

# ROHM CO., LTD. Financial Highlights for the Nine Months Ended December 31, 2005



February 3, 2006

## Consolidated Financial Results

(Figures are rounded down to the nearest million yen. Any fraction less than the unit are rounded off.)

|   |                 | Accumulated Financial Results of the Nine-month Period Ended December 31, 2005 |                                     | Increase/decrease over/from the nine months ended December 31, 2004 |            | Year ended March 31, 2005 (Full fiscal year) | Year ending March 31, 2006 (Full fiscal year) |  |
|---|-----------------|--|-------------------------------------|---|------------|--|---|--|
|   |                 | Nine months ended December 31, 2005  | Nine months ended December 31, 2004 | Amount  | Percentage | Actual                                       | Projected                                     | Increase/decrease from the previous year |
|   |                 | Actual   | Actual                              |   |            |  |   |  |
| Net sales                                       | Millions of yen | 294,183  | 287,745                             | +6,438  | +2.2%      | 369,023                                      | 382,000                                       | +3.5%                                    |
| Cost of sales                                   | Millions of yen | 184,746  | 165,075                             | +19,671   | +11.9%     | 221,132                                      | 242,400                                       |  |
| Selling, general and administrative expenses    | Millions of yen | 55,568   | 52,895                              | +2,673  | +5.1%      | 71,836                                       | 74,600  |  |
| Operating income                                | Millions of yen | 53,868   | 69,775                              | -15,907   | -22.8%     | 76,054                                       | 65,000  | -14.5%                                   |
| (Operating income margin)                       |                 | (18.3%)  | (24.2%)                             | (-5.9%)   |            | (20.6%)                                      | (17.0%)                                       |  |
| Ordinary income                                 | Millions of yen | 63,038   | 71,810                              | -8,772  | -12.2%     | 79,320                                       | 72,000  | -9.2%                                    |
| (Ordinary income margin)                        |                 | (21.4%)  | (25.0%)                             | (-3.6%)   |            | (21.5%)                                      | (18.8%)                                       |  |
| Net income                                      | Millions of yen | 38,363   | 40,834                              | -2,471  | -6.1%      | 45,135                                       | 44,000  | -2.5%                                    |
| (Net income margin)                             |                 | (13.0%)  | (14.2%)                             | (-1.2%)   |            | (12.2%)                                      | (11.5%)                                       |  |
| Basic net income per share                      | Yen             | 331.05   | 343.78                              | -12.73  | -3.7%      | 380.22                                       | 380.07  |  |
| Return on equity                                | %               |  |                                     |   |            | 6.2  |   |  |
| Ordinary income to total assets                 | %               |  |                                     |   |            | 9.3  |   |  |
| Total assets                                    | Millions of yen | 920,634  | 870,823                             |   |            | 867,322                                      |   |  |
| Shareholders' equity                            | Millions of yen | 773,916  | 749,378                             |   |            | 739,329                                      |   |  |
| Shareholders' equity ratio                      | %               | 84.1   | 86.1                                |   |            | 85.2   |   |  |
| Shareholders' equity per share                  | Yen             | 6,707.25   | 6,309.05                            |   |            | 6,326.64                                     | (Second half of the year)                     |  |
| Foreign exchange rate (Average yen-dollar rate) | Yen/US\$        | 111.67   | 108.40                              |   |            | 107.28                                       | 110.00  |  |

\* The projected data are based on the information available at the time of release of this report. Therefore, a number of important factors including changes in business conditions may cause actual results to differ materially from those projected. The net earnings per share forecasted for the full-year period ended March 31, 2006 has been adjusted in consideration of the purchase of treasury stock after the date of these interim statements. Accumulated Financial Results of the Nine-month Period Ended December 31, 2005 have not been audited by independent auditors.

