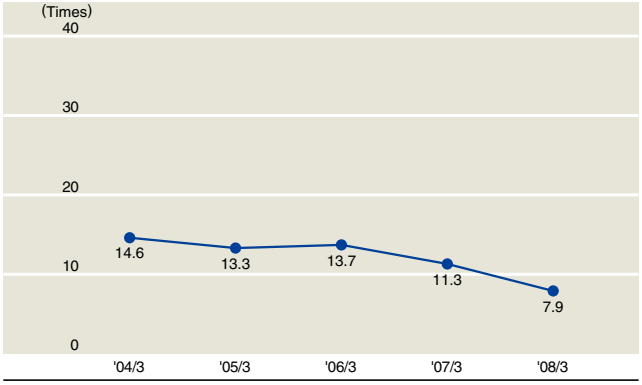


With achievements and financial requirements in the future taken into account, in order to enhance the return to stockholders, ROHM has declared a commemorative dividend of 100 yen per share in celebration of the 50th anniversary of its foundation in addition to the ordinary dividend of 130 yen.

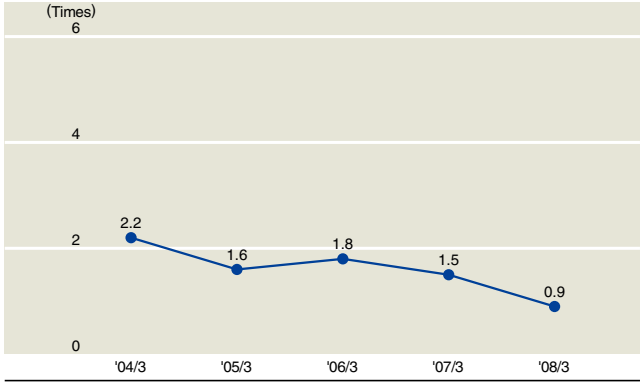
4. Price-earnings Ratio (PER)



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)

Stock Information (as of March 31, 2008)

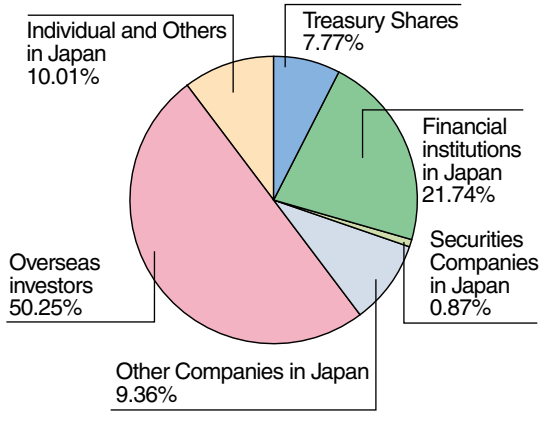
• Authorized Common Stock	300,000,000
• Issued Common Stock	118,801,388
• Number of Shareholders	25,067

• Major Shareholders

Name	Number of Shares Held (in thousands)	Voting Right Ratio (%)
State Street Bank & Trust Company	9,268	8.46
Rohm Music Foundation	8,000	7.30
The Master Trust Bank of Japan, Ltd.	7,026	6.46
Japan Trustee Service Bank, Ltd.	5,835	5.33
JP Morgan Chase Bank 380055	4,029	3.68
State Street Bank & Trust Company 505103	2,958	2.70
Bank of Kyoto, Ltd.	2,606	2.38
Ken Sato	2,405	2.19
Mellon Bank, N. A. as Agent For Its Client Mellon Omnibus US Pension	2,077	1.89
Northern Trust Co. (AVFC) Sub A/C American Clients	2,072	1.89

(Note) 1. The number of shares held, and the voting right ratios are rounded down to the nearest thousand and to two decimal places, respectively.
2. In addition to the above, the company holds 9,226 thousand shares of treasury stock.

• Shareholder Mix



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
- **Price book-value ratio (PBR) =** stock price (year-end closing price at Osaka Securities Exchange) / net assets per share
- **Inventory turnover period =** {(inventories at the beginning of the year + inventories at the end of the year) / 2} / monthly average sales for the most recent three months
- **Payout ratio =** cash dividends per share / net income 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 used in the computation for the fiscal year 2008, 2007, 2006, 2005 and 2004 was 112,168 thousand, 114,720 thousand, 115,768 thousand, 118,562 thousand, 118,784 thousand, respectively.

Eleven-Year Summary

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

	1998	1999	2000	2001
For the Year:				
Net sales	¥ 335,923	¥ 328,631	¥ 360,080	¥ 409,335
Cost of sales	163,060	185,175	179,380	215,366
Selling, general and administrative expenses	56,260	53,365	58,358	56,226
Operating income	116,603	90,091	122,342	137,743
Income before income taxes and minority interests	119,486	93,340	114,902	147,059
Income taxes	56,453	39,706	46,469	60,581
Net income	60,990	52,235	66,727	86,165
Capital expenditures	51,607	49,202	57,997	125,020
Depreciation and amortization	35,088	41,242	38,759	53,082
Per Share Information (in yen and U.S. dollars):				
Basic net income	¥ 521.71	¥ 443.14	¥ 562.97	¥ 722.68
Diluted net income	517.34	441.15	561.63	721.47
Cash dividends applicable to the year	19.00	19.00	19.00	19.00
At Year-End:				
Current assets	¥ 345,045	¥ 341,076	¥ 407,524	¥ 449,684
Current liabilities	107,399	80,140	98,477	136,765
Long-term debt	5,064	1,172	678	579
Equity	401,861	452,961	509,718	591,409
Total assets	533,825	550,432	648,336	764,495
Number of employees	12,633	12,675	13,659	15,316

Notes:
1. U.S. dollar amounts are provided solely for convenience at the rate of ¥100 to US$1, the approximate exchange rate at March 31, 2008.
2. Certain reclassifications of previously reported amounts have been made to conform with current classifications.
3. 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.
4. Diluted net income per share for 2008, 2007, 2006, 2005 and 2004 are not disclosed because there is no outstanding potentially dilutive securities.
5. Effective April 1, 2006, the Group adopted new accounting standards for presentation of equity and bonuses to directors and corporate auditors. The effect of these adoptions to the consolidated financial statements was immaterial for the year ended March 31, 2007.

