



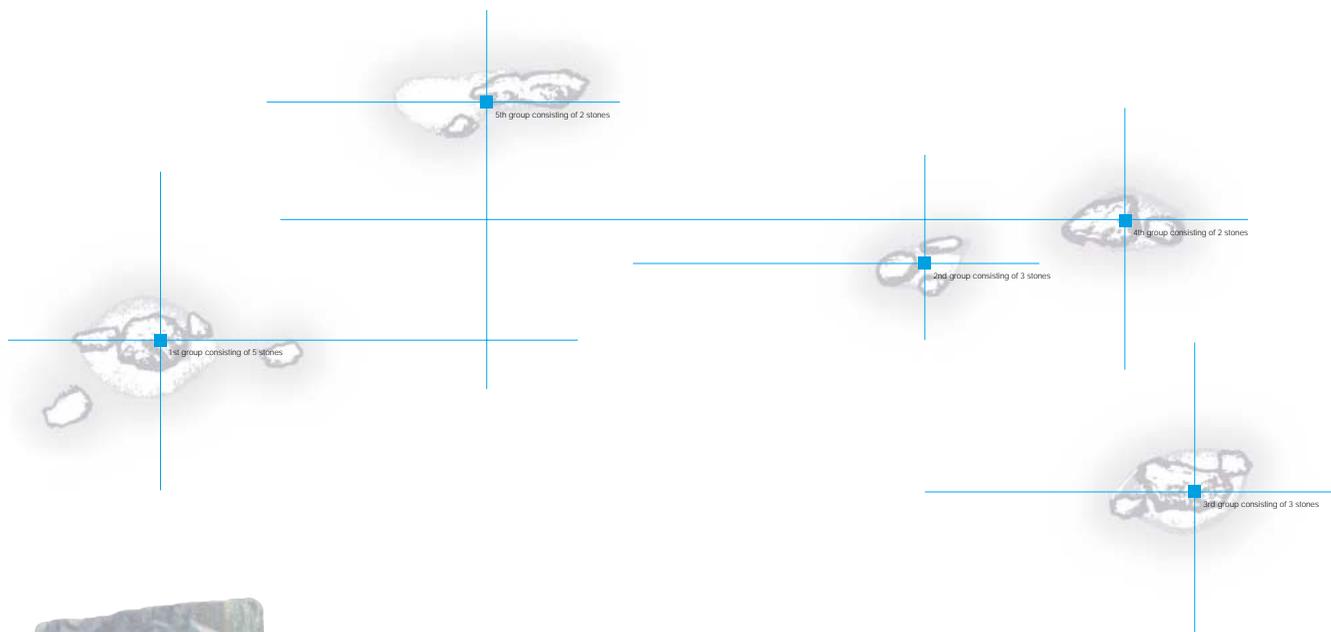
## Annual Report 2004

For the Year Ended  
March 31, 2004



# Exquisite Geometry

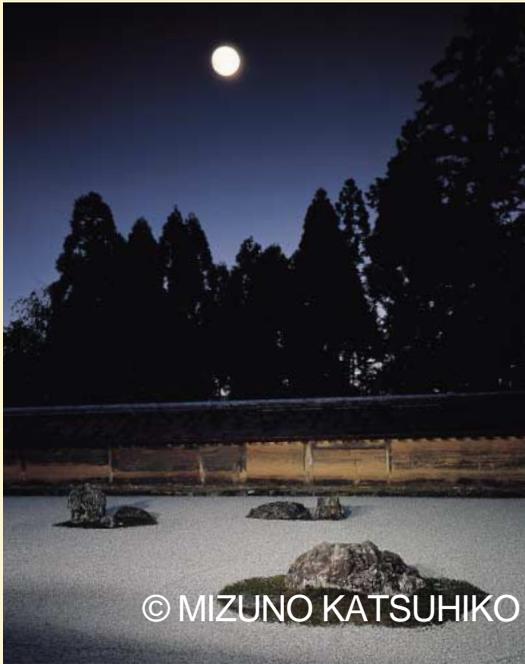
The rock garden of Ryoanji Temple, in the karesansui (dry landscape) style with rocks arranged in an unparalleled manner, provides its own unique atmosphere. The fifteen simply positioned rocks give the garden a creative beauty, which can be said to be a representation of eternal modernism. With the elaborately and tastefully located rocks, each ensconcing itself as if gently whispering to us, the garden attracts us today by giving a new impression each time we visit, transcending the five hundred-odd years since its creation.



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

**C O N T E N T S**

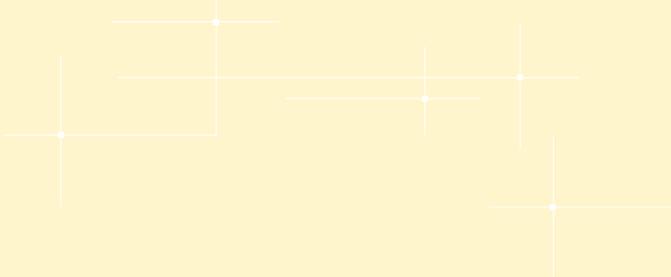
Financial Highlights ..... 1  
 To Our Shareholders and Friends ..... 2  
 ROHM at a Glance ..... 8  
 Divisional Review ..... 10  
 New Products ..... 12  
 Financial Section ..... 13  
 Principal Subsidiaries <Domestic> ..... 41  
 Principal Subsidiaries <Overseas> ..... 42  
 Board of Directors ..... 46  
 Corporate Data ..... 46



© MIZUNO KATSUHIKO

Daiunzan Ryoanji

In the grounds of a country villa, once owned by a noble family, at the foot of Kinugasayama Mountain in the northern part of Kyoto City lies Ryoanji, a Zen sect temple constructed in 1450 by Katsumoto Hosokawa, a governor-general of the Muromachi shogunate. The temple was destroyed by fire in 1467 during the Onin War. Masamoto Hosokawa, a son of Katsumoto, then rebuilt it in 1488 and one theory holds that the stone garden was laid out during the rebuilding. Consisting of a flat surface of white sand with rocks exquisitely positioned, the stone garden offers beauty of ultimate simplicity, transcending time and creating a profound impression on all that view it. We at ROHM have also continued to integrate our knowledge into small "stones" so as to achieve a combination of increased sophistication and miniaturization of ICs and other semiconductor products. Beauty in a simply, or even ultimately, condensed form — with this condensed simplicity serving as a background theme, we selected Ryoanji Temple in Kyoto as the motif for ROHM's Annual Report 2004. (Photo by: Katsuhiko Mizuno)

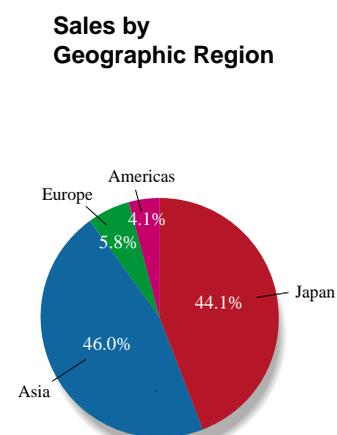
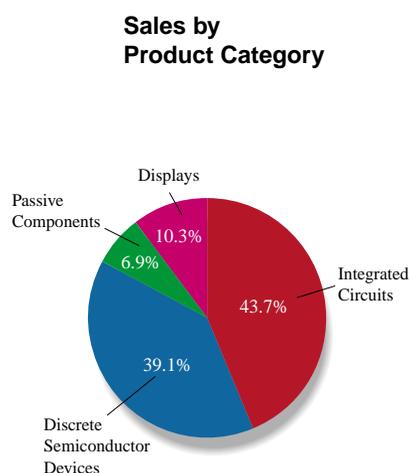
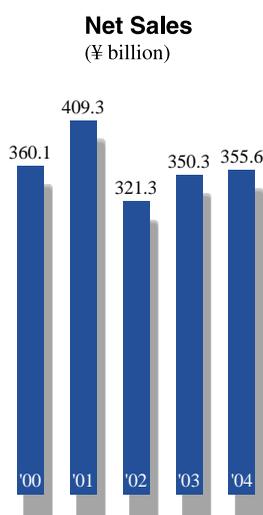


# Financial Highlights

ROHM CO., LTD. and Subsidiaries  
Years ended March 31, 2004, 2003 and 2002

	Millions of yen			Thousands of U.S. dollars	% change
	2004	2003	2002	2004	
<b>For the Year:</b>					
Net sales	¥ 355,630	¥ 350,281	¥ 321,265	\$ 3,355,000	+1.5
Cost of sales	194,857	185,795	198,631	1,838,274	+4.9
Selling, general and administrative expenses	66,266	68,363	56,176	625,151	-3.1
Operating income	94,507	96,123	66,458	891,575	-1.7
Income before income taxes and minority interests	101,070	90,476	68,129	953,491	+11.7
Income taxes	37,268	37,479	28,829	351,585	-0.6
Net income	63,717	53,003	39,274	601,104	+20.2
Capital expenditures	51,958	40,548	43,326	490,170	+28.1
Depreciation and amortization	45,869	52,424	52,377	432,726	-12.5
<b>Per Share Information (in yen and U.S. dollars):</b>					
Basic net income	¥ 535.62	¥ 445.51	¥ 328.24	\$ 5.05	+20.2
Diluted net income		445.30	327.89		
Cash dividends applicable to the year	55.00	22.00	19.00	0.52	+150.0
<b>At Year-End:</b>					
Shareholders' equity	¥ 715,938	¥ 676,577	¥ 639,210	\$ 6,754,132	+5.8
Total assets	846,800	805,693	740,627	7,988,679	+5.1
Number of employees	18,591	16,841	15,174		+10.4

- Notes:
1. U.S. dollar amounts are provided solely for convenience at the rate of ¥106 to US\$1, the approximate exchange rate at March 31, 2004.
  2. Certain reclassifications of previously reported amounts have been made to conform with current classifications.
  3. Certain retroactive adjustments of previously reported per share information have been made to conform with current method (see Note 2(m) to consolidated financial statements). Diluted net income per share for 2004 is not disclosed because there is no outstanding potentially dilutive securities.



## To Our Shareholders and Friends



In the fiscal year ended March 31, 2004, the semiconductor market as a whole remained sluggish in the first half of the year due to the effects of international conflicts and SARS, except the markets for some electronic components for digital audio/video equipment such as flash memories. However, in the second half, with the U.S. consumer spending showing improvement, as well as with the economic recovery in Asia following the SARS scare, market demand rebounded steadily.

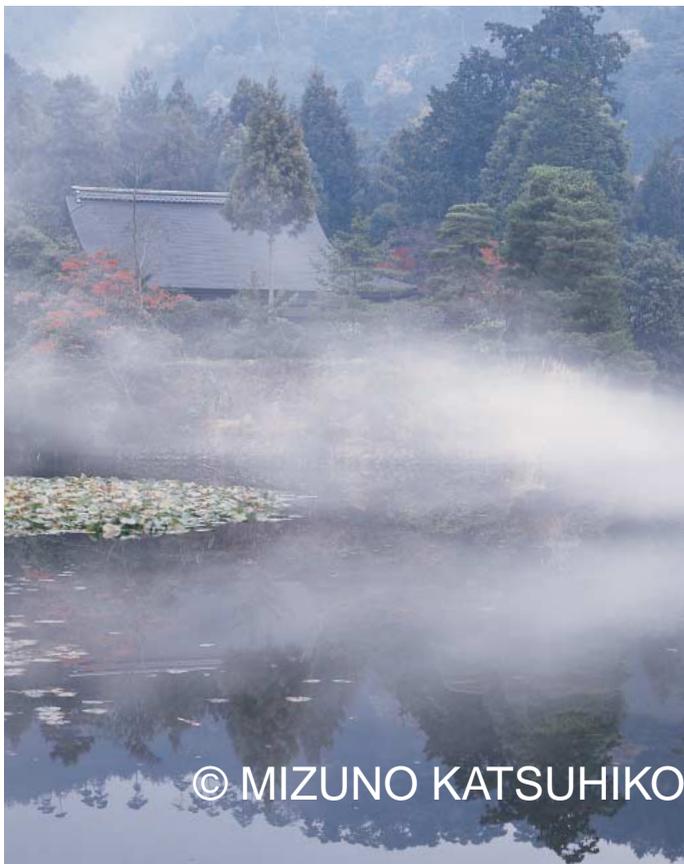
Driving recovery in this demand is the increasing sophistication of cellular phones and digital audio/video equipment, such as digital still cameras and DVD recorders.

The ever-increasing demand for digitization and broadband transmission has opened up new markets. Digital still cameras and DVD recorders have experienced rapid widespread use,

replacing conventional cameras and VCRs. In the area of cellular phones, third-generation phones are gaining rapid acceptance in the marketplace. In addition to conventional phone-call functions, these third-generation products include sophisticated multimedia capabilities, such as camera functions and reproduction and delivery of music and images.

The electronics market is expected to grow due to technological advances in digital audio/video equipment, cellular phones, automobile-related equipment, and information and communications equipment. In anticipation of this, ROHM is enhancing its overall technological capabilities in a number of key areas, including circuit design and fine-process technologies for system LSIs, and optical device and next generation device technologies.

## *Exquisite Geometry*



© MIZUNO KATSUHIKO

© MIZUNO KATSUHIKO

## New Technologies and Products

ROHM's bases for technological enhancement include the R VLSI Research Center, Optical Device Research Center, and the LSI Test Technology Center, which are located at the headquarters premises, as well as the Yokohama Technology Center and the Kyoto Technology Center. At these technological bases, approximately 2,000 engineers are engaged in research and development.

As a custom LSI manufacturer, ROHM continues to deliver leading-edge solutions that meet customer application requirements and exceed customer expectations, by optimizing digital, analog, and mixed digital/analog technologies. Responding to the growing need for higher performance and increased LSI miniaturization, ROHM's proprietary and innovative LSI design system, REAL SOCKET, allows a quick response to customer requests for system LSIs. By employing new technologies and enhancing our customer support system, and by ultimately delivering value-added LSIs, we maintain our leadership in the industry.

ROHM also focuses on the development of fine process technology and larger-diameter wafers. With the completion of a prototype production line for 300-mm wafers at ROHM HAMAMATSU CO., LTD. in the spring of 2004, the Company

continues to make steady progress towards commercial production. ROHM is proceeding with the development of a 0.13  $\mu\text{m}$  fine process, the leading-edge technology for system LSIs, and plans to open commercial production in 2004, starting with image processors for cellular phones.

In the field of optical devices, ROHM commenced mass production of a new laser diode for DVD recorders in the spring of 2004. This new laser diode delivers the highest power in the industry and is rapidly expanding its market share. Sales of ROHM's blue-and-white LEDs are also increasing as this market continues to grow.

Regarding R&D in next-generation essential technologies, ROHM has organized a dedicated Research and Development Headquarters. This facility consists of six R&D centers for next generation semiconductor integrated circuits, multi-functional integrated circuits, nanobionics, new material devices, displays, and optical devices. The Company is also involved in a wide range of joint R&D projects, including industrial-academic collaboration, establishment of a cross-industrial collaboration alliance, and participation in Japanese national projects, ASCA (Advanced Semiconductors through Collaborative Achievement) and MIRAI (Millennium Research for Advanced Information Technology).



The Ryoanji Garden

Kyoyo-chi pond occupies almost half of the garden landscape of Ryoanji. An ancient text says that far back in the Heian period (794 - 1185), noblemen enjoyed music and dance on dragon-headed boats on the pond, and admired the landscape while walking along the path around the pond.

Immediately on the left upon entering the Sanmon (front gate) is the expanse of the pond, always full of water. Adorning the bank of the pond are seasonal beauties such as cherry blossoms, irises, water lilies, scarlet-tinted autumnal leaves and thunberg spireas.

Walking alongside the pond, where ancient texts say mandarin ducks were playing and persons of refined taste were promenading, we go up a gentle flight of stone steps lined with fences known as "Ryoanji-gaki" (Ryoanji fencing) made of split bamboo woven in a simple manner, to reach the Kuri (monks' living quarters) and the Hojo (the main temple building).

(Photo by: Katsuhiko Mizuno)

## Production Technology and Systems

While the electronics market is expected to grow over the medium and long term, global competition is intensifying, particularly in Asia. To address this issue, ROHM has been reorganizing its domestic and overseas production methodology, establishing a system that enables the Company to ensure stable product supply in response to market needs.

ROHM is continuing its effort to enhance two plants in Tianjin, China, as a core production base of the ROHM group, following those in Thailand and the Philippines. At the two plants where transistors, diodes, resistors, LEDs, and LED displays are manufactured, the Company will continue production-capacity enhancement, along with plans to start production of laser diodes. ROHM also has a plant in Dalian, China, which will begin production of CMOS camera modules, in addition to printheads, LCDs and other module products.