## Reference: Results for the Three-month Period from October 1 thru December 31

|                           |                 | Three months ended December 31       |                                      | Increase/decrease over/from the three months ended December 31, 2004 |            |
|---------------------------|-----------------|--------------------------------------|--------------------------------------|--|------------|
|                           |                 | Three months ended December 31, 2005 | Three months ended December 31, 2004 | Amount   | Percentage |
|                           |                 | Actual                               | Actual                               |  |            |
| Net sales                 | Millions of yen | 101,150                              | 87,334                               | +13,816  | +15.8%     |
| Operating income          | Millions of yen | 19,502                               | 15,759                               | +3,743   | +23.7%     |
| (Operating income margin) |                 | (19.3%)                              | (18.0%)                              | (+1.3%)  |            |
| Ordinary income           | Millions of yen | 22,576                               | 13,115                               | +9,461   | +72.1%     |
| (Ordinary income margin)  |                 | (22.3%)                              | (15.0%)                              | (+7.3%)  |            |
| Net income                | Millions of yen | 14,124                               | 4,101                                | +10,023  | +244.4%    |
| (Net income margin)       |                 | (14.0%)                              | (4.7%)                               | (+9.3%)  |            |

\* These values have been calculated by subtracting the results of the six-month period ended on September 30 from the accumulated nine-month results.

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Note: This report is a translation of the financial highlights of the Company prepared in accordance with the provisions set forth in the Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan. The original version of this report is written in Japanese. In the event of any discrepancies in words, accounts, figures or the like between this report and the original, the original Japanese version shall govern.

(Figures are rounded down to the nearest million yen. Any fraction less than the unit are rounded off.)

### Actual sales by product category

|                                |                 | Accumulated Financial Results of the Nine-month Period Ended December 31, 2005 |                                      | Increase/decrease over/from the nine months ended December 31, 2004 |              |
|--------------------------------|-----------------|--|--------------------------------------|---|--------------|
|                                |                 | Three months ended December 31, 2005   | Three months ended December 31, 2004 | Amount  | Percentage   |
|                                |                 | Actual   | Actual                               |   |              |
| Integrated circuits            | Millions of yen | 129,468  | 124,334                              | +5,134  | +4.1%        |
| Discrete semiconductor devices |                 | 113,900  | 110,185                              | +3,715  | +3.4%        |
| Passive components             |                 | 18,774   | 18,214                               | +560  | +3.1%        |
| Displays                       |                 | 32,039   | 35,011                               | -2,972  | -8.5%        |
| <b>Total</b>                   |                 | <b>294,183</b>   | <b>287,745</b>                       | <b>+6,438</b>   | <b>+2.2%</b> |

### Reference: Results for the Three-month Period from October 1 thru December 31

|                                |                 | Three months ended December 31       |                                      | Increase/decrease over/from the three months ended December 31, 2004 |               |
|--------------------------------|-----------------|--------------------------------------|--------------------------------------|--|---------------|
|                                |                 | Three months ended December 31, 2005 | Three months ended December 31, 2004 | Amount   | Percentage    |
|                                |                 | Actual                               | Actual                               |  |               |
| Integrated circuits            | Millions of yen | 44,001                               | 37,505                               | +6,496   | +17.3%        |
| Discrete semiconductor devices |                 | 39,064                               | 33,678                               | +5,386   | +16.0%        |
| Passive components             |                 | 6,646                                | 5,769                                | +877   | +15.2%        |
| Displays                       |                 | 11,437                               | 10,380                               | +1,057   | +10.2%        |
| <b>Total</b>                   |                 | <b>101,150</b>                       | <b>87,334</b>                        | <b>+13,816</b>   | <b>+15.8%</b> |

\* These values have been calculated by subtracting the sales results of the six-month period ended on September 30 from the accumulated nine-month sales results.