Millions of yen							Thousands of U.S. dollars
2002	2003	2004	2005	2006	2007	**2008**	**2008**
¥ 321,265	¥ 350,281	¥ 355,630	¥ 369,024	¥ 387,790	¥ 395,082	**¥ 373,406**	**$ 3,734,060**
198,631	185,795	194,857	221,133	243,516	251,516	**230,839**	**2,308,390**
56,176	68,363	66,266	71,837	75,955	74,068	**75,205**	**752,050**
66,458	96,123	94,507	76,054	68,319	69,498	**67,362**	**673,620**
68,129	90,476	101,070	70,842	73,858	77,874	**57,967**	**579,670**
28,829	37,479	37,268	25,667	25,490	30,400	**26,007**	**260,070**
39,274	53,003	63,717	45,135	48,305	47,446	**31,932**	**319,320**
43,326	40,548	51,958	85,171	80,240	60,926	**38,722**	**387,220**
52,377	52,424	45,869	47,442	57,032	61,141	**55,605**	**556,050**
¥ 328.24	¥ 445.51	¥ 535.62	¥ 380.21	¥ 416.39	¥ 413.56	**¥ 284.66**	**$ 2.85**
327.89	445.30						
19.00	22.00	55.00	85.00	90.00	100.00	**230.00**	**2.30**
¥ 445,094	¥ 519,996	¥ 530,121	¥ 512,990	¥ 568,112	¥ 602,705	**¥ 535,898**	**$ 5,358,980**
58,579	83,681	88,321	85,964	105,779	80,383	**62,775**	**627,750**
639,210	676,577	715,938	739,329	787,214	817,818	**755,873**	**7,558,730**
740,627	805,693	846,800	867,323	951,442	962,603	**870,972**	**8,709,720**
15,174	16,841	18,591	19,803	20,279	20,422	**20,539**	

Consolidated Balance Sheets

ROHM CO., LTD. and Subsidiaries
March 31, 2008 and 2007

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Current Assets:			
Cash and cash equivalents	**¥ 325,715**	¥ 312,178	**$ 3,257,150**
Marketable securities (Note 3)	**19,178**	48,679	**191,780**
Short-term investments (Note 4)	**16,465**	25,804	**164,650**
Notes and accounts receivable:			
Trade	**79,656**	102,420	**796,560**
Other	**1,532**	1,070	**15,320**
Allowance for doubtful notes and accounts	**(474)**	(579)	**(4,740)**
Inventories (Note 5)	**75,417**	85,060	**754,170**
Deferred tax assets (Note 10)	**9,963**	11,758	**99,630**
Prepaid pension cost (Note 7)	**4,440**	4,418	**44,400**
Refundable income taxes	**394**	1,174	**3,940**
Prepaid expenses and other	**3,612**	10,723	**36,120**
Total current assets	**535,898**	602,705	**5,358,980**
Property, Plant and Equipment :			
Land	**62,351**	61,618	**623,510**
Buildings and structures	**193,271**	196,506	**1,932,710**
Machinery and equipment (Note 6 and 12)	**486,537**	496,822	**4,865,370**
Construction in progress (Note 6)	**16,947**	17,994	**169,470**
Total	**759,106**	772,940	**7,591,060**
Accumulated depreciation	**(514,097)**	(497,732)	**(5,140,970)**
Net property, plant and equipment	**245,009**	275,208	**2,450,090**
Investments and Other Assets:			
Investment securities (Note 3)	**74,231**	69,762	**742,310**
Investments in unconsolidated subsidiaries and associated companies	**1,986**	1	**19,860**
Deferred tax assets (Note 10)	**3,596**	10,365	**35,960**
Other	**10,252**	4,562	**102,520**
Total investments and other assets	**90,065**	84,690	**900,650**
Total	**¥ 870,972**	¥ 962,603	**$ 8,709,720**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Current Liabilities:			
Notes and accounts payable:			
Trade	**¥ 17,678**	¥ 23,649	**$ 176,780**
Construction and other	**25,839**	34,181	**258,390**
Accrued income taxes	**6,154**	8,079	**61,540**
Deferred tax liabilities (Note 10)	**780**	781	**7,800**
Accrued expenses and other	**12,324**	13,693	**123,240**
Total current liabilities	**62,775**	80,383	**627,750**
Long-term Liabilities:			
Liability for retirement benefits (Note 2 (g) and 7)	**838**	3,117	**8,380**
Deferred tax liabilities (Note 10)	**49,828**	61,245	**498,280**
Other (Note 2 (g))	**1,658**	40	**16,580**
Total long-term liabilities	**52,324**	64,402	**523,240**
Commitments and Contingent Liabilities (Note 11 and 12)			
Equity (Notes 8 and 13):			
Common stock - authorized, 300,000,000 shares; issued,			
118,801,388 shares	**86,969**	86,969	**869,690**
Capital surplus	**102,404**	102,404	**1,024,040**
Retained earnings	**695,118**	676,750	**6,951,180**
Net unrealized gain on available-for-sale securities (Note 3)	**1,902**	3,615	**19,020**
Foreign currency translation adjustments	**(38,893)**	131	**(388,930)**
Treasury stock-at cost			
9,226,835 shares in 2008 and 4,989,889 shares in 2007	**(91,954)**	(52,401)	**(919,540)**
Total	**755,546**	817,468	**7,555,460**
Minority interests	**327**	350	**3,270**
Total equity	**755,873**	817,818	**7,558,730**
Total	**¥ 870,972**	¥ 962,603	**$ 8,709,720**

Consolidated Statements of Income

ROHM CO., LTD. and Subsidiaries
Years ended March 31, 2008, 2007 and 2006

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2008	2007	2006	**2008**
Net Sales	**¥ 373,406**	¥ 395,082	¥ 387,790	**$ 3,734,060**
Operating Cost and Expenses :				
Cost of sales	**230,839**	251,516	243,516	**2,308,390**
Selling, general and administrative expenses (Note 9)	**75,205**	74,068	75,955	**752,050**
Total operating cost and expenses	**306,044**	325,584	319,471	**3,060,440**
Operating Income	**67,362**	69,498	68,319	**673,620**
Other Income (Expenses):				
Interest and dividend income	**11,808**	10,414	6,283	**118,080**
Foreign currency exchange gains (losses) - net	**(15,159)**	(947)	4,467	**(151,590)**
Loss on early retirement (Note 7)			(1,931)	
Gain on sale of property, plant and equipment	**123**	2,150	248	**1,230**
Loss on sale and disposal of property, plant and equipment	**(2,037)**	(1,951)	(2,897)	**(20,370)**
Loss on impairment of long - lived assets (Note 6)	**(1,593)**			**(15,930)**
Other - net	**(2,537)**	(1,290)	(631)	**(25,370)**
Total other income (expenses) - net	**(9,395)**	8,376	5,539	**(93,950)**
Income before Income Taxes and Minority Interests	**57,967**	77,874	73,858	**579,670**
Income Taxes (Note 10)**:**				
Current	**18,406**	17,902	25,297	**184,060**
Deferred	**7,601**	12,498	193	**76,010**
Total income taxes	**26,007**	30,400	25,490	**260,070**
Minority Interests in Net Income	**(28)**	(28)	(63)	**(280)**
Net Income	**¥ 31,932**	¥ 47,446	¥ 48,305	**$ 319,320**

	Yen			U.S. dollars
Per Share Information (Note 2 (p))**:**				
Basic net income	**¥ 284.66**	¥ 413.56	¥ 416.39	**$ 2.85**
Cash dividends applicable to the year	**230.00**	100.00	90.00	**2.30**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