Placing the highest priority on establishing and ensuring a

consistent and reliable supply to customers, ROHM secures more than one mass production facility for each product category. With the enhanced production capacities in China, combined with our current production bases in Thailand, the Philippines, and other countries, our supply system is continually updated to ensure a stable product supply to customers worldwide, while avoiding potential supply risks caused by events such as natural disasters and international conflicts.

The majority of ROHM's manufacturing equipment is developed in-house. Technologies relating to our manufacturing equipment have formed the foundation for the high quality and reliability of our products. ROHM's unique production technologies are developed by our domestic competence centers and then shared with the overseas plants of the ROHM group throughout the world. With these production technologies and plants, ROHM can manufacture and supply high-quality products worldwide.



© SHIBATA AKIRA



© SHIBATA AKIRA



© SHIBATA AKIRA

## Social Responsibility

Believing that social responsibility is paramount, ROHM is 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 also expanding its environmental-conservation activities and philanthropy projects. To enlighten and educate employees, the Company has formulated the Rules of Conduct for Employees and has developed a follow-up policy to ensure that the Rules are fully understood and observed by employees. The Company is also committed to disclosure of information, to fulfill its corporate and social responsibilities.

## The Environment

Not satisfied with merely reducing waste, ROHM is committed to preserving the environment by eliminating waste. To that end, the Company has established an Environmental Conservation Committee to discuss significant policies and measures for environmental conservation. The Committee consists of six subcommittees responsible for greenhouse gasses, energy conservation, environmental burden reduction, waste and recycling, environmentally controlled substances, and packaging materials. Through their activities shared at all the business levels of the ROHM group, the Company continues to lead the industry in environmental conservation.

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

Examples of our environmental conservation activities include the development of environmentally friendly, energy and resource-saving products, zero-emission of waste, complete elimination of environmentally controlled substances, and green procurement.

Besides CO<sub>2</sub> emission-reduction efforts, forestation activities to achieve natural absorption of CO<sub>2</sub> have proven extremely effective in preventing global warming. ROHM is an active participant in the "ROHM Forest," an extensive project dedicated to planting eucalyptus trees in Southern Australia. The objective of the forestation effort is to cover an area of 10 million m<sup>2</sup> by 2008. This effort has already achieved tremendous success by reforesting 4.93 million m<sup>2</sup> as of 2003.

By extending reforestation over the states of Victoria and South Australia, ROHM is the first Japanese semiconductor manufacturer to undertake such a large-scale project.



The Hojo (the main temple building)

In 1797, a disastrous fire destroyed most of the buildings of Ryoanji, after which the Hojo of Seigen-in Temple, which is one of the Tacchu (sub-temple) of Ryoanji, was relocated to Ryoanji to be used as its Hojo. Originally constructed in 1606, the relocated and rebuilt Hojo is an example of the grand architectural heritage of the Azuchi-Momoyama period and is designated as an important national cultural property. In the Hojo is a fusumae (painting on papered sliding doors) called "Nobori-ryu Kudari-ryu-zu" by Kakuo Satsuki, a great master of the Nanga School of Painting, which shows two dragons, one ascending and one descending, in breathtakingly bold and dramatic images drawn with exquisite brushstrokes. The fusumae provides a crisp tension to the tranquil inner space.

On the north-east corner of the Hojo, there is a tsukubai, or chozubachi (stone washbasin), which is believed to have been contributed to the temple by Mitsukuni Tokugawa (1628 - 1700), a member of the Tokugawa shogunate family, in token of his gratitude for the books he borrowed from the temple when compiling his "Dai-Nippon-Shi", the Great History of Japan. The tsukubai has a unique inscription. There are four characters chiseled around its side, which are read as "吾唯足知" and if the square hole that holds the water in the middle of the tsukubai is included as the radical (i.e. a component of the character), this inscription is pronounced, "Ware tada taru o shiru." Translated, it reads "I learn only to be contented." This states a doctrine taught by Buddha, which is the essence of Buddhism and is also said to be reflected in the tea ceremony.

(Photo by: Akira Shibata)

## Occupational Health and Safety

---

ROHM is also making continued group-wide efforts in the area of occupational health and safety. A health and safety committee has been organized at each individual ROHM Company to ensure the well being of employees. This commitment has brought successful results. The Company has obtained a Type-V Zero Accident Certificate from the Ministry of Health, Labor and Welfare of Japan, which is considered the highest-ranking certification showing that the Company has one of the longest records of zero-accident operation. ROHM has also achieved ten consecutive years of zero accidents of the type that would normally cause absence from work.

## Corporate Philanthropy

---

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

The ROHM Music Foundation was established in 1991 with the objective of contributing to the progress of music as a cultural activity. The Foundation provides continuous support for musical events, international exchanges, and music studies, and offers scholarships for musicians. The Foundation also makes substantial contributions to the development and nurturing of musicians by sponsoring music seminars. One such event, the annual Kyoto International Music Students Festival,

features performances by students selected from prominent music schools around the world.

Individuals who received scholarships and/or participated in seminars continue to play an active role in the world of music, including performances on the professional concert stage. Many have become prizewinners in famous international competitions, with 66 participants having won first, second, or third prizes to date.

In the year under review, ROHM provided continued support for a number of musical events. These events include the ROHM Lyric Selection concert series, as well as the Seiji Ozawa Ongaku-juku Opera Project series, which was created to assist aspiring musicians. Other events held with the support of ROHM include the Autumn Kyoto Music Festival Opening Concert, the Opera Educational Program for High School Students, and other concert events.

We also provided support for major sporting events, including the Lake Biwa Mainichi Marathon, one of the races that determines Japan's representatives in the 2004 Athens Olympics (first-place winner: Jose Rios); the Kyoto City Half Marathon, Japan's largest half marathon (first-place winner for men, Takashi Maeda; first-place winner for women: Rie Ueno); and the Inter Prefectural Men's Ekiden Hiroshima 2004 (First place: Nagano Prefecture).

ROHM will continue to support cultural and sporting activities in the years ahead.



## Distribution of Profits to Shareholders

Regarding profit distribution to shareholders, ROHM will press ahead with its current measures and policies to live up to shareholders' expectations, in light of comprehensive consideration given to various factors, including business performance, financial position, and expected demand for funds for business investment aimed at improving corporate value.

To be concrete, with consolidated dividend payout ratio also taken into account, the Company will continue to direct its efforts toward satisfactory direct profit distribution based on corporate performance.

Accordingly, for the fiscal year ended March 31, 2004, the Company has decided to pay annual dividends of ¥55.00 per share, a large increase from the previous year.

ROHM will also continue to develop and implement policies and measures for enhancing corporate value for shareholders, including amendment to the Articles of Incorporation regarding purchase of treasury stock, so as to ensure expeditious profit distribution in response to changes in the business environment.

**Ken Sato**  
President



Rock Garden

The rock garden creates its own distinctive atmosphere in a limited oblong space of 75 tsubo (approx. 250 m<sup>2</sup>). The karesansui garden, consisting simply of a flat surface of white sand with fifteen rocks arranged in an abstract composition that indicates some sense of deliberateness, provides a dignified beauty. Exquisitely and skillfully arranged, the rocks protruding above the raked white sand seem to represent the ocean with islands protruding above its surface, or mountain peaks soaring above a sea of clouds. The garden's overall simplicity allows viewers free imagination and interpretation. Bounded by tsuijibei (a type of earthen wall), the rock garden is now a completely enclosed space that generates its own unique atmosphere as if it were clipped out of the surrounding landscape. However, records suggest that when originally laid out, the garden used as "shakkei" (borrowed scenery) the view of the distant Nishiyama hills. The fifteen rocks are inexplicably arranged in such a manner that visitors can see only thirteen or fourteen of them at one time, no matter what angle the garden is viewed from. This, combined with the fact that there is no record when and by whom the garden was laid out, it remains full of mystery. (Photo by: Katsuhiko Mizuno)



# ROHM at a Glance

## Integrated Circuits

Monolithic ICs  
Power Modules  
Photo Link Modules

## Discrete Semiconductor Devices

Transistors  
Diodes  
Light Emitting Diodes  
Laser Diodes

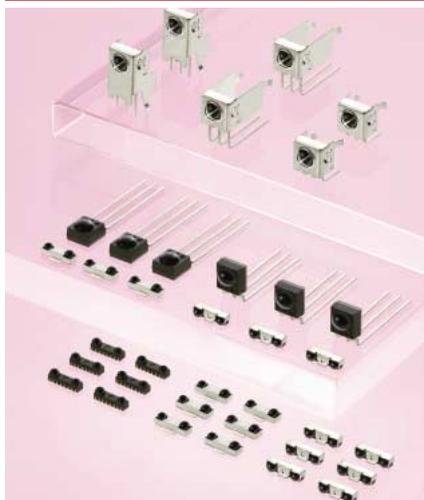
## Passive Components

Resistors  
Capacitors

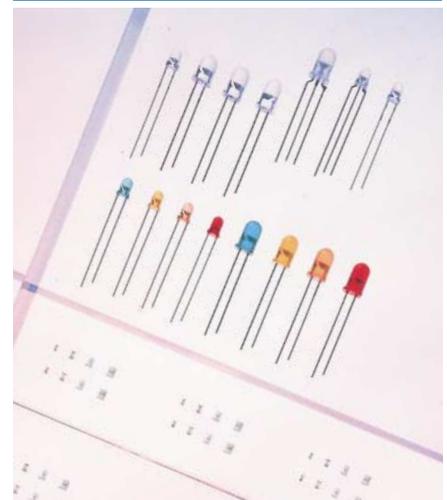
## Displays

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

## Photo Link Modules



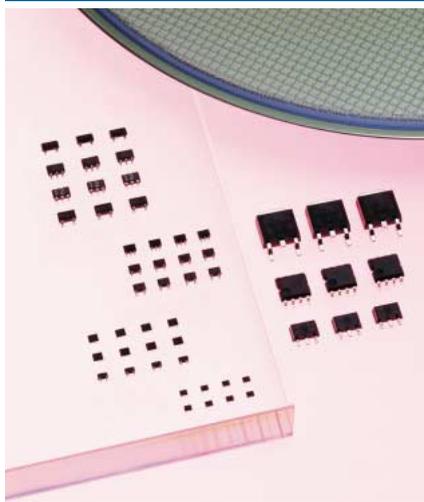
## Light Emitting Diodes



## Monolithic ICs



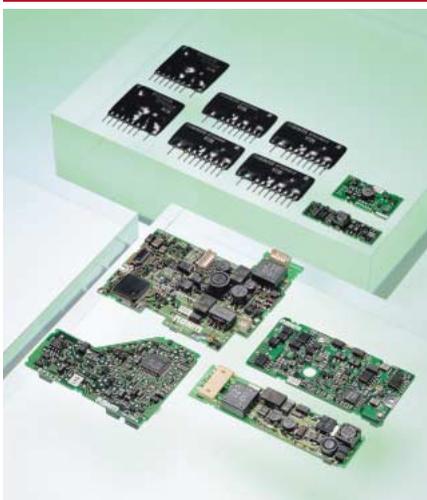
## Transistors



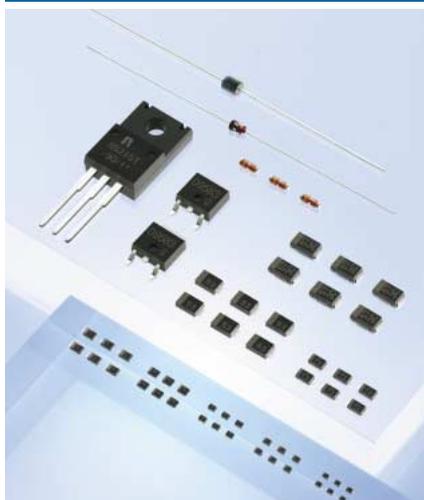
## Laser Diodes



## Power Modules



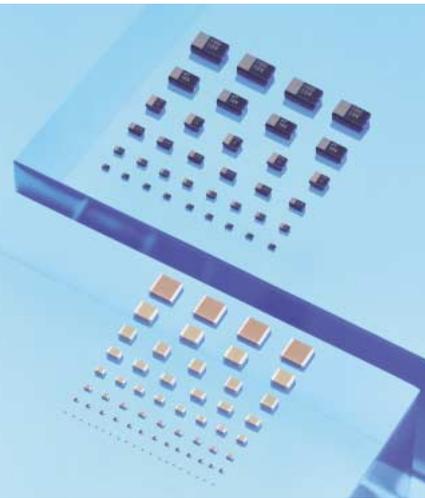
## Diodes



## Resistors



### Capacitors



### LED Displays



### Liquid Crystal Displays



### Integrated Circuits

	sales (¥ million)	% of net sales	% change from previous year
2004	155,447	43.7	-2.5
2003	159,424	45.5	9.7
2002	145,349	45.2	-17.2
2001	175,455	42.9	18.3
2000	148,339	41.2	12.0

### Discrete Semiconductor Devices

	sales (¥ million)	% of net sales	% change from previous year
2004	139,009	39.1	2.0
2003	136,252	38.9	11.5
2002	122,173	38.0	-22.3
2001	157,237	38.4	9.9
2000	143,114	39.7	10.2

### Thermal Heads / Image Sensor Heads



### Passive Components

	sales (¥ million)	% of net sales	% change from previous year
2004	24,601	6.9	-0.4
2003	24,688	7.1	-2.5
2002	25,313	7.9	-40.7
2001	42,691	10.4	17.3
2000	36,401	10.1	-1.3

### Displays

	sales (¥ million)	% of net sales	% change from previous year
2004	36,573	10.3	22.3
2003	29,917	8.5	5.2
2002	28,430	8.9	-16.3
2001	33,952	8.3	5.4
2000	32,226	9.0	9.4

# Divisional Review

## INTEGRATED CIRCUITS

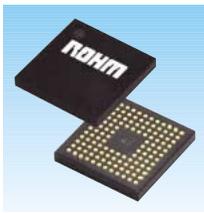
### Monolithic ICs

#### *Mastering the art of design in the system LSI*

With the growing demand for multifunctional IT-related equipment and the widespread use of digital audio/video equipment, customer requirements for system LSIs are becoming increasingly complex as time-to-market windows turn smaller.

ROHM system LSIs are based on the Company's expertise, its proven success at manufacturing custom-designed LSIs, and the advanced planning and circuit design capabilities of its forward-thinking engineers. At ROHM, we exceed the system LSI requirements of our customers by delivering complete design solutions from product planning through wafer manufacturing, mass production, and packaging, to comprehensive support. Our unparalleled expertise and proven track record uniquely qualifies us as the industry leader in advanced linear circuit design. Our successful track record for delivering proven, leading-edge analog and digital interface modules, digital cores, and proprietary low-power, low-noise circuit technologies speaks for itself. All design tools at our design centers are automated, enabling us to deliver custom-designed system LSI products while meeting the most aggressive production times and delivery cycles.

A recent example of our innovative approach to today's real-world challenges is our REAL SOCKET design system. Developed as an innovative solution to system LSI design challenges, REAL SOCKET is now being used to mass-produce system LSI products. REAL SOCKET is just one example of how our innovative approach to the challenges facing us today, will empower us tomorrow to meet customer needs for larger-scale integration with greater speed and reliability than the competition.



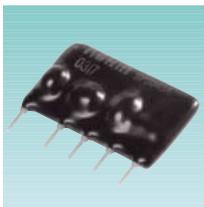
### Power Modules

#### *Our tremendous contribution to energy conservation*

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

ROHM AC/DC converters meet this high-efficiency requirement. These miniaturized, lightweight power modules were developed using high-breakdown-voltage and high-speed switching circuit technology. Their ability to reduce standby current significantly compared to transformer-type products have made ROHM's AC/DC converters the standard power-supply IC for home appliances.

ROHM DC/DC converters are also reaching new levels of efficiency, miniaturization, and safety. With a dedicated LSI that incorporates a speed-up circuit as well as a wedge-shaped protection circuit, ROHM DC/DC converters deliver reference voltage precision of  $\pm 1\%$ .



### Photo Link Modules

#### *Constant innovations in product miniaturization*

By combining optical semiconductors (infrared LEDs and PIN photodiodes) developed in-house, dedicated LSI circuit-design technologies and micro-miniature assembly technologies, ROHM supplies IrDA and photoreceptor modules that continue to lead the industry in electronic product miniaturization and energy efficiency.

Today, these modules have a wide range of applications. Examples include:

\* IrDA modules used with networking devices for infrared wireless data communications between cellular phones, notebook computers, and personal digital assistants (PDAs).