### Actual sales by area

|              |                 | Accumulated Financial Results of the Nine-month Period Ended December 31, 2005 |                                      | Increase/decrease over/from the nine months ended December 31, 2004 |              |
|--------------|-----------------|--|--------------------------------------|---|--------------|
|              |                 | Three months ended December 31, 2005   | Three months ended December 31, 2004 | Amount  | Percentage   |
|              |                 | Actual   | Actual                               |   |              |
| Japan        | Millions of yen | 117,606  | 125,295                              | -7,689  | -6.1%        |
| Asia         |                 | 153,090  | 136,624                              | +16,466   | +12.1%       |
| Americas     |                 | 11,383   | 10,885                               | +498  | +4.6%        |
| Europe       |                 | 12,103   | 14,940                               | -2,837  | -19.0%       |
| <b>Total</b> |                 | <b>294,183</b>   | <b>287,745</b>                       | <b>+6,438</b>   | <b>+2.2%</b> |

### Reference: Results for the Three-month Period from October 1 thru December 31

|              |                 | Three months ended December 31       |                                      | Increase/decrease over/from the three months ended December 31, 2004 |               |
|--------------|-----------------|--------------------------------------|--------------------------------------|--|---------------|
|              |                 | Three months ended December 31, 2005 | Three months ended December 31, 2004 | Amount   | Percentage    |
|              |                 | Actual                               | Actual                               |  |               |
| Japan        | Millions of yen | 40,502                               | 39,523                               | +979   | +2.5%         |
| Asia         |                 | 53,033                               | 40,020                               | +13,013  | +32.5%        |
| Americas     |                 | 3,644                                | 2,980                                | +664   | +22.3%        |
| Europe       |                 | 3,969                                | 4,810                                | -841   | -17.5%        |
| <b>Total</b> |                 | <b>101,150</b>                       | <b>87,334</b>                        | <b>+13,816</b>   | <b>+15.8%</b> |

\* These values have been calculated by subtracting the sales results of the six-month period ended on September 30 from the accumulated nine-month sales results.



# Consolidated Financial Status and Business Results Highlights for the Nine Months Ended December 31, 2005

February 3, 2006

Listed Company Name: ROHM Co., Ltd.

(Code No.: 6963; Listed on the first section of the Tokyo Stock Exchange and the Osaka Securities Exchange)

(URL <http://www.rohm.co.jp>)

|         |  |  |                     |
|---------|--|--|---------------------|
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|         | Title and name of person responsible for contact | Group General Manager, Eiichi Sasayama |                     |

## 1. Information on Presenting Quarterly Financial Results Highlights

- ① Adopting a concise procedure in accounting policies : None
- ② Changes in accounting policies from consolidated report for the most recent fiscal year: : Included  
 The company presenting these financial statements has five subsidiaries whose fiscal year dates differ from that of the company. These statements take into consideration the financial results of those subsidiaries by provisionally settling their accounts of the statement date ended December 31, 2005.
- ③ Changes in scope of consolidation and application of equity method: : Included  
 Consolidated accounting Newly consolidated companies : 0 Excluded companies: 4  
 Equity accounting New equity-accounted companies : 0 Excluded companies: 0

## 2. Financial Status and Business Result Highlights for the nine months ended December 31, 2005 (From April 1, 2005 to December 31, 2005)

### (1) Trends in Consolidated Results of Operations (Figures are rounded down to the nearest million yen.)

|  | Net sales       |     | Operating income |       | Ordinary income |       | Net income      |       |
|--|-----------------|-----|------------------|-------|-----------------|-------|-----------------|-------|
|  | Millions of yen | %   | Millions of yen  | %     | Millions of yen | %     | Millions of yen | %     |
| Nine months ended December 31, 2005      | 294,183         | 2.2 | 53,868           | -22.8 | 63,038          | -12.2 | 38,363          | -6.1  |
| Nine months ended December 31, 2004      | 287,745         | 6.5 | 69,775           | -6.5  | 71,810          | 4.6   | 40,834          | -14.5 |
| (Reference)<br>Year ended March 31, 2005 | 369,023         |     | 76,054           |       | 79,320          |       | 45,135          |       |

|  | Basic net income per share | Diluted net income per share |
|--|----------------------------|------------------------------|
|  | Yen                        | Yen                          |
| Nine months ended December 31, 2005      | 331.05                     | -                            |
| Nine months ended December 31, 2004      | 343.78                     | -                            |
| (Reference)<br>Year ended March 31, 2005 | 380.22                     | -                            |

(Note) Percentage (%) shown for Net sales, Operating income and others represents change from the data of the corresponding period of the previous year.