ROHM CO., LTD. and Subsidiaries
Years ended March 31, 2008, 2007 and 2006

	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	Minority interests	Total equity
Balance at April 1, 2005	116,850,835	¥ 86,969	¥ 102,404	¥ 601,689	¥ 2,570	¥ (34,062)	¥ (20,241)	¥ 739,329		¥ 739,329
Net income				48,305				48,305		48,305
Reserve for employees' welfare fund				(1)				(1)		(1)
Cash dividends, ¥87.50 per share				(10,181)				(10,181)		(10,181)
Bonuses to directors				(51)				(51)		(51)
Net unrealized gain on available-for-sale securities					3,955			3,955		3,955
Foreign currency translation adjustments						20,987		20,987		20,987
Purchase of treasury stock	(1,466,566)						(15,129)	(15,129)		(15,129)
Balance at March 31, 2006	115,384,269	86,969	102,404	639,761	6,525	(13,075)	(35,370)	787,214		787,214
Reclassification as of March 31, 2006 (Note 2 (h))									¥ 304	304
Net income				47,446				47,446		47,446
Reserve for employees' welfare fund				(26)				(26)		(26)
Cash dividends, ¥90.00 per share				(10,335)				(10,335)		(10,335)
Bonuses to directors				(96)				(96)		(96)
Purchase of treasury stock	(1,572,770)						(17,031)	(17,031)		(17,031)
Net change in the year					(2,910)	13,206		10,296	46	10,342
Balance at March 31, 2007	113,811,499	86,969	102,404	676,750	3,615	131	(52,401)	817,468	350	817,818
Net income				**31,932**				**31,932**		**31,932**
Cash dividends, ¥120.00 per share				**(13,564)**				**(13,564)**		**(13,564)**
Purchase of treasury stock	**(4,236,946)**						**(39,553)**	**(39,553)**		**(39,553)**
Net change in the year					**(1,713)**	**(39,024)**		**(40,737)**	**(23)**	**(40,760)**
Balance at March 31, 2008	**109,574,553**	**¥ 86,969**	**¥ 102,404**	**¥ 695,118**	**¥ 1,902**	**¥ (38,893)**	**¥ (91,954)**	**¥ 755,546**	**¥ 327**	**¥ 755,873**

	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	Minority interests	Total equity
Balance at March 31, 2007	$ 869,690	$ 1,024,040	$ 6,767,500	$ 36,150	$ 1,310	$ (524,010)	$ 8,174,680	$ 3,500	$ 8,178,180
Net income			**319,320**				**319,320**		**319,320**
Cash dividends, $1.20 per share			**(135,640)**				**(135,640)**		**(135,640)**
Purchase of treasury stock						**(395,530)**	**(395,530)**		**(395,530)**
Net change in the year				**(17,130)**	**(390,240)**		**(407,370)**	**(230)**	**(407,600)**
Balance at March 31, 2008	**$ 869,690**	**$ 1,024,040**	**$ 6,951,180**	**$ 19,020**	**$ (388,930)**	**$ (919,540)**	**$ 7,555,460**	**$ 3,270**	**$ 7,558,730**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

ROHM CO., LTD. and Subsidiaries
Years ended March 31, 2008, 2007 and 2006

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2008	2007	2006	**2008**
Operating Activities:				
Income before income taxes and minority interests	**¥ 57,967**	¥ 77,874	¥ 73,858	**$ 579,670**
Adjustments for:				
Income taxes - paid	**(19,374)**	(26,104)	(17,447)	**(193,740)**
Depreciation and amortization	**55,605**	61,141	57,032	**556,050**
Foreign currency exchange losses (gains) - net	**12,086**	(1,967)	(8,997)	**120,860**
Increase (decrease) in net liability for retirement benefits	**(30)**	(598)	(107)	**(300)**
Write-down of investment securities	**2,997**	32	8	**29,970**
Changes in assets and liabilities:				
Decrease (increase) in notes and accounts receivables - trade	**18,133**	562	(5,421)	**181,330**
Decrease (increase) in inventories	**3,865**	4,725	(14,274)	**38,650**
Increase (decrease) in notes and accounts payables - trade	**(5,506)**	(5,237)	5,072	**(55,060)**
Other - net	**10,448**	(6,499)	4,824	**104,480**
Total adjustment	**78,224**	26,055	20,690	**782,240**
Net cash provided by operating activities	**136,191**	103,929	94,548	**1,361,910**
Investing Activities:				
Decrease (increase) in investments and securities - net	**19,407**	8,271	(19,535)	**194,070**
Purchases of property, plant and equipment	**(51,076)**	(68,986)	(76,068)	**(510,760)**
Proceeds from sale of property, plant and equipment	**253**	11,290	1,773	**2,530**
Other - net	**(1,921)**	(717)	(1,503)	**(19,210)**
Net cash used in investing activities	**(33,337)**	(50,142)	(95,333)	**(333,370)**
Financing Activities:				
Purchase of treasury stock	**(39,553)**	(17,031)	(15,129)	**(395,530)**
Dividends paid	**(13,564)**	(10,335)	(10,181)	**(135,640)**
Other - net	**(1)**	(1)	(1)	**(10)**
Net cash used in financing activities	**(53,118)**	(27,367)	(25,311)	**(531,180)**
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**(36,199)**	5,293	17,586	**(361,990)**
Net Increase (Decrease) in Cash and Cash Equivalents	**13,537**	31,713	(8,510)	**135,370**
Cash and Cash Equivalents at Beginning of Year	**312,178**	280,465	288,975	**3,121,780**
Cash and Cash Equivalents at End of Year	**¥ 325,715**	¥ 312,178	¥ 280,465	**$ 3,257,150**

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 Financial Instrument and Exchange Law (formerly, 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 ¥100 to $1, the approximate rate of exchange at March 31, 2008. 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 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.

The fiscal year end date of seven consolidated subsidiaries, including ROHM SEMICONDUCTOR CHINA CO., LTD., is December 31 and is different from the consolidated balance sheet date, March 31.

The financial statements of these subsidiaries as of the provisional closing date of March 31 were used for consolidation purposes.

(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 certificates of deposit, all of which mature or become due within three months of the date of acquisition.

(c) Marketable and investment securities

Marketable and investment securities are classified and accounted for, depending on management's intent.

Available-for-sale securities, which are 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 in a separate component of equity.

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

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

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

(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 and structures ..... 3 to 50 years

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

(f) Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss 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.

(g) 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 defined contribution pension plans.

Effective June, 2007, the Company and certain domestic subsidiaries terminated their unfunded retirement benefits plan for all directors. The outstanding balance of retirement benefits for directors which was reported in Liability for retirement benefits in the long-term liabilities in the year ended March 31, 2007 was reclassified to Other in the long-term liabilities in the year ended March 31, 2008.

(h) Presentation of Equity

On December 9, 2005, the Accounting Standards Board of Japan (the "ASBJ") published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities or assets, as the case may be, are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard was effective for fiscal years ending on or after May 1, 2006. The balances of such items as of March 31, 2006 were reclassified as separate components of equity as of March 31, 2006 in the consolidated statement of changes in equity.

(i) Research and development costs

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

(j) 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 deem 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. All other leases are accounted for as operating leases.

(k) Bonuses to directors and corporate auditors

Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

(l) 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 bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(m) 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 consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

(n) 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 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 equity.