\* Photoreceptor modules used with infrared receivers in remote-control units for household appliances such as air-conditioners and DVD players.



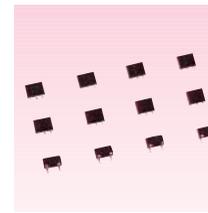
## DISCRETE SEMICONDUCTOR DEVICES

### Transistors

#### *New energy-efficient solutions*

ROHM is the largest producer of discrete transistors in the world. By responding promptly to the needs of our customers and the industry, ROHM maintains its leading position in the market. One reason for securing our first rank position in the industry is our response to the increasing demand for resource and energy-saving products. To address this worldwide concern, ROHM has expanded its environmental-protection products with low-on-resistance MOSFETs and low-saturation small signal bipolar transistors. These products are available in microminiature VMT3 packages (1.2 mm by 0.8 mm) as well as in EMT5/EMT6 packages (1.6 mm by 1.2 mm) for dual transistors.

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



### Diodes

#### *Utilizing original component technology to develop advanced diodes*

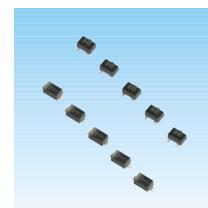
Diodes are the most basic discrete semiconductor components. ROHM develops and markets diode products that command the top share of the world market. This success is attributed to our commitment to developing solutions that solve today's problems with an eye to addressing tomorrow's challenges.

One example of this forward-thinking approach is our proprietary device technology. This technology, unique to ROHM, allows our Schottky diodes to combine low forward voltage (VF) and low reverse current (IR) in the same diode. This marriage of VF and IR was impossible to achieve just a few years ago. By focusing on technological breakthroughs instead of barriers, ROHM can deliver innovative solutions that have earned strong customer support in a myriad of markets.

Another example of how ROHM has moved ahead of the competition is by producing and marketing PIN diodes housed in the world's smallest package, the VMN2 (1.0 mm by 0.6 mm). These PIN diodes are ideally suited for the expanding cellular phone market.

In addition, the Company has completed the development of power Schottky diodes and fast-recovery diodes (FRDs), which have received positive customer feedback for operating characteristics and reliability.

ROHM continues to serve market demands by meeting technological challenges as they evolve, developing highly reliable solutions, and offering a stable source for supplying products.



### Light Emitting Diodes

#### *Bright sources in energy efficiency*

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

ROHM's LED product family includes the bright LED series (from red to blue) that incorporates our original four-element (AlGaInP) compound. Our LED lamps are available in super-thin (1.6 mm by 0.8 mm; 0.4 mm in thickness), top-view, side-view, and reverse-mount packages. Our LED lamp products include a one-of-a-kind 3-mm diameter model, with a pressure release structure that can be directly mounted on a board using a pick and place machine. While our LED product offerings may be diverse, they share the same high reliability and advanced energy-saving features that our customers have come to expect.



---

## Laser Diodes

*Setting the worldwide standard in the optical disc market*

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

The optical disc-drive market is undergoing a number of changes. One major shift is seen in the transition from playback-only to recordable models. Another shift is occurring in the laser-printer arena, where faster speeds and higher resolutions are always in demand. Despite these transitions, ROHM laser diodes are finding widespread applications in the optical disc-drive market.

One reason for this success is ROHM's active efforts to develop higher laser-output power products in anticipation of future market trends. We have already surpassed the competition by delivering a 240 mW laser diode for 16-speed recording, the highest available speed for DVD recording.

We have also enhanced our package lineup by adding a new thin-frame type product. As these examples demonstrate, our innovative solutions enable us to respond quickly to the increasingly diverse needs and the continuously shrinking time-to-market windows.



---

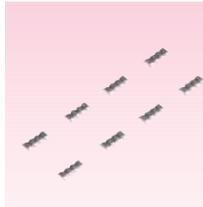
## PASSIVE COMPONENTS

### Resistors

*Flexibility in production, the key to market leadership*

Ultra-compact rectangular chip resistors and chip resistor networks, first developed by ROHM, are essential components for mobile phone handsets, PDAs, and other information-technology equipment. To meet growing demand, ROHM is increasing production of its recently released MCR006 resistor (0.6 mm by 0.3 mm), a powerful new addition to the conventional MCR series of chip resistors. The Company has also supplemented its resistor product line by adding the PMR series of chip resistors for battery detection (1 mΩ and over) and the MHR series of high-precision chip resistors ( $\pm 0.1\%$ ).

ROHM continues to meet the challenges of the new millennium by delivering a stable supply of high-quality products within shorter delivery cycles.



---

### Capacitors

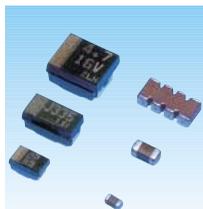
*Higher capacity for smaller products*

ROHM multi-layer ceramic chip capacitors and tantalum capacitors boast the highest degree of reliability, thanks to our exclusive cutting-edge automated production system. However, supply and delivery management are key elements in securing market leadership. To that end, we have established production bases overseas, enabling us to supply capacitors to markets around the world.

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

The Company is also making tremendous strides in developing miniaturized, larger capacity tantalum capacitor products. Orders are increasing for ROHM M-case (1608-size) capacitors, designed for cellular phones and digital cameras. These 1608-size products are offered in ROHM's original chip-size packages, which combine bottom and side electrodes to provide an ultra-low height of 0.8 mm.

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



---

## DISPLAYS

### Liquid Crystal Display

*Combining semiconductor, panel, and mounting technologies in one module*

ROHM's STN color LCD modules with proprietary LCD driver ICs are widely used for cellular phone main and sub-displays. Equipped with super-thin panel and thin, high-intensity backlight, these modules enable customers to develop more compact, more lightweight electronic equipment than ever before. ROHM is also developing LCDs that deliver a large number of colors and higher resolutions to meet the requirements of next-generation cellular phones.

For monochrome LCDs, ROHM has developed COG (Chip On Glass) modules with a distinctive panel structure. These COG modules eliminate the need for external components, and have earned a favorable reputation in today's market.

For facsimiles, printers and audio equipment, ROHM has developed large-scale graphics display units with our COG modules that require fewer components and consume minimal power.

As cutting-edge components that deliver unparalleled features for electronic equipment, ROHM LCD modules have been adopted by a broad range of markets.



---

### Thermal Heads / Image-sensor heads

*Integrated innovations for industry-leading performance*

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

To meet the rising demand for higher speed mobile printers, ROHM has developed the GT series of thermal printheads designed for POS, Electronic Cash Register (ECR), and other hand-held applications. We have also released the NE thermal head product series designed for color photo printers. The output from the NE series is comparable in quality to true photographs.

Targeting the wide-ranging needs of the growing multifunction printer market, we have expanded our lineup of image-sensor heads to include the following image-sensor heads:

\* High-density 600 dpi contact image-sensor heads, with high-speed scanning capabilities for flatbed scanners.

\* Low-voltage 1200 dpi contact image-sensor heads.



---

### LED Displays

*Excellent visibility while maintaining energy efficiency*

ROHM has developed three-color displays, along with full-color dot-matrix LED modules that utilize RGB emitters. Providing a 1,024-level grayscale driver for each of the three colors (red, green, and blue), these modules can generate up to a billion colors. The modules are ideally suited for use in traditional message boards (such as those at airports, train stations, or any public arena), factory-automation equipment, and applications that involve large displays of video images and other graphics.

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

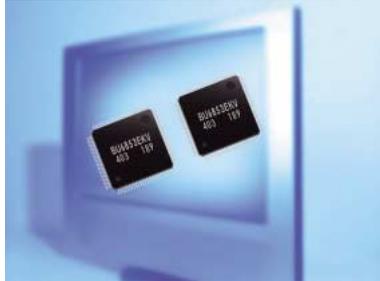
ROHM also offers high-intensity LEDs, which significantly reduce power consumption.



## New Products

### DVI Receiver LSI Ideal for Digital Displays

With the increasing popularity of digital audio/video equipment such as DVD players, the flat-panel display market is witnessing a transition from conventional video input and S-terminal input systems to high-resolution interfaces that enable viewing of high-resolution, high-definition transmitted images.



This transition, coupled with the ongoing shift from analog to all-digital interfaces, is providing the driving force for adopting Digital Visual Interface (DVI) as the industry specification for defining rich video content.

In response to these industry trends, ROHM has developed the DVI receiver, BU6853EKV. On a single chip, the BU6853EKV incorporates the high-speed data transmission DVI core, the digital content protection specification core, ROHM's proprietary encryption key protection circuit, and a color-space conversion circuit. Taking advantage of its expertise with linear CMOS and image signal processing technologies, the ROHM BU6853EKV delivers blistering data transmission speeds up to 3.24 Gbps while supporting flat-panel display specifications up to 1280 x 1024 SXGA resolution. When used with an external EEPROM, the BU6853EKV allows users to rewrite programs, improving usability for electronic-equipment manufacturers. The BU6853EKV incorporates ROHM's proprietary encryption key protection circuit, making the LSI ideal for embedded applications that require data protection for their sensitive information.

### High-power Red Laser Diode for DVD Recording with Industry-leading 240-mW Optical Output Power

The market for recordable DVD drives is growing at exponential rates. As the need for faster recordable DVD drives grows, the demand for increased laser power that will enable DVD drives to record more information faster is also increasing. To address these needs, ROHM has focused its expertise toward high-power laser diodes, the essential components for high-speed DVD drives. To that end, ROHM has successfully developed the industry-leading 240-mW optical technology for x16 speed recordings. This breakthrough technology delivers significantly faster speeds than today's 100-mW power for x4 speed recording and completely bypasses the 160-mW power used for x8 speed recording.

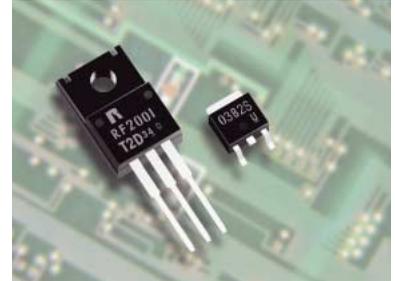


The 240-mW optical power technology has been incorporated into ROHM's new RLD65PZB5 high-power laser diode. With its sizzling x16 recording speed, the RLD65PZB5 slashes disc writing times. And while electric current consumption usually increases with output power, the RLD65PZB5 incorporates ROHM's proprietary device structure to deliver unprecedented low current consumption. The RLD65PZB5 delivers this breakthrough technology in the industry-standard 5.6-mm diameter package.

Not satisfied to rest on its accomplishments, ROHM continues to develop and supply laser diodes that drive the optical-disc industry and exceed the expectations of its customers.

### New Fast Recovery Diodes Available in Two Types: Ultra High Speed and Ultra Low VF

Demand is increasing for high-speed, low-VF (forward voltage) diodes in power-supply blocks of plasma TVs and other electronic equipment that require high-voltage actuation to improve the efficiency of power supply circuits, minimize power supply circuit-switching losses, and suppress heat generation. In



response to this trend, ROHM has developed two series of fast-recovery diodes: the ultra-high-speed series and the ultra-low-VF series:

- \* The ultra-high-speed series delivers the industry's fastest switching speed with a breakdown voltage of 200 V.

- \* The ultra-low-VF series delivers a nearly 10% reduction in VF over previous models.

Higher speed diodes require improved trr (reverse recovery time). However, there is a trade-off between trr and VF in that trying to improve trr usually causes the efficiency, or VF, to deteriorate.

ROHM has overcome this trade-off by adopting new processes and optimizing materials. The result is a line of high-performance diodes that offer the industry's fastest speed, based on tests conducted by ROHM. To take advantage of this technological breakthrough, the Company has expanded its diode lineup in the 3- to 10-ampere range to include the RFxx3 series, which deliver the fastest speed in the industry. To gain additional market share, ROHM also offers the RFxx1 series, which delivers the lowest-ever level of VF in the industry.

### Newly Developed AC/DC Converters with Global Compatibility

Electrical outlet shapes and commercial power-supply voltages vary in different countries. The voltage used in Japan is 100 VAC, for example, while the neighboring country of China uses 220 VAC.

These differences require electronic-equipment designers to spend huge amounts of time and money to design power-supply circuits for individual countries. ROHM's new BP5045A is a compact, transformer-free AC/DC converter power-supply module that delivers global compatibility. The BP5045A accepts a wide input range from 100 to 240 VAC and delivers a fixed output voltage.



The BP5045A's breakthrough technology eliminates the time, costs, and complications associated with designing power-supply circuits. Now customers can create compact, economical, and highly efficient universal power supplies with fewer external components and accelerate their time-to-market by reducing engineering time.

The BP5045A is ideally suited as a backup power supply for home-electronic equipment and applications that can benefit from reduced standby power.



# Financial Section

## CONTENTS

Financial Review .....	14
Eleven-Year Summary .....	20
Consolidated Balance Sheets .....	22
Consolidated Statements of Income .....	24
Consolidated Statements of Shareholders' Equity .....	25
Consolidated Statements of Cash Flows .....	26
Notes to Consolidated Financial Statements .....	27
Independent Auditors' Report .....	40

In the fiscal year ended March 31, 2004, the world economy as a whole remained sluggish in the first half of the year due to the effects of international conflicts and SARS, as well as continuous employment uncertainty mainly in the U.S. However, in the second half, with the U.S. housing investment and consumer spending showing improvement, as well as with signs of economic recovery in Asia following the SARS scare, the world economy took an upturn.

The Japanese economy also remained slow in the first half of the year, but some signs of recovery finally appeared after the summer, including a stock market upturn and various economic indicators showing continuing improvement.

In the electronic components industry, in the first half of the year the market recovery resulting from certain seasonal factors remained slow and the demand for electronic components was weak, except those for some components for digital audio/video equipment such as flash memories. Following the autumn lull, however, supported by steady consumer spending and increasing prevalence of digital still cameras and other digital audio/video equipment, the electronic component market remained steady and did not show the decline seen in previous years.

In Japan, the demand for electronic components remained strong, especially in the second half of the year, due to a steady growth in production of digital audio/video equipment such as DVD recorders and digital still cameras, as well as the increasing sophistication of cellular phones. The Asian electronics market, despite its slowdown in spring due to the effects of SARS, remained brisk as a whole due to the continued production shift from the U.S., Europe, Japan and other parts of the world, as well as a strong growth not only in export but also in consumer spending in China and other Asian countries.

In the U.S., while consumer spending was strong, the electronics market remained slow, affected by the continued production shift to

Asia and the communications equipment market failing to attain full-fledged recovery. The European market, supported by an increase in demand for electronic components resulting from increasing sophistication of cellular phones, remained stable despite the continued production shift to Asia just as in the U.S.

Under these circumstances, ROHM concentrated its efforts, as in the previous year, on capital investment efficiency improvement and streamlining of the manufacturing process, so as to ensure profits. The Company also continued the shift of domestic production lines to overseas plants in Thailand, the Philippines, China and some other countries. Moreover, in an effort to establish a system to respond to future market growth from the medium- to long-term viewpoints, ROHM purchased a semiconductor manufacturing plant in Tsukuba, Ibaraki Prefecture, of LSI Logic Japan Semiconductor Inc., the Japanese subsidiary of the U.S. company, LSI Logic Corporation, so as to secure sufficient production capacity in anticipation of a growth in demand for semiconductor products.

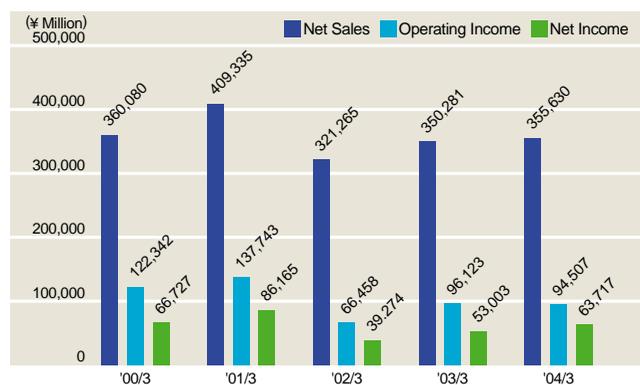
In addition, ROHM took a progressive approach to the development of innovative products ahead of the market needs, enhancing its product line intended for cellular phones and digital audio/video equipment, as well as the operation of the Optical Device Research Center, which serves as an R&D and production base for optical devices, the market for which is expected to undergo rapid growth.

ROHM has also strengthened its marketing system through the establishment of a customer-focused marketing organization.

As a result of these aggressive efforts, ROHM's net sales for the fiscal year ended March 31, 2004, increased 1.5% to ¥355.63 billion from the previous year, and net income was up 20.2% to ¥63.717 billion although operating income was down 1.7% to ¥94.507 billion.