[Qualitative Information on Trends in the Consolidated Results of Operations] (From April 1, 2005 through December 31, 2005)

### An overall review of the results of operations

In the nine-month period ended December 31, 2005, the world economy in general remained firm because of continued brisk consumer spending in many countries, including the United States, although crude-oil prices surged and natural disasters were among several negative factors affecting it. The Japanese economy, however, continued its gradual expansion because of steadily increasing capital investments and recovered consumer spending as a result of improved employment and income.

With the exception of digital audio-visual equipment, the electronic component market as a whole was slow from spring to summer in comparison to the previous year when demand generated by the Athens Olympic Games had a favorable influence. Demand picked up during the summer and continued to increase, expanding into the personal computer and mobile phone markets and as well as the digital audio-visual equipment market.

The ROHM Group continuously poured efforts into streamlining its manufacturing lines and focused on recognizing more-efficient capital investments. ROHM has also conducted extensive research and development efforts in the direction of new products to strengthen domestic and international sales as well as customer-support operations.

In regards to the manufacturing process lines, ROHM has pushed forward with the plan to manufacture products entirely in-house and committed itself to advancing the 300 mm wafer process. Furthermore, the Group has proceeded with the transfer of its manufacture of module-related products from plants in Japan to the new plant in Dalian, China, and has also moved forward with the project of building a new plant in Tianjin, China. ROHM shifted production from Japan to conventional overseas

plants in Thailand and the Philippines and implemented efficient production at these plants.

Concerning the development of new products, ROHM is committed to developing various system LSI chips for mobile phones and digital audio-visual equipment to satisfy market needs. The Group increased its product lineup of MOS FETs<sup>\*1</sup> and other power devices<sup>\*2</sup> as well as its production of miniaturized and thin-packaged devices. In sales and customer support operations, the Group built new sales bases within Japan as well as globally, and new overseas design centers to reinforce customer-centered sales and technical support operations.

Because of these efforts, ROHM's consolidated results for the nine-month period ended December 31, 2005, were as follows: sales were ¥294.183 billion, up 2.2% over the same period of the previous year; ordinary income, ¥63.038 billion, down 12.2%; and net income, ¥38.363 billion, down 6.1%.

\*1. MOS FET

Metal-oxide semiconductor field-effect transistor, featuring low power dissipation.

\*2. Power devices

Semiconductors used to control high currents and high voltages. Power devices with higher efficiency and less heat production are considered desirable.

### Divisional review of the results of operations

#### <Integrated circuits>

ROHM's sales of integrated circuits for the nine-month period ended December 31, 2005, were ¥129.468 billion, up 4.1% over the same period as the previous year.

In the home appliance market, the sales of products for conventional audio-visual equipment, such as portable CD players, remained extremely low. Sales of new products, however, increased in digital audio-visual equipment applications, including various LSI chips for panel displays such as slim-profile TVs, and in audio LSI chips incorporating hard disks or flash memories for portable music players.

The mobile phone market remained strong. LCD driver LSI chips for overseas markets, application integration power LSI chips, and analog front-end LSI chips<sup>\*3</sup> for Japanese third-generation mobile phones all posted strong sales.

Regarding production operations, ROHM continued to reinforce its integrated production system to manufacture products entirely in-house. The Group relentlessly committed itself to internally producing wafers, photomasks<sup>\*4</sup>, and lead frames<sup>\*5</sup> in front-end processing. Furthermore, to increase its corporate competitiveness by introducing wafers of a greater diameter, ROHM started mass production with the 300 mm wafer process. The Group also continued research on the development of ultra-thin technologies, aiming to develop the 65 nm process, one of the most advanced technologies in the industry. ROHM Hamamatsu started construction on plant expansion to prepare for the expected increase in demand for system LSI chips used in digital audio-visual equipment. In regards to the back-end process, the Group made continued efforts to reinforce overseas production operations, to improve the lineups of miniaturized-package and thin-package devices for mobile phones, and to increase productivity.