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

(o) Derivatives and hedging activities

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

(p) Per share information

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

The average number of shares used to compute basic net income per share for the years ended March 31, 2008, 2007 and 2006 were 112,168 thousand shares, 114,720 thousand shares and 115,768 thousand shares, respectively.

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.

(q) New accounting pronouncements

Measurement of Inventories

Under genarally accepted accounting principles in Japan ("Japanese GAAP"), inventories are currently measured either by the cost method, or the lower of cost or market method. On July 5, 2006, the ASBJ issued ASBJ Statement No.9, "Accounting Standard for Measurement of Inventories", which is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard also requires that inventories held for trading purposes be measured at the market price.

Lease Accounting

On March 30, 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the existing accounting standard for lease transactions issued on June 17, 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions shall be capitalized recognizing lease assets and lease obligations in the balance sheet.

Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

Under Japanese GAAP, a company currently can use the financial statements of foreign subsidiaries which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, the ASBJ issued ASBJ Practical Issues Task Force No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". The new standard prescribes: 1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, 2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, 3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material;

(1) Amortization of goodwill
(2) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(3) Capitalization of intangible assets arising from development phases
(4) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets
(5) Retrospective application when accounting policies are changed
(6) Accounting for net income attributable to a minority interest

The new standard is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

3. Marketable and Investment Securities

Marketable and investment securities as of March 31, 2008 and 2007 consisted of the following accounts:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Current:			
Government and corporate bonds	**¥ 19,178**	¥ 47,680	**$ 191,780**
Other		999	
Total	**¥ 19,178**	¥ 48,679	**$ 191,780**
Non-current:			
Marketable equity securities	**¥ 21,617**	¥ 15,142	**$ 216,170**
Government and corporate bonds	**48,412**	53,727	**484,120**
Other	**4,202**	893	**42,020**
Total	**¥ 74,231**	¥ 69,762	**$ 742,310**

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2008 and 2007 were as follows:

	Millions of yen			
	2008			
Securities classified as:	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	**¥ 17,691**	**¥ 4,923**	**¥ (997)**	**¥ 21,617**
Debt securities	**67,607**	**293**	**(310)**	**67,590**
Other	**3,974**		**(763)**	**3,211**
Total	**¥ 89,272**	**¥ 5,216**	**¥ (2,070)**	**¥ 92,418**

	Millions of yen			
	2007			
Securities classified as:	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	¥ 8,916	¥ 7,653	¥ (1,428)	¥ 15,141
Debt securities	100,793	46	(376)	100,463
Other	999		(0)	999
Total	¥ 110,708	¥ 7,699	¥ (1,804)	¥ 116,603

	Thousands of U.S. dollars			
	2008			
Securities classified as:	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	**$ 176,910**	**$ 49,230**	**$ (9,970)**	**$ 216,170**
Debt securities	**676,070**	**2,930**	**(3,100)**	**675,900**
Other	**39,740**		**(7,630)**	**32,110**
Total	**$ 892,720**	**$ 52,160**	**$ (20,700)**	**$ 924,180**

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2008 and 2007 were as follows:

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Available-for-sale:			
Equity securities	**¥ 887**	¥ 893	**$ 8,870**
Debt securities		944	
Other	**104**		**1,040**
Total	**¥ 991**	¥ 1,837	**$ 9,910**

Proceeds from sales of available-for-sale securities for the years ended March 31, 2008 and 2007 were ¥11,845 million ($118,450 thousand) and ¥1 million respectively. Gross realized gains and losses on these sales, principally computed on the moving average cost basis, were ¥1,675 million ($16,750 thousand) and ¥9 million ($90 thousand), respectively, for the year ended March 31, 2008. Gross realized gains on these sales were ¥1 million for the year ended March 31, 2007.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale at March 31, 2008 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2008	**2008**
Due in one year or less	**¥ 38,073**	**$ 380,730**
Due in one to five years	**44,261**	**442,610**
Due in five to ten years	**3,914**	**39,140**
Total	**¥ 86,248**	**$ 862,480**

4. Short-term Investment

Short-term investments at March 31, 2008 and 2007 were time deposits.

5. Inventories

Inventories at March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Finished products	**¥ 22,088**	¥ 26,288	**$ 220,880**
Semi-finished products and work in process	**31,850**	34,652	**318,500**
Raw materials and supplies	**21,479**	24,120	**214,790**
Total	**¥ 75,417**	¥ 85,060	**$ 754,170**

6. Long-lived assets

The Group reviewed its long-lived assets for impairment during the year ended March 31, 2008 and, as a result, recognized an impairment loss of ¥1,593 million($15,930 thousand) as other expense for the Laser Diodes processing machinery group of the Kyoto and China Plants due to a continuous operating loss of that unit and the carrying amount of the relevant machinery was written down to the recoverable amount for the year ended March 31, 2008. The recoverable amount of that machinery group was measured at its value in use and the discount rate used for computation of present value of future cash flows was 10%.

7. Retirement Plans

The Company and certain subsidiaries have retirement plans for employees.

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 of ¥2,159 million at March 31, 2007.

The net liability for employees' retirement benefits at March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Projected benefit obligation	**¥ 18,290**	¥ 18,180	**$ 182,900**
Fair value of plan assets	**(20,864)**	(24,298)	**(208,640)**
Unrecognized actuarial gain (loss)	**(1,028)**	2,658	**(10,280)**
Net asset	**(3,602)**	(3,460)	**(36,020)**
Prepaid pension cost	**4,440**	4,418	**44,400**
Liability for retirement benefits	**¥ 838**	¥ 958	**$ 8,380**

The components of net periodic pension costs for the years ended March 31, 2008, 2007 and 2006 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	**2008**
Service cost	**¥ 1,719**	¥ 1,602	¥ 1,641	**$ 17,190**
Interest cost	**419**	375	346	**4,190**
Expected return on plan assets	**(519)**	(492)	(372)	**(5,190)**
Recognized actuarial loss (gain)	**(131)**	(7)	317	**(1,310)**
Other	**376**	340	428	**3,760**
Net periodic benefit costs	**¥ 1,864**	¥ 1,818	¥ 2,360	**$ 18,640**

Besides the above costs, the Group recognized ¥1,931 million as "Loss on early retirement" in the consolidated statements of income for the year ended March 31, 2006.

Assumptions used for the years ended March 31, 2008, 2007 and 2006 were as follows:

	2008	2007	2006
Discount rate	**2.0%**	2.0%	2.0%
Expected rate of return on plan assets	**2.0%**	2.0%	2.0%
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

8. Equity

Since May 1, 2006, Japanese companies have been subject to the Corporate Law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan. The significant provisions in the Corporate Law that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the general shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

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

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

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

(c) Treasury stock and treasury stock acquisition rights

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

9. Research and Development Costs

Research and development costs charged to income were ¥33,062 million ($330,620 thousand), ¥33,891 million and ¥33,794 million for the years ended March 31, 2008, 2007 and 2006, respectively.