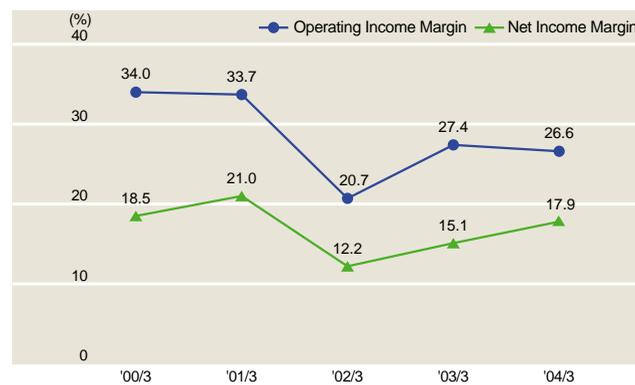
## Results of operations

### 1. Results of operations



In the year ended March 31, 2004, despite the business downturn in the first half of the year due to the effects of international conflicts and SARS, the Company's business took an upturn in the second half, supported by economic recovery following the SARS scare and increasing prevalence of digital audio/video equipment.

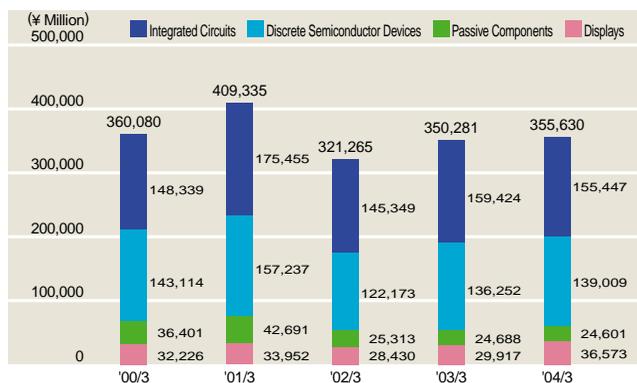
### 2. Income margin



Operating income margin declined slightly due to the appreciation of the yen, while net income margin improved because a gain of 10.9 billion yen was accounted for as extraordinary gains as a result of the transfer of the substitutional portion of the governmental pension program.

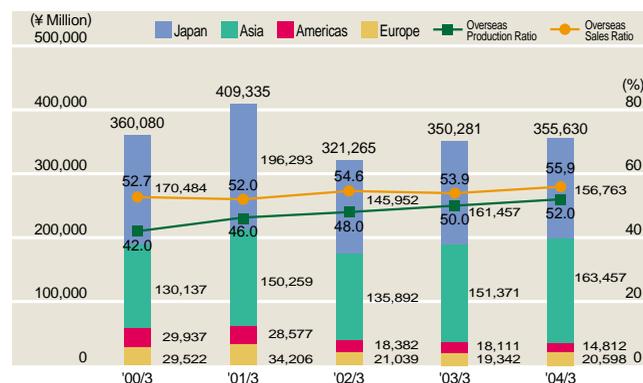
# Sales

## 1. Sales by product category



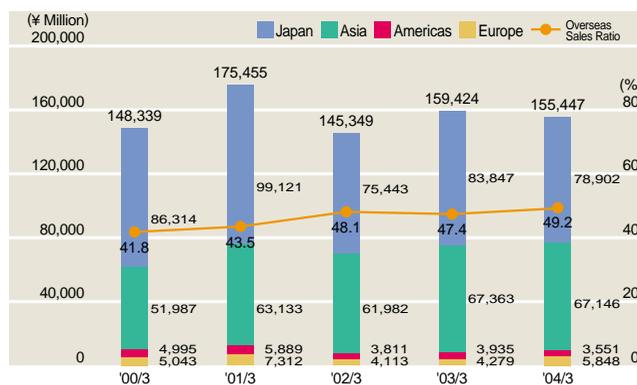
Despite the slow recovery of the market as a whole, sales of LCD modules for cellular phones, image sensor heads and printheads increased in the display category. In the area of discrete semiconductor devices, blue and white LEDs sold favorably.

## 2. Sales by geographical region and overseas production ratio

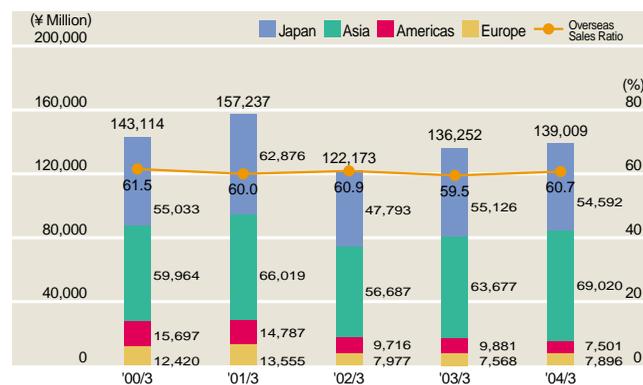


Sales increased in Asia due to an accelerated shift of electronics equipment production to Asia from other parts of the world. Overseas production ratio was 52.0%, up from 50.0% in the previous year as a result of the Company's enhanced production systems at production bases in Asia.

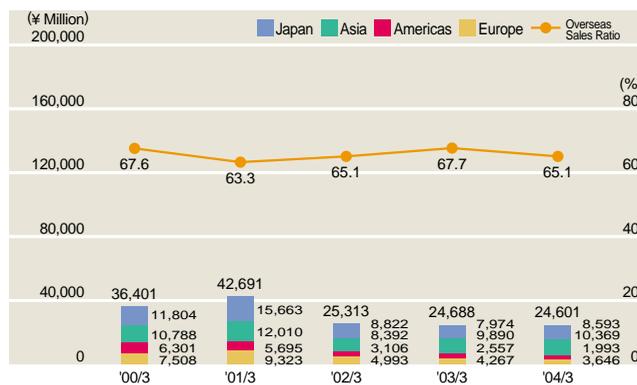
## 3. Integrated circuits sales by geographical region



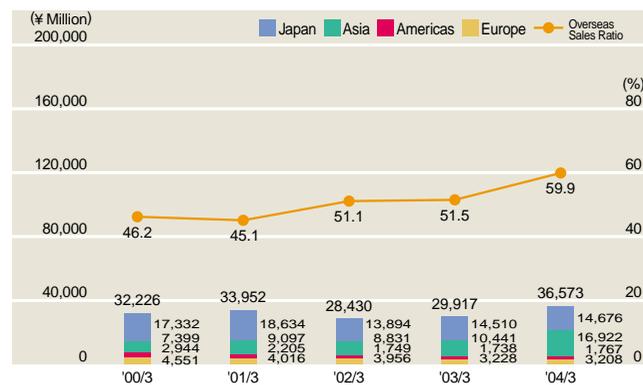
## 4. Discrete semiconductor devices sales by geographical region



## 5. Passive components sales by geographical region

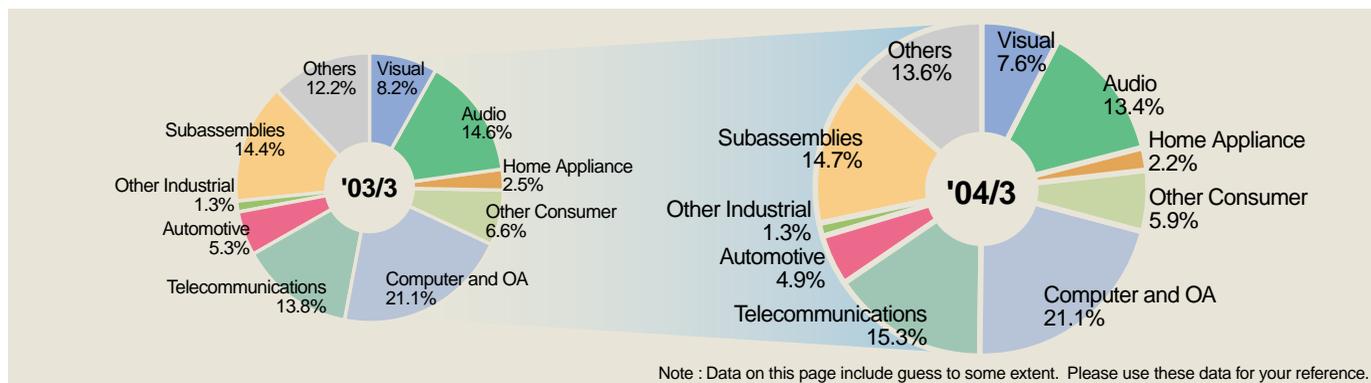


## 6. Displays sales by geographical region



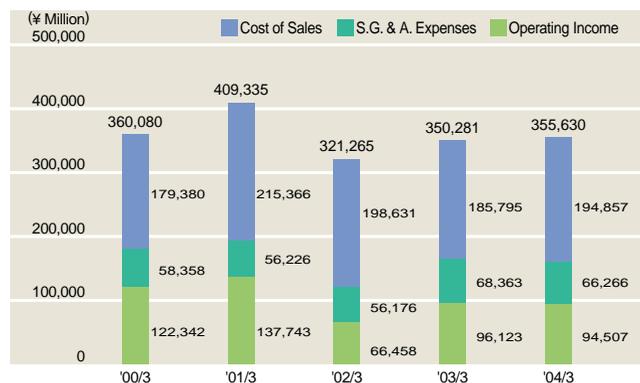
# Financial Review

## 7. Sales by application

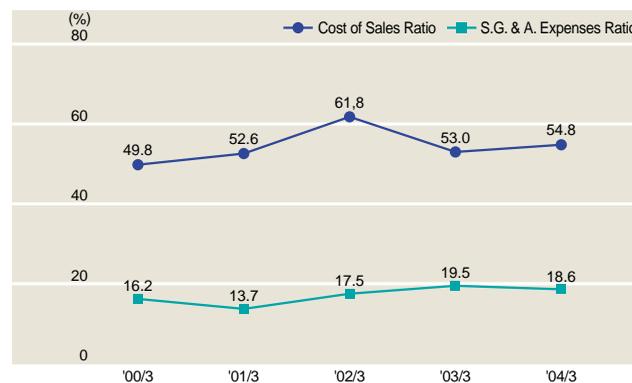


## Cost of sales, selling, general and administrative expenses, and operating income

### 1. Cost of sales, selling, general and administrative expenses, and operating income



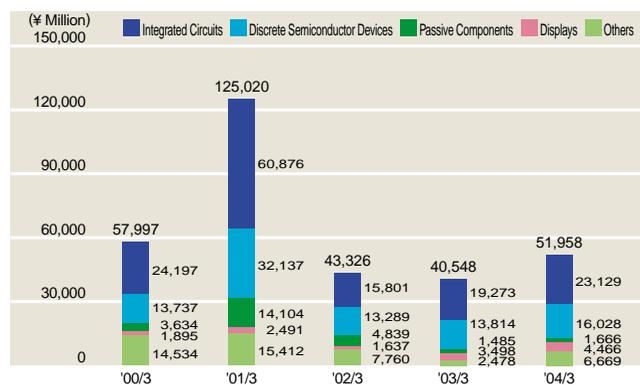
### 2. Cost of sales and selling, general and administrative expenses to net sales



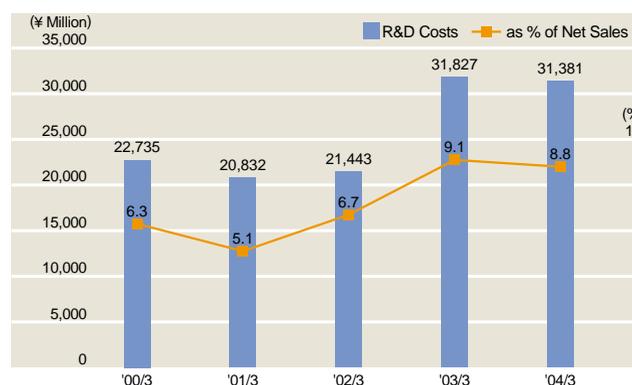
While sales remained at almost the same level for the year, rises in manufacturing expenses and labor costs contributed to the growth in the cost of sales. Selling, general and administrative expenses showed a slight decline.

## Capital expenditures and research and development costs

### 1. Capital expenditures



### 2. Research and development costs



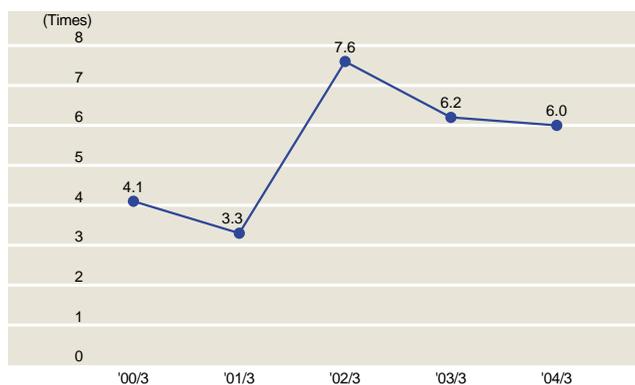
To respond quickly to the increasing digitalization and strengthen cost competitiveness, ROHM made active investment, including that in the development of a miniature and thin package product line and a 0.13 μm fine process, as well as in the establishment of a prototype production line for 300 mm wafers.

Moreover, in an effort to enhance its production system for discrete semiconductor devices, the Company purchased a semiconductor manufacturing plant in Tsukuba, Ibaraki Prefecture, of LSI Logic Japan Semiconductor Inc.

As part of R&D efforts, besides improving R&D efficiency, ROHM is actively proceeding with the development of future technologies in a wide range of fields.

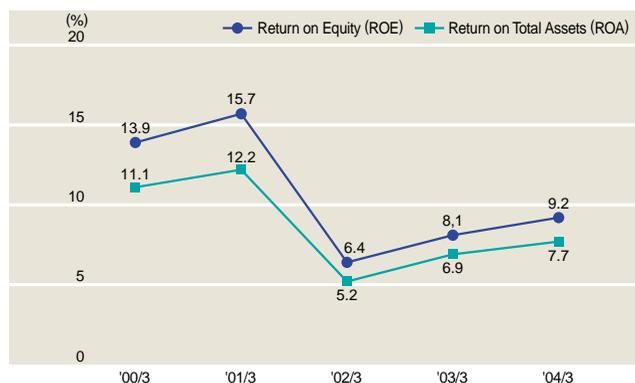
## Financial position

### 1. Current ratio



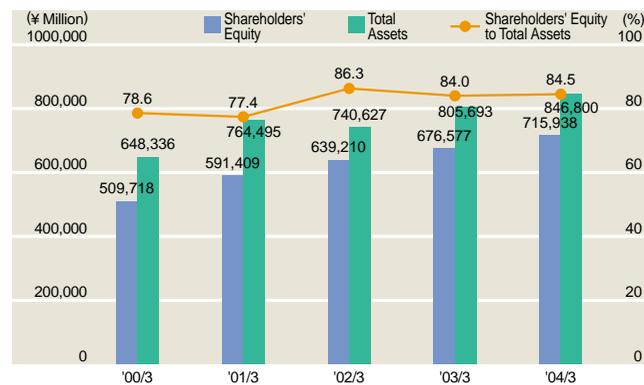
Current ratio remained at almost the same levels as the previous year, with no major changes in current assets and liabilities.

### 3. Return on equity (ROE) and return on total assets (ROA)



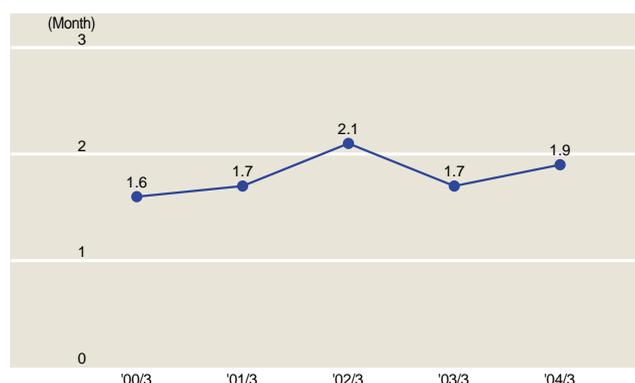
Return on equity (ROE) and return on total assets (ROA) improved due to profit increase.

### 2. Shareholders' equity and total assets



With the increase in the Company's profits, shareholders' equity and total assets are on the rise each year.