10. 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 2008, 2007 and 2006. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences and tax loss carryforwards that resulted in deferred tax assets and liabilities at March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Deferred tax assets:			
Inventories	**¥ 7,243**	¥ 7,273	**$ 72,430**
Depreciation	**11,443**	12,439	**114,430**
Tax loss carryforwards	**3,613**	3,702	**36,130**
Accrued expenses	**1,704**	1,905	**17,040**
Foreign tax credit	**1,109**	2,934	**11,090**
Other	**4,134**	5,212	**41,340**
Valuation allowance	**(4,363)**	(2,436)	**(43,630)**
Total	**24,883**	31,029	**248,830**
Deferred tax liabilities:			
Undistributed earnings of foreign subsidiaries	**(58,552)**	(66,446)	**(585,520)**
Prepaid pension cost	**(1,773)**	(1,540)	**(17,730)**
Other	**(1,607)**	(2,946)	**(16,070)**
Total	**(61,932)**	(70,932)	**(619,320)**
Net deferred tax liabilities	**¥ (37,049)**	¥ (39,903)	**$ (370,490)**

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

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Current Assets - Deferred tax assets	**¥ 9,963**	¥ 11,758	**$ 99,630**
Investments and Other Assets - Deferred tax assets	**3,596**	10,365	**35,960**
Current Liabilities - Deferred tax liabilities	**(780)**	(781)	**(7,800)**
Long-term Liabilities - Deferred tax liabilities	**(49,828)**	(61,245)	**(498,280)**
Net deferred tax liabilities	**¥ (37,049)**	¥ (39,903)	**$ (370,490)**

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, 2008 and 2006 was as follows:

	2008	2006
Normal effective tax rate	**40.6%**	40.6%
Lower income tax rates applicable to income in certain foreign countries	**(0.1)**	(3.0)
Tax credit for research and development expenses	**(2.5)**	(2.7)
Increase (decrease) in valuation allowance	**3.3**	0.6
Other-net	**3.6**	(1.0)
Actual effective tax rate	**44.9%**	34.5%

Above information for the year ended March 31, 2007 is not shown because the difference between the statutory tax rate and the actual effective tax rate was immaterial.

11. 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, 2008 and 2007 were immaterial.

12. 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, 2008, 2007 and 2006 were ¥13 million ($130 thousand), ¥15 million and ¥17 million, respectively.

Pro forma information at March 31, 2008 and 2007, 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
	2008	2007	**2008**
Acquisition cost	**¥ 37**	¥ 48	**$ 370**
Accumulated depreciation	**15**	29	**150**
Net leased property	**¥ 22**	¥ 19	**$ 220**

Pro forma obligations under finance leases on an "as if capitalized" basis at March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Due within one year	**¥ 10**	¥ 9	**$ 100**
Due after one year	**12**	10	**120**
Total	**¥ 22**	¥ 19	**$ 220**

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 ¥13 million ($130 thousand), ¥15 million and ¥17 million for the years ended March 31, 2008, 2007 and 2006, respectively.

13. Subsequent Events

(a) Purchase of a company by acquisition of shares

The Company and Oki Electric Industry Co., Ltd. reached a basic understanding on May 28, 2008, for Oki Electric Industry Co., Ltd. to spin-off its semiconductor business through a company split, and transfer 95% of its issued shares to the Company, which was approved by resolution of the Company's Board of Directors meeting held on the same date.

(1) Reason and Purpose of the share transfer

With this share transfer, the Company can create synergies to strengthen both sales and profit for the two companies complementing each other, as the overlap of our products is relatively small. The Company aims to improve its corporate value to advance as a semiconductor company with a wide range of product portfolio with competitive edge.

(2) Name of the company transferring share

Oki Electric Industry Co., Ltd.

(3) Summary of the company subject for share transfer

① Name : OKI Semiconductor Co., Ltd. (tentative name)

② Description of business : Manufacture, sales and foundry service of system ICs, logic ICs, memory ICs and high-speed optical communication device

③ Size : Share capital ¥20,000 million ($200,000 thousand) (plan)
Equity ¥92,374 million ($923,740 thousand) (plan)
Total assets ¥130,738 million ($1,307,380 thousand) (plan)

(4) Date of acquisition of shares

October 1, 2008 (plan)

(5) Summary of the acquired shares

① Number of shares purchased : 9,500 shares (plan)

② Value of shares purchased : ¥85,500 million ($855,000 thousand) (plan)

③ Ownership after acquisition : 95% (plan)

(6) Financing method for payment

Fund on hand

(b) Appropriation of retained earnings

The following appropriation of retained earnings as of March 31, 2008 was approved at the Company's general shareholders meeting held on June 27, 2008.

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥165.00 ($1.65) per share	**¥ 18,080**	**$ 180,800**

14. Segment Information

Information about industry segments, geographical segments and sales to foreign customers of the Group for the years ended March 31, 2008, 2007 and 2006 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, 2008, 2007 and 2006 were summarized as follows:

	Millions of yen					
	2008					
	Japan	Asia	Americas	Europe	Eliminations/ Corporate	Consolidated
Sales to customers	**¥ 138,134**	**¥ 205,241**	**¥ 12,687**	**¥ 17,344**		**¥ 373,406**
Interarea transfer	**208,493**	**218,901**	**815**	**212**	**¥ (428,421)**	
Total sales	**346,627**	**424,142**	**13,502**	**17,556**	**(428,421)**	**373,406**
Operating expenses	**298,569**	**396,361**	**13,370**	**16,994**	**(419,250)**	**306,044**
Operating income	**¥ 48,058**	**¥ 27,781**	**¥ 132**	**¥ 562**	**¥ (9,171)**	**¥ 67,362**
Total assets	**¥ 412,242**	**¥ 318,961**	**¥ 9,010**	**¥ 19,160**	**¥ 111,599**	**¥ 870,972**

	Millions of yen					
	2007					
	Japan	Asia	Americas	Europe	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 154,000	¥ 208,816	¥ 14,139	¥ 18,127		¥ 395,082
Interarea transfer	170,030	192,926	235	49	¥ (363,240)	
Total sales	324,030	401,742	14,374	18,176	(363,240)	395,082
Operating expenses	288,153	358,034	14,723	19,071	(354,397)	325,584
Operating income (loss)	¥ 35,877	¥ 43,708	¥ (349)	¥ (895)	¥ (8,843)	¥ 69,498
Total assets	¥ 440,464	¥ 364,958	¥ 13,409	¥ 18,081	¥ 125,691	¥ 962,603

	Millions of yen					
	2006					
	Japan	Asia	Americas	Europe	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 156,654	¥ 199,218	¥ 13,525	¥ 18,393		¥ 387,790
Interarea transfer	55,503	136,863	386	302	¥ (193,054)	
Total sales	212,157	336,081	13,911	18,695	(193,054)	387,790
Operating expenses	198,190	275,929	15,062	19,162	(188,872)	319,471
Operating income (loss)	¥ 13,967	¥ 60,152	¥ (1,151)	¥ (467)	¥ (4,182)	¥ 68,319
Total assets	¥ 450,559	¥ 315,026	¥ 14,782	¥ 16,042	¥ 155,033	¥ 951,442