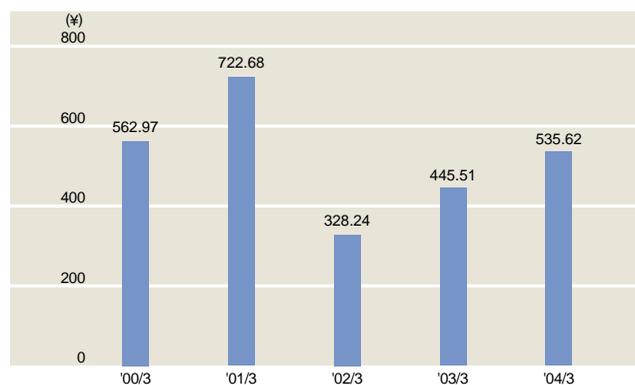
### 4. Inventory turnover



Inventory turnover period lengthened to 1.9 months due to an increase in inventories resulting from an increase in backlog of orders as of the end of the year under review.

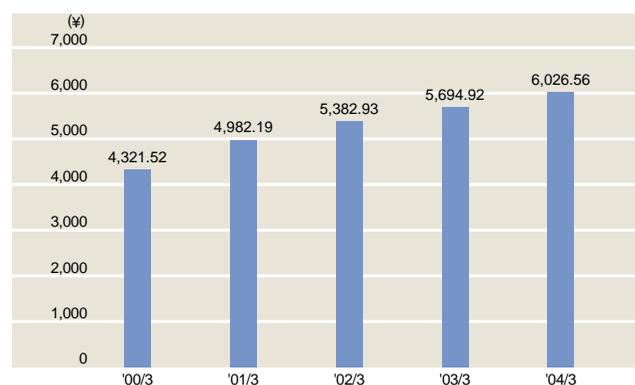
## Per share information

### 1. Net income per share



Net income per share increased by ¥90 to ¥535.62 as the Company's net income improved.

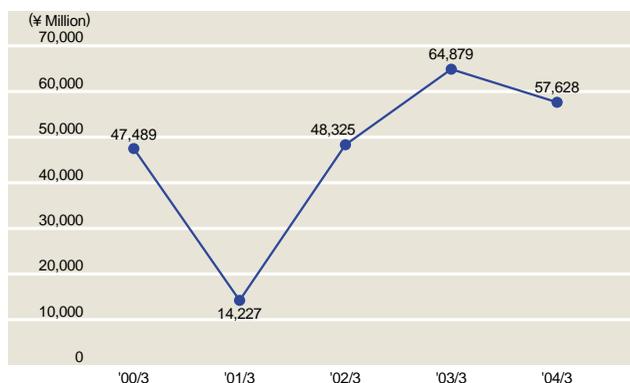
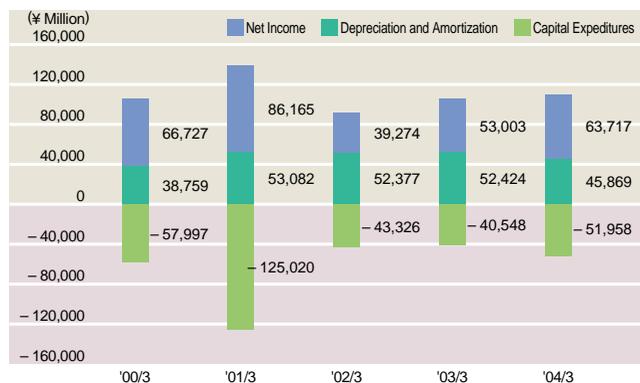
### 2. Shareholders' equity per share



Shareholders' equity per share increased to ¥6,026.56 due to the Company showing steady profits each year.

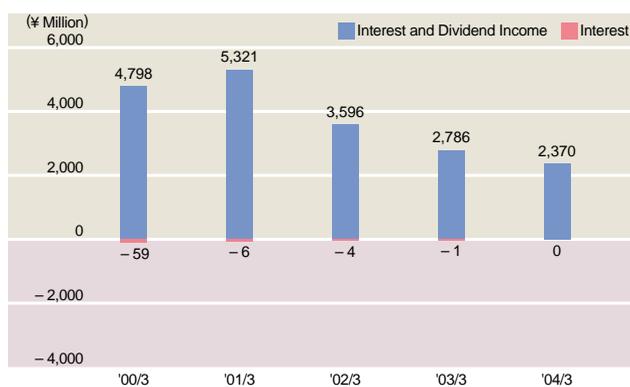
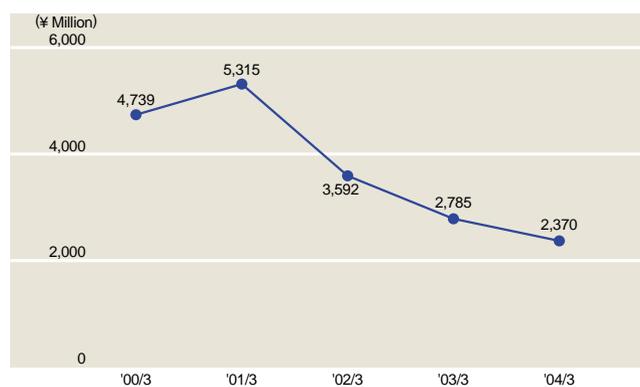
# Financial Review

## Net income, Depreciation, and Capital expenditure



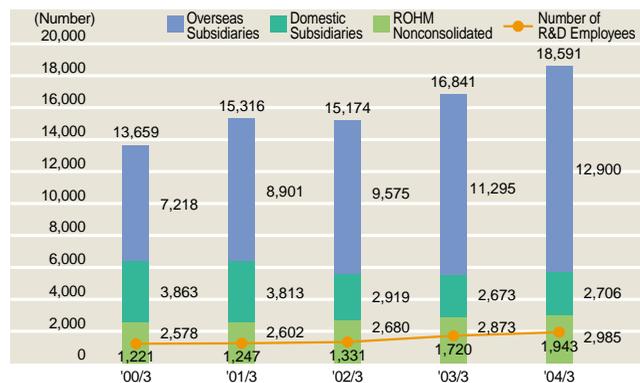
Net balance (net income + depreciation and amortization - capital expenditure)

## Net financial revenue



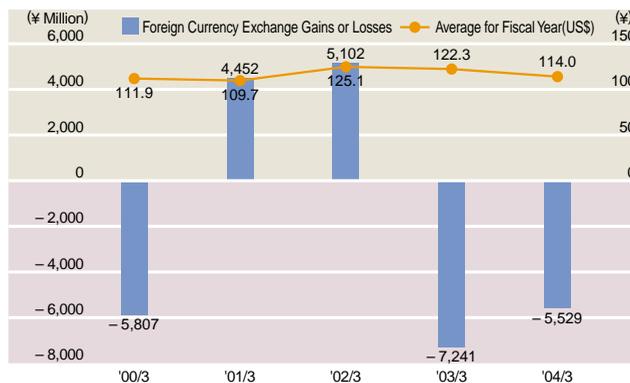
In fund management, ROHM places top priority on safety. The Company recorded a ¥2.3 billion surplus in net financial revenue under the prolonged low interest rate condition in Japan.

## Number of employees



With the shift to overseas production, the number of employees is increasing at overseas production bases. The Company has also been augmenting personnel for research and development, chiefly in Japan.

## Exchange rate and foreign currency exchange gains or losses



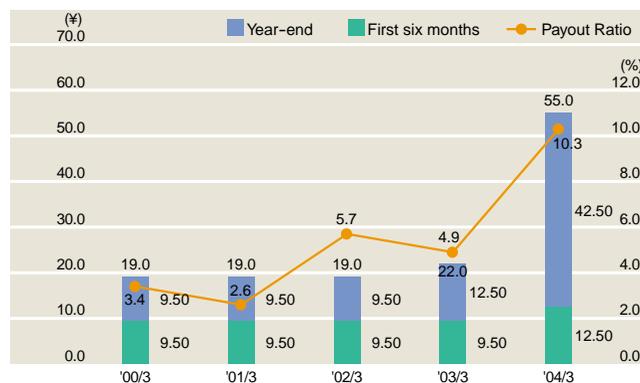
The average yen-dollar exchange rate during this year was ¥114.0. The Company made a loss of ¥5.5 billion from exchange losses resulting from the appreciation of the yen.

## Stock data

### 1. Stock prices; Quarterly highs and lows in each year (Osaka Securities Exchange)

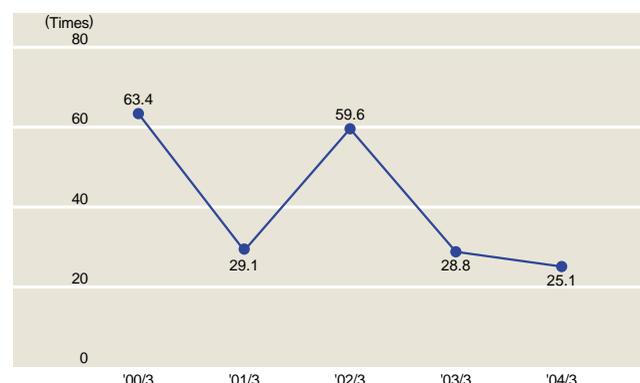


### 2. Cash dividends per share and payout ratio

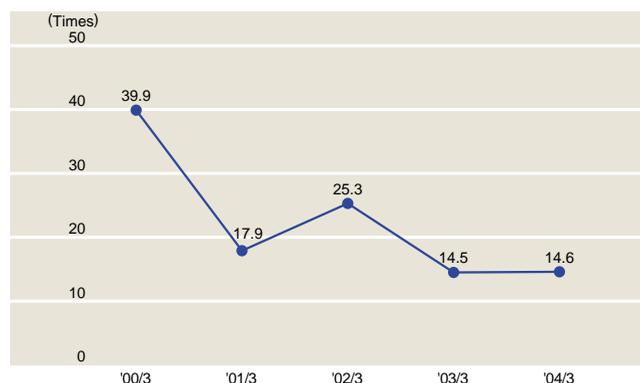


The Company has decided to pay annual dividends of ¥55.00 per share in light of business performance of the fiscal year ended March 31, 2004, expected demand for funds, and other factors.

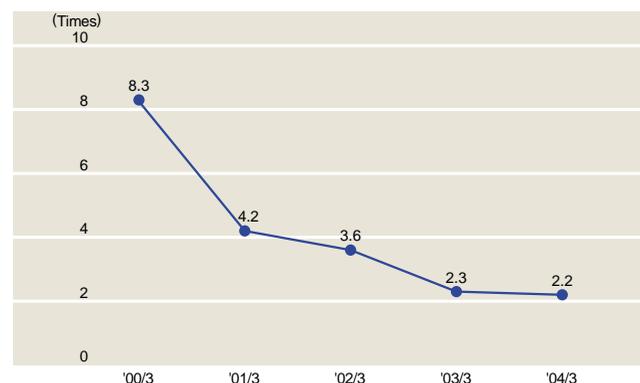
### 3. Price-earnings ratio (PER)



### 4. Price cash flow ratio (PCFR)



### 5. Price book-value ratio (PBR)



#### 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)/number of outstanding shares
- **Price book-value ratio (PBR)** = stock price (year-end closing price at Osaka Securities Exchange)/net assets per share

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

The average number of common shares outstanding (consolidated) used in the computation for the fiscal year 2004, 2003, 2002, 2001, and 2000 was 118,784 thousand, 118,743 thousand, 118,671 thousand, 118,599 thousand and 117,777 thousand, respectively.

# Eleven-Year Summary

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

	1994	1995	1996	1997
<b>For the Year:</b>				
Net sales	¥199,988	¥241,493	¥ 292,280	¥ 297,790
Cost of sales	138,063	153,792	169,365	165,436
Selling, general and administrative expenses	36,134	40,757	43,031	46,834
Operating income	25,791	46,944	79,884	85,520
Income before income taxes and minority interests	23,046	45,030	78,303	89,962
Income taxes	10,899	23,589	38,055	42,888
Net income	12,512	22,685	38,199	45,540
Capital expenditures	27,131	37,895	57,676	38,014
Depreciation and amortization	25,590	36,074	31,881	37,563

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

Basic net income	¥ 123.79	¥ 214.10	¥ 343.63	¥ 393.56
Diluted net income	118.77	198.98	332.22	386.15
Cash dividends applicable to the year	14.50	19.00	25.00	19.00

## At Year-End:

Current assets	¥ 208,575	¥ 243,194	¥ 282,750	¥ 299,795
Current liabilities	63,147	88,193	114,207	103,520
Long-term debt	81,081	58,308	33,127	12,259
Shareholders' equity	201,618	236,609	292,249	338,541
Total assets	363,324	401,265	459,344	479,063
Number of employees	13,240	13,566	13,739	12,614

- Notes:
1. U.S. dollar amounts are provided solely for convenience at the rate of ¥106 to US\$1, the approximate exchange rate at March 31, 2004.
  2. Certain reclassifications of previously reported amounts have been made to conform with current classifications.
  3. Certain retroactive adjustments of previously reported per share information have been made to conform with current method (see Note 2(m) to consolidated financial statements). Diluted net income per share for 2004 is not disclosed because there is no outstanding potentially dilutive securities.
  4. Effective April 1, 1994, the main foreign subsidiaries changed the method of depreciation for property, plant and equipment from the straight-line method to the declining-balance method. The effect of this change was to decrease "Income before income taxes and minority interests" for the year ended March 31, 1995, by ¥2,412 million.
  5. Effective April 1, 1997, the Company and certain domestic subsidiaries changed their accounting policy for retirement benefits for directors and corporate auditors from the cash basis to the accrual basis (see Note 2(f) to consolidated financial statements).
  6. 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.
  7. Effective April 1, 2000, the Company and its domestic subsidiaries adopted (1) a new accounting standard for financial instruments, (2) a new accounting standard for employees' retirement benefits, and (3) a revised accounting standard for foreign currency transactions. The effect of these adoptions to the consolidated statement of income was immaterial for the year ended March 31, 2001.

Millions of yen							Thousands of U.S. dollars
1998	1999	2000	2001	2002	2003	2004	2004
¥ 335,923	¥ 328,631	¥ 360,080	¥ 409,335	¥ 321,265	¥ 350,281	<b>¥ 355,630</b>	<b>\$ 3,355,000</b>
163,060	185,175	179,380	215,366	198,631	185,795	<b>194,857</b>	<b>1,838,274</b>
56,260	53,365	58,358	56,226	56,176	68,363	<b>66,266</b>	<b>625,151</b>
116,603	90,091	122,342	137,743	66,458	96,123	<b>94,507</b>	<b>891,575</b>
119,486	93,340	114,902	147,059	68,129	90,476	<b>101,070</b>	<b>953,491</b>
56,453	39,706	46,469	60,581	28,829	37,479	<b>37,268</b>	<b>351,585</b>
60,990	52,235	66,727	86,165	39,274	53,003	<b>63,717</b>	<b>601,104</b>
51,607	49,202	57,997	125,020	43,326	40,548	<b>51,958</b>	<b>490,170</b>
35,088	41,242	38,759	53,082	52,377	52,424	<b>45,869</b>	<b>432,726</b>
¥ 521.71	¥ 443.14	¥ 562.97	¥ 722.68	¥ 328.24	¥ 445.51	<b>¥ 535.62</b>	<b>\$ 5.05</b>
517.34	441.15	561.63	721.47	327.89	445.30		
19.00	19.00	19.00	19.00	19.00	22.00	<b>55.00</b>	<b>0.52</b>
¥ 345,045	¥ 341,076	¥ 407,524	¥ 449,684	¥ 445,094	¥ 519,996	<b>¥ 530,121</b>	<b>\$ 5,001,142</b>
107,399	80,140	98,477	136,765	58,579	83,681	<b>88,321</b>	<b>833,217</b>
5,064	1,172	678	579				
401,861	452,961	509,718	591,409	639,210	676,577	<b>715,938</b>	<b>6,754,132</b>
533,825	550,432	648,336	764,495	740,627	805,693	<b>846,800</b>	<b>7,988,679</b>
12,633	12,675	13,659	15,316	15,174	16,841	<b>18,591</b>	

# Consolidated Balance Sheets

ROHM CO., LTD. and Subsidiaries  
March 31, 2004 and 2003

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2004	2003	2004
<b>Current Assets:</b>			
Cash and cash equivalents (Note 3) . . . . .	¥ 310,578	¥ 322,550	\$ 2,929,981
Short-term investments (Note 3) . . . . .	35,423	35,466	334,179
Notes and accounts receivable:			
Trade . . . . .	92,508	84,351	872,717
Other . . . . .	5,851	2,964	55,198
Allowance for doubtful notes and accounts . . . . .	(503)	(591)	(4,745)
Inventories (Note 4) . . . . .	61,494	52,488	580,132
Deferred tax assets (Note 8) . . . . .	12,425	14,160	117,217
Prepaid pension cost (Note 5) . . . . .	4,356	4,753	41,094
Refundable income taxes . . . . .	3,560		33,585
Prepaid expenses and other . . . . .	4,429	3,855	41,784
Total current assets . . . . .	<u>530,121</u>	<u>519,996</u>	<u>5,001,142</u>
<b>Property, Plant and Equipment:</b>			
Land . . . . .	53,968	52,537	509,132
Buildings . . . . .	150,282	146,665	1,417,755
Machinery and equipment (Note 10) . . . . .	355,761	340,014	3,356,236
Construction in progress . . . . .	23,592	17,779	222,566
Total . . . . .	<u>583,603</u>	<u>556,995</u>	<u>5,505,689</u>
Accumulated depreciation . . . . .	<u>(365,976)</u>	<u>(340,793)</u>	<u>(3,452,604)</u>
Net property, plant and equipment . . . . .	<u>217,627</u>	<u>216,202</u>	<u>2,053,085</u>
<b>Investments and Other Assets:</b>			
Investment securities (Note 3) . . . . .	89,085	57,366	840,424
Deferred tax assets (Note 8) . . . . .	5,794	6,966	54,660
Other (Note 2(a)) . . . . .	4,173	5,163	39,368
Total investments and other assets . . . . .	<u>99,052</u>	<u>69,495</u>	<u>934,452</u>
<b>Total</b> . . . . .	<u>¥ 846,800</u>	<u>¥ 805,693</u>	<u>\$ 7,988,679</u>

See notes to consolidated financial statements.