	Thousands of U.S. dollars					
	2008					
	Japan	Asia	Americas	Europe	Eliminations/ Corporate	Consolidated
Sales to customers	**$ 1,381,340**	**$ 2,052,410**	**$ 126,870**	**$ 173,440**		**$ 3,734,060**
Interarea transfer	**2,084,930**	**2,189,010**	**8,150**	**2,120**	**$(4,284,210)**	
Total sales	**3,466,270**	**4,241,420**	**135,020**	**175,560**	**(4,284,210)**	**3,734,060**
Operating expenses	**2,985,690**	**3,963,610**	**133,700**	**169,940**	**(4,192,500)**	**3,060,440**
Operating income	**$ 480,580**	**$ 277,810**	**$ 1,320**	**$ 5,620**	**$ (91,710)**	**$ 673,620**
Total assets	**$ 4,122,420**	**$ 3,189,610**	**$ 90,100**	**$ 191,600**	**$ 1,115,990**	**$ 8,709,720**

Countries and areas are segmented based on their geographical proximity.

The Group has recorded loss on impairment for the year ended March 31, 2008. Therefore, asset in "Japan" has decreased ¥448 million ($4,480 thousand), and asset in "Asia" decreased ¥1,144 million ($11,440 thousand), respectively.

(c) Sales to foreign customers

Sales to foreign customers for the years ended March 31, 2008, 2007 and 2006 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	**2008**
Asia	**¥ 206,310**	¥ 209,739	¥ 200,100	**$ 2,063,100**
Americas	**13,302**	15,213	15,139	**133,020**
Europe	**16,032**	16,459	16,283	**160,320**
Total sales to foreign customers	**¥ 235,644**	¥ 241,411	¥ 231,522	**$ 2,356,440**

Countries and areas are segmented based on their geographical proximity.

Deloitte.

Deloitte Touche Tohmatsu
Yodoyabashi Mitsui Building
4-1-1, Imabashi, Chuo-ku
Osaka-shi, Osaka 541-0042
Japan

Tel: +81 6 4560 6000
Fax: +81 6 4560 6001
www.deloitte.com/jp

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. (the "Company") and subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in equity, and cash flows for each of the three years in the period ended March 31, 2008, 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 the Company and subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2008, in conformity with accounting principles generally accepted in Japan.

As discussed in Note 13 to the consolidated financial statements, the Company and Oki Electric Industry Co., Ltd. reached a basic understanding for Oki Electric Industry Co., Ltd. to spin-off its semiconductor business through a company split, and transfer its issued shares to the Company.

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 27, 2008

Member of
Deloitte Touche Tohmatsu

Principal Subsidiaries (Domestic)

Corporate name	Location	Principal business	Capital % owned by ROHM CO., LTD.
ROHM HAMAMATSU CO., LTD.	Shizuoka	Manufacture of ROHM products (monolithic ICs)	¥ 400 million 100.0%
ROHM WAKO DEVICE CO., LTD.	Okayama	Manufacture of ROHM products (monolithic ICs and diodes)	¥ 450 million 75.0% (100.0%)
ROHM APOLLO DEVICE CO., LTD.	Fukuoka	Manufacture of ROHM products (monolithic ICs and transistors)	¥ 492 million 75.0% (100.0%)
ROHM TSUKUBA CO., LTD.	Ibaraki	Manufacture of ROHM products (transistors)	¥ 450 million 100.0%
ROHM WAKO CO., LTD.	Okayama	Manufacture of ROHM products (diodes, LEDs, laser diodes and LED displays)	¥ 450 million 100.0%
ROHM APOLLO CO., LTD.	Fukuoka	Manufacture of ROHM products (transistors, diodes and capacitors)	¥ 450 million 100.0%
ROHM FUKUOKA CO., LTD.	Fukuoka	Manufacture of ROHM products (monolithic ICs and resistors)	¥ 385 million 100.0%
ROHM AMAGI CO., LTD.	Fukuoka	Manufacture of ROHM products (power modules, photo link modules, LCDs, thermal heads, and image sensor heads)	¥ 300 million 100.0%
ROHM MECHATECH CO., LTD.	Kyoto	Manufacture of molding dies and lead frames	¥ 98 million 100.0%
ROHM LOGISTEC CO., LTD.	Okayama	Distribution of ROHM products	¥ 20 million 100.0%
NARITA GIKEN CO., LTD.	Hyogo	Development and design of electronic circuitry	¥ 80 million 93.7%

Note: The percentages in parenthesis indicate indirect equity ownership by ROHM CO., LTD. (As of March 31, 2008)

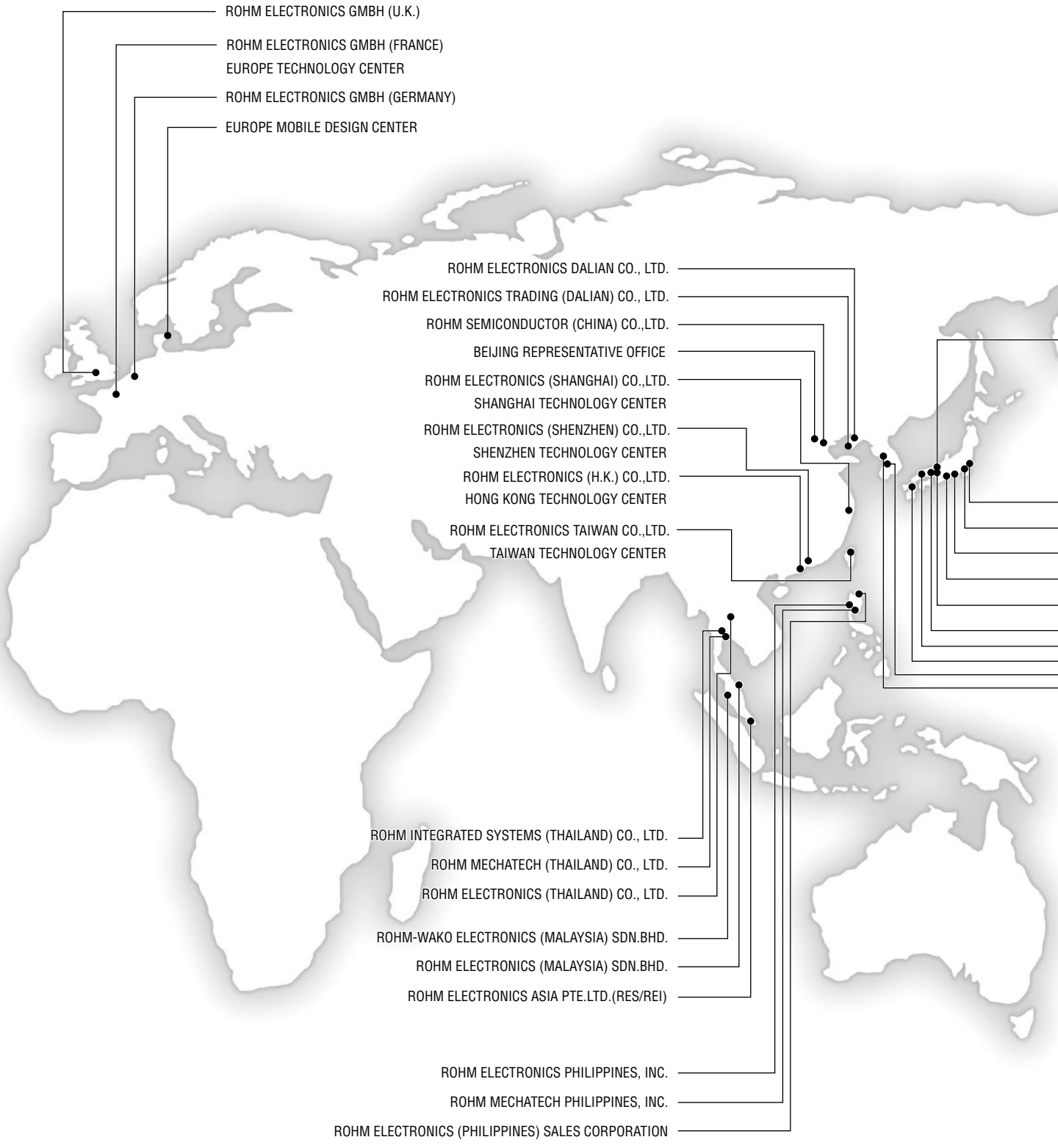
Principal Subsidiaries (Oversras)

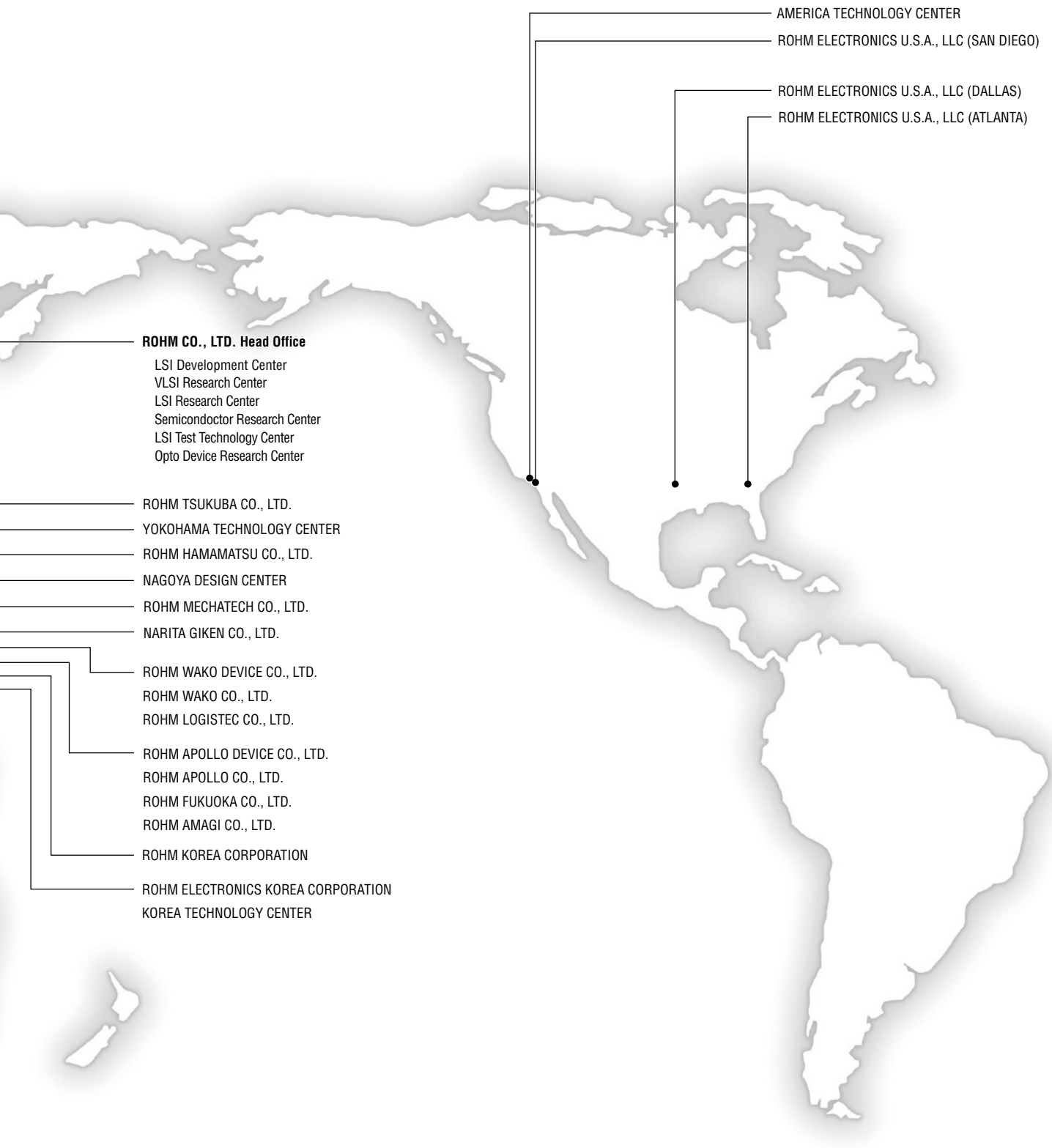
Corporate name	Location	Principal business	Capital % owned by ROHM CO., LTD.
ROHM KOREA CORPORATION	Seoul, Korea	Manufacture of ROHM products (monolithic ICs, transistors, diodes, LEDs, sensors, resistors and LED displays)	Won 9,654 million 0% (100.0%)
ROHM ELECTRONICS PHILIPPINES, INC.	Cavite, Philippines	Manufacture of ROHM products (monolithic ICs, transistors, diodes and resistors)	P 1,221,564 thousand 0% (100.0%)
ROHM INTEGRATED SYSTEMS (THAILAND) CO., LTD.	Pathumthani, Thailand	Manufacture of ROHM products (monolithic ICs, resistors, capacitors, transistors and diodes)	B 1,115,500 thousand 0% (100.0%)
ROHM SEMICONDUCTOR (CHINA) CO., LTD.	Tianjin, China	Manufacture of ROHM products (transistors, diodes, LEDs, laser diodes, LED displays, sensors and resistors)	¥ 10,290 million 0% (100.0%)
ROHM ELECTRONICS DALIAN CO., LTD.	Dalian, China	Manufacture of ROHM products (power modules, thermal heads, image sensor heads and photo link modules)	¥ 8,572 million 0% (100.0%)
ROHM-WAKO ELECTRONICS (MALAYSIA) SDN. BHD.	Kelantan, Malaysia	Manufacture of ROHM products (diodes and LEDs)	M$ 53,400 thousand 0% (100.0%)
ROHM MECHATECH PHILIPPINES, INC.	Cavite, Philippines	Manufacture of molding dies and lead frames	P 150,000 thousand 25.0% (100.0%)
ROHM MECHATECH (THAILAND) CO., LTD.	Pathumthani, Thailand	Manufacture of molding dies and lead frames	B 100,000 thousand 0% (100.0%)
ROHM ELECTRONICS U.S.A., LLC	California, U. S. A.	Sales of ROHM products	US$ 27,906 thousand 0% (100.0%)
(SAN DIEGO SALES OFFICE)	California, U. S. A.	Sales of ROHM products	
(ATLANTA SALES OFFICE)	Georgia, U. S. A.	Sales of ROHM products	
(BOSTON SALES OFFICE)	Massachusetts, U. S. A.	Sales of ROHM products	
(CHICAGO SALES OFFICE)	Illinois, U. S. A.	Sales of ROHM products	
(DALLAS SALES OFFICE)	Texas, U. S. A.	Sales of ROHM products	
(DENVER SALES OFFICE)	Colorado, U. S. A.	Sales of ROHM products	
(DETROIT SALES OFFICE)	Michigan, U. S. A.	Sales of ROHM products	
(NASHVILLE SALES OFFICE)	Tennessee, U. S. A.	Sales of ROHM products	
(MEXICO SALES OFFICE)	Jalisco, Mexico	Sales of ROHM products	
ROHM ELECTRONICS GMBH	Willich-Munchheide, Germany	Sales of ROHM products	EURO 512 thousand 0% (100.0%)
(GERMANY SALES OFFICE)	Willich-Munchheide, Germany	Sales of ROHM products	
(FRANCE SALES OFFICE)	Paris, France	Sales of ROHM products	
(UK SALES OFFICE)	Milton Keynes, United Kingdom	Sales of ROHM products	
ROHM ELECTRONICS KOREA CORPORATION	Seoul, Korea	Sales of ROHM products	Won 1,000 million 0% (100.0%)
ROHM ELECTRONICS TRADING (DALIAN) CO., LTD.	Dalian, China	Sales of ROHM products	US$ 200 thousand 0% (100.0%)
ROHM ELECTRONICS (SHANGHAI) CO., LTD.	Shanghai, China	Sales of ROHM products	US$ 200 thousand 0% (100.0%)
ROHM ELECTRONICS (SHENZHEN) CO., LTD.	Shenzhen, China	Sales of ROHM products	US$ 1,156 thousand 0% (100.0%)
ROHM ELECTRONICS (H.K.) CO., LTD.	Kowloon, Hong Kong	Sales of ROHM products	HK$ 27,000 thousand 0% (100.0%)
ROHM ELECTRONICS TAIWAN CO., LTD.	Taiwan	Sales of ROHM products	NT$ 140,500 thousand 0% (100.0%)
ROHM ELECTRONICS ASIA PTE. LTD.	Singapore	Administrative responsibility for subsidiaries in Asia Sales of ROHM products	S$ 90,630 thousand 100.0%
ROHM ELECTRONICS (PHILIPPINES) SALES CORPORATION	Muntinlupa City, Philippines	Sales of ROHM products	P 13,250 thousand 0% (100.0%)
ROHM ELECTRONICS (THAILAND) CO., LTD.	Bangkok, Thailand	Sales of ROHM products	B 104,000 thousand 0% (100.0%)
ROHM ELECTRONICS (MALAYSIA) SDN. BHD.	Petaling Jaya, Malaysia	Sales of ROHM products	M$ 1,000 thousand 0% (70.0%)