## LIABILITIES AND SHAREHOLDERS' EQUITY

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2004	2003	2004
<b>Current Liabilities:</b>			
Notes and accounts payable:			
Trade .....	¥ 23,432	¥ 17,866	\$ 221,057
Construction and other .....	42,539	24,228	401,311
Accrued income taxes .....	10,400	28,733	98,113
Deferred tax liabilities (Note 8) .....	381	747	3,594
Accrued expenses and other .....	11,569	12,107	109,142
Total current liabilities .....	<u>88,321</u>	<u>83,681</u>	<u>833,217</u>
<b>Long-term Liabilities:</b>			
Liability for retirement benefits (Note 5) .....	9,388	18,937	88,566
Deferred tax liabilities (Note 8) .....	32,858	26,253	309,981
Total long-term liabilities .....	<u>42,246</u>	<u>45,190</u>	<u>398,547</u>
<b>Minority Interests</b> .....	<u>295</u>	<u>245</u>	<u>2,783</u>
<b>Shareholders' Equity (Notes 6 and 12):</b>			
Common stock - authorized, 300,000,000 shares; issued, 118,801,388 shares .....	86,969	86,969	820,462
Capital surplus .....	102,404	102,404	966,075
Retained earnings .....	566,750	506,101	5,346,698
Net unrealized gain on available-for-sale securities (Note 3) .....	2,673	709	25,217
Foreign currency translation adjustments .....	(42,557)	(19,363)	(401,480)
Total .....	<u>716,239</u>	<u>676,820</u>	<u>6,756,972</u>
Treasury stock-at cost			
19,751 shares in 2004 and 15,498 shares in 2003 .....	(301)	(243)	(2,840)
Total shareholders' equity .....	<u>715,938</u>	<u>676,577</u>	<u>6,754,132</u>
<b>Total</b> .....	<u>¥ 846,800</u>	<u>¥ 805,693</u>	<u>\$ 7,988,679</u>

# Consolidated Statements of Income

ROHM CO., LTD. and Subsidiaries  
Years ended March 31, 2004, 2003 and 2002

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2004	2003	2002	2004
<b>Net Sales</b> .....	<b>¥ 355,630</b>	¥ 350,281	¥ 321,265	<b>\$ 3,355,000</b>
<b>Operating Cost and Expenses :</b>				
Cost of sales .....	<b>194,857</b>	185,795	198,631	<b>1,838,274</b>
Selling, general and administrative expenses (Note 7) ..	<b>66,266</b>	68,363	56,176	<b>625,151</b>
Total operating cost and expenses .....	<b>261,123</b>	254,158	254,807	<b>2,463,425</b>
<b>Operating Income</b> .....	<b>94,507</b>	96,123	66,458	<b>891,575</b>
<b>Other Income (Expenses):</b>				
Interest and dividend income .....	<b>2,370</b>	2,786	3,596	<b>22,358</b>
Interest expense .....		(1)	(4)	
Foreign currency exchange gains (losses) - net .....	<b>(5,529)</b>	(7,241)	5,102	<b>(52,160)</b>
Gain on transfer of the substitutional portion of the governmental pension program (Note 5) .....	<b>10,900</b>			<b>102,830</b>
Loss on transfer to a defined contribution pension plan (Note 5) .....	<b>(2,205)</b>			<b>(20,802)</b>
Special retirement expense (Note 5) .....			(5,436)	
Other - net .....	<b>1,027</b>	(1,191)	(1,587)	<b>9,690</b>
Total other income (expenses) - net .....	<b>6,563</b>	(5,647)	1,671	<b>61,916</b>
<b>Income before Income Taxes and Minority Interests</b> .....	<b>101,070</b>	90,476	68,129	<b>953,491</b>
<b>Income Taxes (Note 8):</b>				
Current .....	<b>26,731</b>	35,281	22,621	<b>252,179</b>
Deferred .....	<b>10,537</b>	2,198	6,208	<b>99,406</b>
Total income taxes .....	<b>37,268</b>	37,479	28,829	<b>351,585</b>
<b>Minority Interests</b> .....	<b>(85)</b>	6	(26)	<b>(802)</b>
<b>Net Income</b> .....	<b>¥ 63,717</b>	¥ 53,003	¥ 39,274	<b>\$ 601,104</b>
<b>Per Share Information (Notes 2(m) and 11):</b>		Yen		U.S. dollars
Basic net income .....	<b>¥ 535.62</b>	¥ 445.51	¥ 328.24	<b>\$ 5.05</b>
Diluted net income .....		445.30	327.89	
Cash dividends applicable to the year .....	<b>55.00</b>	22.00	19.00	<b>0.52</b>

See notes to consolidated financial statements.

# Consolidated Statements of Shareholders' Equity

ROHM CO., LTD. and Subsidiaries  
Years ended March 31, 2004, 2003 and 2002

	Outstanding number of shares of common stock	Millions of yen						Total shareholders' equity
		Common stock	Capital surplus	Retained earnings	Net unrealized gain on available- for-sale securities	Foreign currency translation adjustments	Treasury stock	
<b>Balance at April 1, 2001</b> . . . . .	118,613,291	¥ 86,687	¥ 102,122	¥ 419,179	¥ 788	¥ (17,348)	¥ (19)	¥ 591,409
Net income . . . . .				39,274				39,274
Conversion of convertible debt . . . . .	76,305	115	115					230
Cash dividends, ¥19.00 per share . . . . .				(2,254)				(2,254)
Bonuses to directors . . . . .				(456)				(456)
Net unrealized gain on available-for-sale securities . . . . .					209			209
Foreign currency translation adjustments . . . . .						10,820		10,820
Purchase of treasury stock . . . . .	(1,606)						(22)	(22)
<b>Balance at March 31, 2002</b> . . . . .	118,687,990	86,802	102,237	455,743	997	(6,528)	(41)	639,210
Net income . . . . .				53,003				53,003
Conversion of convertible debt . . . . .	111,061	167	167					334
Conversion of convertible debt by issuance of treasury stock . . . . .	4,716			(69)			83	14
Cash dividends, ¥19.00 per share . . . . .				(2,255)				(2,255)
Bonuses to directors . . . . .				(321)				(321)
Net unrealized gain on available-for-sale securities . . . . .					(288)			(288)
Foreign currency translation adjustments . . . . .						(12,835)		(12,835)
Purchase of treasury stock . . . . .	(17,877)						(285)	(285)
<b>Balance at March 31, 2003</b> . . . . .	118,785,890	86,969	102,404	506,101	709	(19,363)	(243)	676,577
Net income . . . . .				63,717				63,717
Decrease in retained earnings due to decrease in ownership of an associated company . . . . .				(5)				(5)
Cash dividends, ¥25.00 per share . . . . .				(2,970)				(2,970)
Bonuses to directors . . . . .				(93)				(93)
Net unrealized gain on available-for-sale securities . . . . .					1,964			1,964
Foreign currency translation adjustments . . . . .						(23,194)		(23,194)
Purchase of treasury stock . . . . .	(4,253)						(58)	(58)
<b>Balance at March 31, 2004</b> . . . . .	<u>118,781,637</u>	<u>¥ 86,969</u>	<u>¥ 102,404</u>	<u>¥ 566,750</u>	<u>¥ 2,673</u>	<u>¥ (42,557)</u>	<u>¥ (301)</u>	<u>¥ 715,938</u>

Thousands of U.S. dollars (Note 1)

	Common stock	Capital surplus	Retained earnings	Net unrealized gain on available- for-sale securities	Foreign currency translation adjustments	Treasury stock	Total shareholders' equity
<b>Balance at March 31, 2003</b> . . . . .	\$ 820,462	\$ 966,075	\$ 4,774,538	\$ 6,689	\$ (182,670)	\$ (2,292)	\$ 6,382,802
Net income . . . . .			601,104				601,104
Decrease in retained earnings due to decrease in ownership of an associated company . . . . .			(47)				(47)
Cash dividends, \$0.24 per share . . . . .			(28,019)				(28,019)
Bonuses to directors . . . . .			(878)				(878)
Net unrealized gain on available-for-sale securities . . . . .				18,528			18,528
Foreign currency translation adjustments . . . . .					(218,810)		(218,810)
Purchase of treasury stock . . . . .						(548)	(548)
<b>Balance at March 31, 2004</b> . . . . .	<u>\$ 820,462</u>	<u>\$ 966,075</u>	<u>\$ 5,346,698</u>	<u>\$ 25,217</u>	<u>\$ (401,480)</u>	<u>\$ (2,840)</u>	<u>\$ 6,754,132</u>

See notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

ROHM CO., LTD. and Subsidiaries  
Years ended March 31, 2004, 2003 and 2002

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2004	2003	2002	2004
<b>Operating Activities:</b>				
Income before income taxes and minority interests . . . . .	¥ 101,070	¥ 90,476	¥ 68,129	\$ 953,491
Adjustments for:				
Depreciation and amortization . . . . .	45,869	52,424	52,377	432,726
Amortization of goodwill - net . . . . .	17	(261)	(83)	160
Interest and dividends income . . . . .	(2,370)	(2,786)	(3,596)	(22,358)
Foreign currency exchange losses (gains) - net . . . . .	2,016	4,983	(4,066)	19,019
Increase (decrease) in net liability for retirement benefits . . . . .	(8,978)	1,529	493	(84,698)
Write-down of investment securities . . . . .	9	803	1,992	85
Changes in assets and liabilities:				
Decrease (increase) in notes and accounts receivables - trade . . . . .	(10,822)	(901)	15,203	(102,094)
Decrease (increase) in inventories . . . . .	(12,143)	(7,655)	19,427	(114,557)
Increase (decrease) in notes and accounts payables - trade . . . . .	6,605	570	(5,470)	62,311
Other - net . . . . .	2,601	(420)	1,001	24,538
Sub-total . . . . .	123,874	138,762	145,407	1,168,623
Interest and dividends - received . . . . .	2,569	3,037	3,753	24,236
Interest - paid . . . . .		(1)	(4)	
Income taxes - paid . . . . .	(48,077)	(867)	(64,431)	(453,557)
Net cash provided by operating activities . . . . .	78,366	140,931	84,725	739,302
<b>Investing Activities:</b>				
Decrease (increase) in short-term investments and investment securities - net . . . . .	(28,097)	(3,664)	12,857	(265,066)
Purchases of property, plant and equipment . . . . .	(45,221)	(35,828)	(79,440)	(426,613)
Other - net . . . . .	1,181	1,110	(1,120)	11,141
Net cash used in investing activities . . . . .	(72,137)	(38,382)	(67,703)	(680,538)
<b>Financing Activities:</b>				
Dividends paid . . . . .	(2,970)	(2,255)	(2,254)	(28,019)
Other - net . . . . .	(59)	(290)	52	(556)
Net cash used in financing activities . . . . .	(3,029)	(2,545)	(2,202)	(28,575)
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents . . . . .</b>	<b>(15,172)</b>	<b>(7,794)</b>	<b>5,973</b>	<b>(143,133)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents . . . . .</b>	<b>(11,972)</b>	<b>92,210</b>	<b>20,793</b>	<b>(112,944)</b>
<b>Cash and Cash Equivalents at Beginning of Year . . . . .</b>	<b>322,550</b>	<b>230,340</b>	<b>209,547</b>	<b>3,042,925</b>
<b>Cash and Cash Equivalents at End of Year . . . . .</b>	<b>¥ 310,578</b>	<b>¥ 322,550</b>	<b>¥ 230,340</b>	<b>\$ 2,929,981</b>
<b>Noncash Financing Activities:</b>				
Stock issued on conversion of convertible debt . . . . .		¥ 320	¥ 230	
Conversion of convertible debt by issuance of treasury stock . . . . .		14		

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

ROHM CO., LTD. and Subsidiaries

## 1. Basis of Presenting Consolidated Financial Statements

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

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

Certain reclassifications of previously reported

amounts have been made to conform with current classifications.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which ROHM CO., LTD. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥106 to \$1, the approximate rate of exchange at March 31, 2004. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

## 2. Summary of Significant Accounting Policies

### (a) Consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries (together, the "Group").

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

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

Pursuant to agreements on October 21, 1999 between the Company and ROHM WAKO CO., LTD. and ROHM APOLLO CO., LTD., the two subsidiaries became wholly-owned subsidiaries of the Company on April 1, 2000, by utilizing the share exchange procedures under the Japanese Commercial Code (the "Code"). The excess of the acquisition costs over the Company's equity in the fair value of the subsidiaries' consolidated net assets is recorded as "Goodwill" in "Investments and Other Assets".

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets

resulting from transactions within the Group is eliminated.

### (b) Cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificate of deposits, and mutual funds investing in bonds, all of which mature or become due within three months of the date of acquisition.

### (c) Debt and equity securities

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

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

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

### (d) Inventories

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

# Notes to Consolidated Financial Statements

ROHM CO., LTD. and Subsidiaries

## (e) Property, plant and equipment

Property, plant and equipment are stated at cost.

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

Estimated useful lives of the assets are principally as follows:

Buildings ..... 3 to 50 years

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

## (f) Liability for retirement benefits

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

Certain foreign subsidiaries also have local employees' defined contribution pension plans.

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

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

In the current year, the Company applied for transfer of the substitutional portion of past pension obligations to the government and obtained approval by the Ministry of Health, Labor and Welfare on December 1, 2003. The Company transferred the substitutional portion of the pension obligations and related assets to the government on March 26, 2004 and recognized ¥10,900 million (\$102,830 thousand) as "Gain on transfer of the substitutional portion of the governmental pension program" in other income for the difference between the balance of the retirement benefit liabilities brought forward and the amount actually transferred for the year ended March 31, 2004.

According to the enactment of the Defined Contribution Pension Plan Law in October 2001, the Company and certain domestic subsidiaries will

implement a defined contribution pension plan in the next fiscal year by which the former qualified defined benefit pension plan will be terminated. The Company and certain domestic subsidiaries applied accounting treatment specified in a guidance issued by the Accounting Standards Board of Japan (the "ASBJ"). The effect of this transfer was to decrease income before income taxes and minority interests by ¥2,205 million (\$20,802 thousand) and was recorded as "Loss on transfer to a defined contribution pension plan" in the income statement for the year ended March 31, 2004.

Effective April 1, 1997, the Company and certain domestic subsidiaries changed their accounting policy for retirement benefits for directors and corporate auditors from the cash basis to the accrual basis. The cumulative effect on prior years of this change, amounting to ¥1,843 million, was amortized over a period of five years beginning with fiscal 1998.

Amounts payable to directors and corporate auditors upon retirement are subject to the approval of shareholders.

## (g) Research and development costs

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

## (h) Leases

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

## (i) Income taxes

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

**(j) Foreign currency transactions**

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

**(k) Foreign currency financial statements**

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

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

**(l) Derivatives and hedging activities**

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

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

Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expenses or income when paid or received.

**(m) Per share information**

Effective April 1, 2002, the Company adopted a new accounting standard for earnings per share of common stock issued by the ASBJ.

Under the new standard, basic net income per share is computed by dividing net income available to common shareholders, which is more precisely computed than under previous practices, by the

weighted-average number of common shares outstanding in each period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible debt at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants. Basic net income and diluted net income per share for the years ended March 31, 2004, 2003 and 2002 are computed in accordance with the new standard. However, diluted net income per share for 2004 is not disclosed because there is no outstanding potentially dilutive securities.

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

**(n) New Accounting Pronouncements**

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

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

The Group is currently in the process of adopting these pronouncements, and is not able to determine the effect of adoption.

# Notes to Consolidated Financial Statements

ROHM CO., LTD. and Subsidiaries

## 3. Debt and equity securities

Debt and equity securities held by the Group as of March 31, 2004 and 2003 were classified and included in the following accounts:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Securities classified as:			
Available-for-sale:			
Cash and cash equivalents . . . . .	¥ 21,032	¥ 26,136	\$ 198,415
Short-term investments . . . . .	17,650	21,825	166,510
Investment securities . . . . .	89,080	57,339	840,377
Total . . . . .	<u>¥ 127,762</u>	<u>¥ 105,300</u>	<u>\$ 1,205,302</u>

Information regarding each category of the marketable securities included in “Cash and cash equivalents”, “Short-term investments” and “Investment securities” and classified as available-for-sale at March 31, 2004 and 2003 were as follows:

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

	Millions of yen			
	2003			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities . . . . .	¥ 2,853	¥ 1,315	¥ 308	¥ 3,860
Government and corporate bonds . . . . .	74,236	263	102	74,397
Other . . . . .	21,006	16		21,022
Total . . . . .	<u>¥ 98,095</u>	<u>¥ 1,594</u>	<u>¥ 410</u>	<u>¥ 99,279</u>

	Thousands of U.S. dollars			
	2004			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities . . . . .	\$ 28,075	\$ 41,302	\$ 57	\$ 69,320
Government and corporate bonds . . . . .	928,906	2,255	1,717	929,444
Other . . . . .	198,170	651		198,821
Total . . . . .	<u>\$ 1,155,151</u>	<u>\$ 44,208</u>	<u>\$ 1,774</u>	<u>\$ 1,197,585</u>

Available-for-sale securities included in “Cash and cash equivalents”, “Short-term investments” and “Investment securities” whose fair value is not readily determinable as of March 31, 2004 and 2003 were as follows:

	Carrying values		
	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Equity securities .....	¥ 818	¥ 907	\$ 7,717
Mutual funds investing in bonds (included in “Cash and cash equivalents”) .....		5,114	
Total .....	<u>¥ 818</u>	<u>¥ 6,021</u>	<u>\$ 7,717</u>

Proceeds from sales of available-for-sale securities were ¥1,811 million (\$17,085 thousand) and ¥7 million for the years ended March 31, 2004 and 2003, respectively. Gross realized gains and losses on these sales, computed on the moving average basis, were ¥3 million (\$28 thousand) and ¥8 million (\$75 thousand), respectively, for the year ended March 31, 2004 and ¥2 million and ¥0 million, respectively, for the year ended March 31, 2003.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale at March 31, 2004 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
	Due in one year or less .....	¥ 17,550	¥ 21,769
Due in one to five years .....	78,321	51,890	738,878
Due in five to ten years .....	2,056		19,396
Total .....	<u>¥ 97,927</u>	<u>¥ 73,659</u>	<u>\$ 923,840</u>

#### 4. Inventories

Inventories at March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
	Finished products .....	¥ 18,062	¥ 14,648
Semi-finished products and work in process .....	20,679	17,697	195,085
Raw materials and supplies .....	22,753	20,143	214,651
Total .....	<u>¥ 61,494</u>	<u>¥ 52,488</u>	<u>\$ 580,132</u>

# Notes to Consolidated Financial Statements

ROHM CO., LTD. and Subsidiaries

## 5. Retirement Plans

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

Under these retirement plans, employees terminating their employment are entitled to lump-sum and annuity payments based on their rate of pay at the time of termination, length of service and certain other factors. If the termination is involuntary, caused by retirement at the mandatory

retirement age or caused by death, the employee is entitled to a greater payment than in the case of voluntary termination.

“Liability for retirement benefits” includes retirement benefits for directors and corporate auditors of ¥1,983 million (\$18,708 thousand) and ¥2,135 million at March 31, 2004 and 2003, respectively.

The net liability for employees’ retirement benefits at March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Projected benefit obligation . . . . .	¥ 28,947	¥ 52,381	\$ 273,085
Fair value of plan assets . . . . .	(21,887)	(28,566)	(206,481)
Unrecognized actuarial loss . . . . .	(4,011)	(20,069)	(37,840)
Unrecognized prior service credit . . . . .		8,303	
Net liability . . . . .	3,049	12,049	28,764
Prepaid pension cost . . . . .	4,356	4,753	41,094
Liability for retirement benefits . . . . .	¥ 7,405	¥ 16,802	\$ 69,858

As of March 31, 2002, unrecognized prior service credit arose due to amendments made by the Company and certain subsidiaries to the articles of the pension plans to increase the eligibility age of participants for pension benefits.

The components of net periodic pension costs for the years ended March 31, 2004, 2003 and 2002 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2004	2003	2002	2004
Service cost . . . . .	¥ 1,536	¥ 2,111	¥ 2,670	\$ 14,490
Interest cost . . . . .	866	1,233	1,412	8,170
Expected return on plan assets . . . . .	(501)	(822)	(1,026)	(4,726)
Recognized actuarial loss . . . . .	1,765	1,264	577	16,651
Amortization of prior service credit . . . . .	(593)	(580)	(70)	(5,594)
Gain on transfer of the substitutional portion of the governmental pension program . . . . .	(10,900)			(102,830)
Loss on transfer to a defined contribution pension plan . . . . .	2,205			20,802
Other . . . . .	93	207		877
Net periodic benefit costs . . . . .	¥ (5,529)	¥ 3,413	¥ 3,563	\$ (52,160)

Besides the above costs, the Group paid a special retirement allowance amounting to ¥5,436 million during the year ended March 31, 2002 and charged it to income.

Assumptions used for the years ended March 31, 2004, 2003 and 2002 were as follows:

	2004	2003	2002
Discount rate . . . . .	<b>2.0%</b>	2.0%	2.5%
Expected rate of return on plan assets . . . . .	<b>2.0%</b>	2.5%	3.0%
Allocation method of the retirement benefits expected to be paid at the retirement date . .	<b>Straight-line method based on years of service</b>	Straight-line method based on years of service	Straight-line method based on years of service
Amortization period of prior service credit . . .	<b>10 years</b>	10 years	10 years
Recognition period of actuarial gain / loss . . .	<b>10 years</b>	10 years	10 years

## 6. Shareholders' Equity

Japanese companies are subject to the Code to which various amendments have become effective since October 1, 2001.

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

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

Board of Directors.

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

The amount of retained earnings available for dividends under the Code was ¥308,202 million (\$2,907,566 thousand) as of March 31, 2004, based on the amount recorded in the Company's general books of account. In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends.

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

## 7. Research and Development Costs

Research and development costs charged to income were ¥31,381 million (\$296,047 thousand), ¥31,827

million and ¥21,443 million for the years ended March 31, 2004, 2003 and 2002, respectively.

# Notes to Consolidated Financial Statements

ROHM CO., LTD. and Subsidiaries

## 8. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 41.9% for fiscal 2004, 2003 and 2002. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

On March 31, 2003, a tax reform law concerning

enterprise tax was enacted in Japan which changed the normal effective statutory tax rate from approximately 41.9% to 40.6%, effective for years beginning on or after April 1, 2004. The effect of this change on deferred taxes in the consolidated statements of income for the year ended March 31, 2003 was immaterial.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities at March 31, 2004 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Deferred tax assets:			
Inventories	¥ 8,248	¥ 7,748	\$ 77,811
Depreciation	11,761	11,253	110,953
Accrued expenses	1,636	1,667	15,434
Liability for retirement benefits	3,559	7,458	33,576
Other	5,738	8,015	54,132
Total	<u>30,942</u>	<u>36,141</u>	<u>291,906</u>
Deferred tax liabilities:			
Undistributed earnings of foreign subsidiaries	(41,752)	(38,623)	(393,887)
Prepaid pension cost	(1,769)	(1,991)	(16,689)
Refundable enterprise tax	(284)		(2,679)
Other	(2,157)	(1,401)	(20,349)
Total	<u>(45,962)</u>	<u>(42,015)</u>	<u>(433,604)</u>
Net deferred tax liabilities	<u>¥ (15,020)</u>	<u>¥ (5,874)</u>	<u>\$ (141,698)</u>

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

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Current Assets - Deferred tax assets	¥ 12,425	¥ 14,160	\$ 117,217
Investments and Other Assets - Deferred tax assets	5,794	6,966	54,660
Current Liabilities - Deferred tax liabilities	(381)	(747)	(3,594)
Long-term Liabilities - Deferred tax liabilities	(32,858)	(26,253)	(309,981)
Net deferred tax liabilities	<u>¥ (15,020)</u>	<u>¥ (5,874)</u>	<u>\$ (141,698)</u>

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 year ended March 31, 2004 was as follows:

	2004
Normal effective tax rate . . . . .	<b>41.9%</b>
Lower income tax rates applicable to income in certain foreign countries . . . . .	<b>(4.4)</b>
Tax credit for research and development expenses . . . . .	<b>(1.4)</b>
Other-net . . . . .	<b>0.8</b>
Actual effective tax rate . . . . .	<b>36.9%</b>

Above information for 2003 and 2002 is not shown because the difference between the statutory tax rate and the actual effective tax rate was immaterial.

## 9. Derivatives

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

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

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

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

Derivative contracts outstanding at March 31, 2004 and 2003 were immaterial.

## 10. Leases

The Company and certain subsidiaries lease certain machinery, computer equipment and other assets. Total lease payments under finance leases

for the years ended March 31, 2004, 2003 and 2002 were ¥27 million (\$255 thousand), ¥44 million and ¥104 million, respectively.

Pro forma information at March 31, 2004 and 2003, 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
	2004	2003	2004
Acquisition cost . . . . .	¥ 172	¥ 215	\$ 1,623
Accumulated depreciation . . . . .	145	171	1,368
Net leased property . . . . .	<u>¥ 27</u>	<u>¥ 44</u>	<u>\$ 255</u>

# Notes to Consolidated Financial Statements

ROHM CO., LTD. and Subsidiaries

Pro forma obligations under finance leases on an “as if capitalized” basis at March 31, 2004 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Due within one year . . . . .	¥ 17	¥ 30	\$ 161
Due after one year . . . . .	10	14	94
Total . . . . .	<u>¥ 27</u>	<u>¥ 44</u>	<u>\$ 255</u>

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 ¥27 million (\$255 thousand), ¥44 million and ¥104 million for the years ended March 31, 2004, 2003 and 2002, respectively.

## 11. Net Income Per Share

The average number of shares used to compute basic net income per share for the year ended March 31, 2004 was 118,784 thousand shares.

Reconciliation of the differences between basic and diluted net income per share (“EPS”) for the years ended March 31, 2003 and 2002, were as follows:

	Millions of yen	Thousands of shares	Yen
	Net income	Weighted average shares	EPS
<b>For the year ended March 31, 2003</b>			
Basic EPS			
Net income available to common shareholders . . . . .	¥ 52,902	118,743	¥ 445.51
Effect of Dilutive Securities			
Convertible debt . . . . .	1	57	
Diluted EPS			
Net income for computation . . . . .	<u>¥ 52,903</u>	<u>118,800</u>	<u>¥ 445.30</u>
<b>For the year ended March 31, 2002</b>			
Basic EPS			
Net income available to common shareholders . . . . .	¥ 38,953	118,671	¥ 328.24
Effect of Dilutive Securities			
Convertible debt . . . . .	2	134	
Diluted EPS			
Net income for computation . . . . .	<u>¥ 38,955</u>	<u>118,805</u>	<u>¥ 327.89</u>

## 12. Subsequent Events

### Appropriations of retained earnings

The following appropriations of retained earnings as of March 31, 2004 were approved at the Company's shareholders' meeting held on June 29, 2004.

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥42.50 (\$0.40) per share . . . . .	¥ 5,048	\$ 47,623
Bonuses to directors . . . . .	45	425

## 13. Segment Information

Information about industry segments, geographical segments and sales to foreign customers of the Group for the years ended March 31, 2004, 2003 and 2002 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, 2004, 2003 and 2002 were summarized as follows:

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

# Notes to Consolidated Financial Statements

ROHM CO., LTD. and Subsidiaries

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

Millions of yen						
2002						
	Japan	Asia	Americas	Europe	Eliminations/ Corporate	Consolidated
Sales to customers . . . .	¥ 148,777	¥ 132,617	¥ 17,084	¥ 22,787		¥ 321,265
Interarea transfer . . . .	68,844	81,368	4,745	1,567	¥ (156,524)	
Total sales . . . . .	<u>217,621</u>	<u>213,985</u>	<u>21,829</u>	<u>24,354</u>	<u>(156,524)</u>	<u>321,265</u>
Operating expenses . . .	<u>189,806</u>	<u>176,375</u>	<u>21,642</u>	<u>23,483</u>	<u>(156,499)</u>	<u>254,807</u>
Operating income . . . .	<u>¥ 27,815</u>	<u>¥ 37,610</u>	<u>¥ 187</u>	<u>¥ 871</u>	<u>¥ (25)</u>	<u>¥ 66,458</u>
Total assets . . . . .	<u>¥ 365,422</u>	<u>¥ 230,459</u>	<u>¥ 38,943</u>	<u>¥ 13,441</u>	<u>¥ 92,362</u>	<u>¥ 740,627</u>

Thousands of U.S. dollars

	2004					Consolidated
	Japan	Asia	Americas	Europe	Eliminations/ Corporate	
Sales to customers . . . . .	\$ 1,497,792	\$ 1,519,679	\$ 132,906	\$ 204,623		\$ 3,355,000
Interarea transfer . . . . .	501,887	1,009,755	2,217	3,839	\$(1,517,698)	
Total sales . . . . .	1,999,679	2,529,434	135,123	208,462	(1,517,698)	3,355,000
Operating expenses . . . . .	1,631,057	2,003,028	140,623	199,443	(1,510,726)	2,463,425
Operating income (loss) . .	\$ 368,622	\$ 526,406	\$ (5,500)	\$ 9,019	\$ (6,972)	\$ 891,575
Total assets . . . . .	\$ 3,516,528	\$ 2,383,727	\$ 304,226	\$ 155,613	\$ 1,628,585	\$ 7,988,679

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

**(c) Sales to foreign customers**

Sales to foreign customers for the years ended March 31, 2004, 2003 and 2002 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2004	2003	2002	2004
Asia . . . . .	¥ 163,457	¥ 151,371	¥ 135,892	\$ 1,542,047
Americas . . . . .	14,812	18,111	18,382	139,736
Europe . . . . .	20,598	19,342	21,039	194,321
Total sales to foreign customers . . . . .	¥ 198,867	¥ 188,824	¥ 175,313	\$ 1,876,104

# Deloitte.

**Deloitte Touche Tohmatsu**  
Osaka Kokusai Building  
2-3-13, Azuchi-machi  
Chuo-ku, Osaka 541-0052  
Japan  
Tel: +81 6 6261 1381  
Fax: +81 6 6261 1238  
[www.deloitte.com/jp](http://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. and subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2004, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ROHM CO., LTD. and subsidiaries as of March 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2004, in conformity with accounting principles generally accepted in Japan.