Note: The percentages in parenthesis indicate indirect equity ownership by ROHM CO., LTD.

(As of March 31, 2008)

The ROHM Group Overseas Branches




AMERICA TECHNOLOGY CENTER
ROHM ELECTRONICS U.S.A., LLC (SAN DIEGO)
ROHM ELECTRONICS U.S.A., LLC (DALLAS)
ROHM ELECTRONICS U.S.A., LLC (ATLANTA)
ROHM CO., LTD. Head Office
LSI Development Center
VLSI Research Center
LSI Research Center
Semicondoctor Research Center
LSI Test Technology Center
Opto Device Research Center
ROHM TSUKUBA CO., LTD.
YOKOHAMA TECHNOLOGY CENTER
ROHM HAMAMATSU CO., LTD.
NAGOYA DESIGN CENTER
ROHM MECHATECH CO., LTD.
NARITA GIKEN CO., LTD.
ROHM WAKO DEVICE CO., LTD.
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
KOREA TECHNOLOGY CENTER

Board of Directors

President

Ken Sato

Managing Director

Satoshi Sawamura

Naotoshi Watanabe

Directors *External director

Hidemi Takasu

Toru Okada

Nobuo Hatta

Osamu Hattori

Eiichi Sasayama

Hachiro Kawamoto*

Corporate Auditors

Yoshiaki Shibata

Hideo Iwata

Yasuhito Tamaki

Shinya Murao

Haruo Kitamura

(As of June 27, 2008)

Corporate Data

ROHM CO., LTD.

Head Office
21 Saiin Mizosaki-cho, Ukyo-ku,
Kyoto 615-8585 Japan
TEL: (075) 311-2121
FAX: (075) 315-0172

Date of Establishment
September 17, 1958

Shareholders' Equity
¥755,546 million

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

Number of Employees
20,539

Listing Stock Markets
Tokyo Stock Exchange
Osaka Securities Exchange

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

Technology Centers / Design Centers

<Domestic>
LSI DEVELOPMENT CENTER
21 Saiin Mizosaki-cho, Ukyo-ku, Kyoto 615-8585 Japan

YOKOHAMA TECHNOLOGY CENTER
2-4-8 Shin-Yokohama, Kohoku-ku, Yokohama 222-8575 Japan

NAGOYA DESIGN CENTER
5F Dainagoya Building, 3-28-12, Meieki, Nakamura-ku, Nagoya 450-0002 Japan

<Overseas>
AMERICA TECHNOLOGY CENTER
10145 Pacific Heights Blvd., Suite 1000, San Diego, CA 92121 U.S.A.

EUROPE TECHNOLOGY CENTER
12 rue d'Oradour sur Glane, Paris 75015 France

EUROPE MOBILE DESIGN CENTER
Sluseholmen 2-4, 2450 Copenhagen SV, Denmark

SHANGHAI TECHNOLOGY CENTER
2701, UNITED PLAZA, 1468 Nanjing Road West, Shanghai 200040 China

SHENZHEN TECHNOLOGY CENTER
3602 China Merchants Bank Tower, 7088 Shen Nan Da Dao, Fu Tian District, Shenzhen 518040 China

HONG KONG TECHNOLOGY CENTER
Room 1411, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong

TAIWAN TECHNOLOGY CENTER
3F No.6, Sec.3. Min Chuan E. Road, Taipei, Taiwan

KOREA TECHNOLOGY CENTER
371-11 Gasan-Dong, Gumcheon-ku, Seoul 153-803 Korea

(As of March 31, 2008)

Excellence in Electronics

ROHM CO., LTD.
21, Saiin Mizosaki-cho, Ukyo-ku, Kyoto
615-8585, Japan
TEL: (075)311-2121 FAX: (075)315-0172
URL http: // www.rohm.com

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