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

  
June 29, 2004

Member of  
Deloitte Touche Tohmatsu

## Principal Subsidiaries <Domestic>

Corporate name	Location	Principal business	Capital % owned by ROHM CO., LTD.	Established
<b>ROHM HAMAMATSU CO., LTD.</b>	Shizuoka	Manufacture of ROHM products (monolithic ICs)	¥400 million 95.0%	July. 1999
<b>ROHM WAKO DEVICE CO., LTD.</b>	Okayama	Manufacture of ROHM products (monolithic ICs and diodes)	¥450 million 75.0% (100.0%)	Oct. 1996
<b>ROHM APOLLO DEVICE CO., LTD.</b>	Fukuoka	Manufacture of ROHM products (monolithic ICs and transistors)	¥492 million 75.0% (100.0%)	Mar. 1990
<b>ROHM TSUKUBA CO., LTD.</b>	Ibaragi	Manufacture of ROHM products (transistors and diodes)	¥450 million 100.0%	Oct. 2003
<b>ROHM WAKO CO., LTD.</b>	Okayama	Manufacture of ROHM products (diodes, LEDs, laser diodes and LED displays)	¥450 million 100.0%	Aug. 1966
<b>ROHM APOLLO CO., LTD.</b>	Fukuoka	Manufacture of ROHM products (transistors, diodes and tantalum capacitors)	¥450 million 100.0%	Nov. 1969
<b>ROHM FUKUOKA CO., LTD.</b>	Fukuoka	Manufacture of ROHM products (monolithic ICs, resistors and capacitors)	¥385 million 100.0%	June. 1981
<b>ROHM AMAGI CO., LTD.</b>	Fukuoka	Manufacture of ROHM products (power modules, photo link modules, LCDs, thermal heads, image sensor heads and CMOS camera modules)	¥300 million 100.0%	June. 1984
<b>ROHM MECHATECH CO., LTD.</b>	Kyoto	Manufacture of lead frames and molding dies	¥98 million 100.0%	Aug. 1988
<b>ROHM LOGISTEC CO., LTD.</b>	Okayama	Distribution of ROHM products	¥20 million 100.0%	Feb. 1970
<b>NARITA GIKEN CO., LTD.</b>	Hyogo	Development and design of electronic circuitry	¥80 million 93.7%	Aug. 1988
<b>IDD CO., LTD.</b>	Tokyo	Development and design of electronic circuitry	¥96 million 100.0%	Aug. 1990

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

(As of March 31, 2004)

## Principal Subsidiaries <Overseas>

Corporate name	Location	Principal business	Capital % owned by ROHM CO., LTD.	Established
<b>ROHM KOREA CORPORATION</b>	Seoul, Korea	Manufacture of ROHM products (monolithic ICs, transistors, diodes, LEDs, sensors, resistors and LED displays)	Won 9,654 million 0% (100.0%)	Jul. 1972
<b>ROHM-WAKO ELECTRONICS (MALAYSIA) SDN. BHD</b>	Kelantan, Malaysia	Manufacture of ROHM products (diodes and LEDs)	M\$ 53,400 thousand 0% (100.0%)	Mar. 1989
<b>ROHM APOLLO ELECTRONICS (THAILAND) CO., LTD.</b>	Pathumthani, Thailand	Manufacture of ROHM products (transistors and diodes)	B 448,000 thousand 0% (100.0%)	Nov. 1987
<b>ROHM APOLLO SEMICONDUCTOR PHILIPPINES, INC.</b>	Cavite, Philippines	Manufacture of ROHM products (transistors)	P 406,580 thousand 0% (100.0%)	Apr. 2000
<b>ROHM ELECTRONICS PHILIPPINES, INC.</b>	Cavite, Philippines	Manufacture of ROHM products (monolithic ICs, resistors and capacitors)	P 1,005,000 thousand 0% (100.0%)	Sep. 1989
<b>ROHM INTEGRATED SEMICONDUCTOR (THAILAND) CO., LTD.</b>	Pathumthani, Thailand	Manufacture of ROHM products (monolithic ICs, resistors and capacitors)	B 667,500 thousand 0% (100.0%)	Jan.1997
<b>ROHM ELECTRONICS DALIAN CO., LTD.</b>	Dalian, China	Manufacture of ROHM products (power modules, LCDs, thermal heads and image sensor heads)	¥ 5,135 million 0% (100.0%)	Dec. 1993
<b>ROHM ELECTRONICS WAKO (TIANJIN) CO., LTD.</b>	Tianjin, China	Manufacture of ROHM products (diodes, LEDs, laser diodes, LED displays and sensors)	¥ 3,600 million 0% (100.0%)	Nov. 2000
<b>ROHM ELECTRONICS COMPONENTS (TIANJIN) CO., LTD.</b>	Tianjin, China	Manufacture of ROHM products (transistors, diodes, LEDs, resistors, capacitors and LED displays)	US\$ 28,200 thousand 0% (100.0%)	Sep.1993
<b>ROHM MECHATECH PHILIPPINES, INC.</b>	Cavite, Philippines	Manufacture of lead frames and molding dies	P 776,000 thousand 25.0% (100.0%)	Nov. 1993
<b>ROHM MECHATECH (THAILAND) CO., LTD.</b>	Pathumthani, Thailand	Manufacture of lead frames and molding dies	B 100,000 thousand 0% (100.0%)	Nov. 2001
<b>ROHM ELECTRONICS U.S.A., LLC</b>	California, U. S. A.	Sales of ROHM products	US\$ 26,298 thousand 0% (100.0%)	Nov. 1997
<b>(EASTERN SALES DIVISION)</b>	Georgia, U. S. A.	Sales of ROHM products		
<b>(CENTRAL SALES DIVISION)</b>	Texas, U. S. A.	Sales of ROHM products		
<b>(WESTERN SALES DIVISION)</b>	California, U. S. A.	Sales of ROHM products		

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

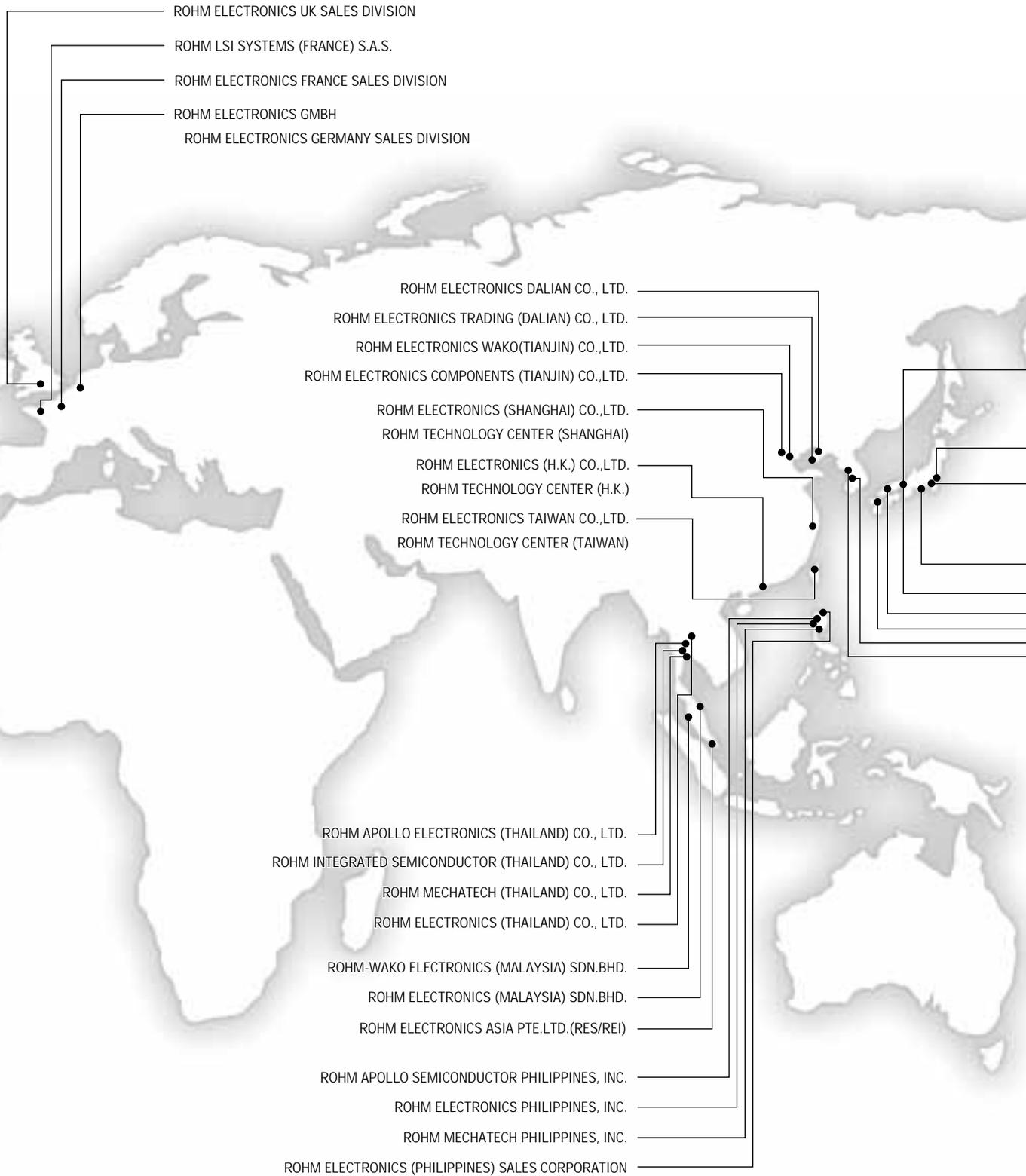
(As of March 31, 2004)

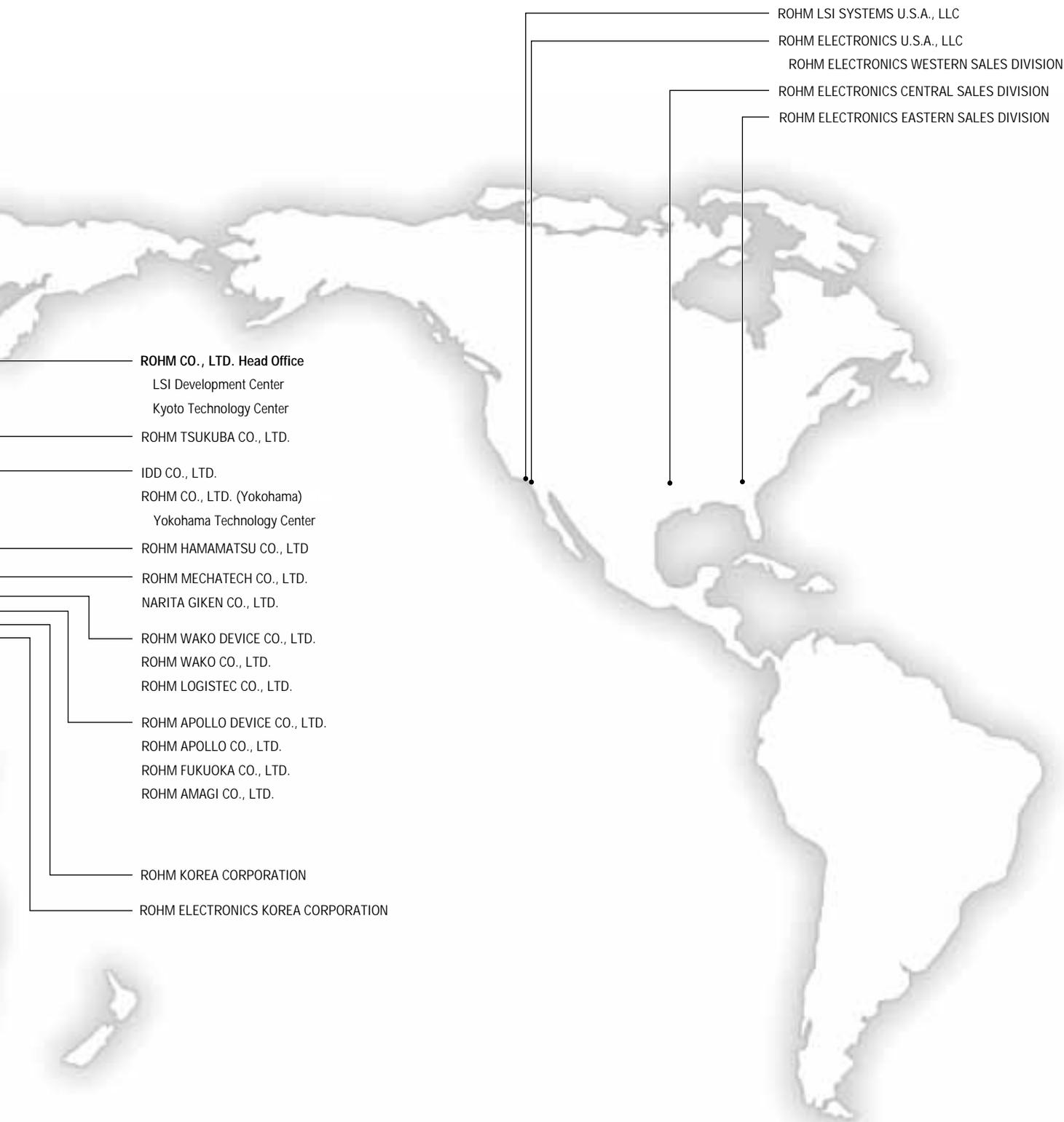
Corporate name	Location	Principal business	Capital % owned by ROHM CO., LTD.	Jan. 1989 Established
<b>ROHM ELECTRONICS GMBH</b>	Willich-Munchheide, Germany	Sales of ROHM products	EURO 511 thousand 0% (100.0%)	Feb. 1971
<b>(GERMANY SALES DIVISION)</b>	Willich-Munchheide, Germany	Sales of ROHM products		
<b>(UK SALES DIVISION)</b>	Milton Keynes, United Kingdom	Sales of ROHM products		
<b>(FRANCE SALES DIVISION)</b>	ISSY-LES-MOULINEAUX CEDEX, France	Sales of ROHM products		
<b>ROHM ELECTRONICS (H.K.) CO., LTD.</b>	Kowloon, Hong Kong	Sales of ROHM products	HK\$ 27,000 thousand 0% (100.0%)	May. 1974
<b>ROHM ELECTRONICS (SHANGHAI) CO., LTD.</b>	Shanghai, China	Sales of ROHM products	US\$ 200 thousand 0% (100.0%)	Aug. 1999
<b>ROHM ELECTRONICS TRADING (DALIAN) CO., LTD.</b>	Dalian, China	Sales of ROHM products	US\$ 200 thousand 0% (100.0%)	Jan. 2003
<b>ROHM ELECTRONICS TAIWAN CO., LTD.</b>	Taiwan	Sales of ROHM products	NT\$ 140,500 thousand 0% (100.0%)	May. 1987
<b>ROHM ELECTRONICS KOREA CORPORATION</b>	Seoul, Korea	Sales of ROHM products	Won 1,000 million 0% (100.0%)	Jan. 1996
<b>ROHM ELECTRONICS ASIA PTE. LTD. Investment Division (RES / REI)</b>	Singapore	Administrative responsibility for subsidiaries in Asia Sales of ROHM products	S\$ 90,630 thousand 100.0%	Apr. 1995
<b>ROHM ELECTRONICS (MALAYSIA) SDN. BHD.</b>	Selangor, Malaysia	Sales of ROHM products	M\$ 700 thousand 0% (49.0%)	Nov. 1993
<b>ROHM ELECTRONICS (PHILIPPINES) SALES CORPORATION</b>	Muntinlupa City, Philippines	Sales of ROHM products	P 13,250 thousand 0% (100.0%)	Feb. 1996
<b>ROHM ELECTRONICS (THAILAND) CO., LTD.</b>	Bangkok, Thailand	Sales of ROHM products	B 104,000 thousand 0% (100.0%)	Sep. 1996
<b>ROHM LSI SYSTEMS U.S.A., LLC</b>	California, U. S. A.	Design, Research and development of ROHM products	US\$ 1,608 thousand 0% (100.0%)	Dec. 1997
<b>ROHM LSI SYSTEMS (FRANCE) S.A.S.</b>	Rennes, France	Design, Research and development of ROHM products	EURO 800 thousand 0% (100.0%)	Mar. 2000
<b>ROHM U.S.A., INC.</b>	California, U. S. A.	Administrative responsibility for subsidiaries in North and South America	US\$ 133,642 thousand 100.0%	Feb. 1997

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

(As of March 31, 2004)

# The ROHM Group Overseas Branches





ROHM CO., LTD. Head Office

LSI Development Center

Kyoto Technology Center

ROHM TSUKUBA CO., LTD.

IDD CO., LTD.

ROHM CO., LTD. (Yokohama)

Yokohama Technology Center

ROHM HAMAMATSU CO., LTD.

ROHM MECHATECH CO., LTD.

NARITA GIKEN CO., LTD.

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

ROHM LSI SYSTEMS U.S.A., LLC

ROHM ELECTRONICS U.S.A., LLC

ROHM ELECTRONICS WESTERN SALES DIVISION

ROHM ELECTRONICS CENTRAL SALES DIVISION

ROHM ELECTRONICS EASTERN SALES DIVISION

---

## Board of Directors

---

### President

Ken Sato

---

### Managing Director

Junichi Hikita

---

### Directors

Akitaka Idei

Nobuo Hatta

Hidemi Takasu

Toru Okada

---

### Corporate Auditors

Yoshiaki Shibata

Yasuhito Tamaki

Shinya Murao

Toshiki Shimozono

Haruo Kitamura

(As of June 29, 2004)

---

## 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

¥715,938 million  
(US\$6,754 million)

### Common Stock

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

### Number of Employees

18,591

### Stock Listings

Tokyo Stock Exchange  
Osaka Securities Exchange

### Transfer Agent

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

(As of March 31, 2004)



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>