Concerning module products, the sales of IrDA<sup>\*6</sup> communication modules for mobile phones remained strong. The Group made cost-reduction efforts, as earlier mentioned, by transferring production to China and other countries.

\*3. Analog front-end LSI chips

LSI chips that convert radio waves (analog signals) received by a mobile phone into digital signal data that can be processed.

\*4. Photomask

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

\*5. Lead frame

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

\*6. IrDA

An infrared data communications standard commonly used in laptop computers, cellular phones and similar devices.

#### <Discrete semiconductor devices>

ROHM's sales of discrete semiconductor devices for the nine-month period ended December 31, 2005, were ¥113.9 billion, up 3.4% over the same period as the previous year.

With regard to transistors and diodes, the sales of MOS FETs and power diodes firmly increased for use in digital audio-visual equipment. Moreover, ROHM received an increasing number of orders for small-package products used in mobile phones. However, small-signal transistors and diodes posted extremely slow sales, influenced by a price decline and sluggish demand.

The sales of high-power laser diodes for writing on CDs remained firm for use in personal computers, and the sales of dual-wavelength lasers, which are new products, increased for application in personal computers and DVD recorders. On the other hand, CD/DVD read laser diodes were adversely influenced by a stagnant market and remained sluggish.

The sales of blue and white LEDs, mainly for use in mobile phones, were continually firm.

Regarding production operations, ROHM tried to increase the capacity of producing power devices, such as MOS FETs, thin/small package product lines, and laser diodes, all of which are expected to enjoy further increase in demand. ROHM also continued to shift production to overseas plants in efforts to reduce costs.

#### <Passive components>

ROHM's sales of passive components for the nine-month period ended December 31, 2005, were ¥18.774 billion, up 3.1% over the same period of the previous year.

In overseas markets where intense competition continued, ROHM obtained an increased number of orders for low-resistance resistors, ultra-miniature products such as 0603 size products, multiple combination products, and large-capacity products. Increased sales were recorded for miniaturized, high-capacity tantalum capacitors, mainly for use in mobile phones.

In production operations, the Group continued further plans to transfer production overseas. ROHM made preparations to

shift the production of tantalum capacitors overseas. The Group continued its cost-reduction efforts, especially in streamlining its production and supply operations.

<Displays>

ROHM's sales of displays for the nine-month period ended December 31, 2005, were ¥32.039 billion, down 8.5% from the same period of the previous year.

The sales of image sensor heads for multifunction printers\*7 and printheads for miniaturized printers, including POS (point-of-sale) systems, continued strong.

In regard to LED displays, however, orders for large dot-matrix-type displays decreased.

The domestic sales of LCD modules for use in mobile phones were good, but as a whole, market conditions continued severe because of sales adjustments in the mobile-phone market in some parts of Asia, including China.

Sales of camera modules decreased because of many negative factors, including intense competitive pricing.

Regarding production operations, ROHM continued its attempts to reduce costs by transferring production to the new plant in Dalian, China.

\*7. Multifunction printer

A printer capable of performing multiple functions besides printing, such as copying, faxing, and scanning.

(2) Trends in Consolidated Financial Position

|  | Total assets    | Shareholders' equity | Shareholders' equity ratio | Shareholders' equity per share |
|--|-----------------|----------------------|----------------------------|--------------------------------|
|  | Millions of yen | Millions of yen      | %                          | Yen                            |
| Nine months ended December 31, 2005      | 920,634         | 773,916              | 84.1                       | 6,707.25                       |
| Nine months ended December 31, 2004      | 870,823         | 749,378              | 86.1                       | 6,309.05                       |
| (Reference)<br>Year ended March 31, 2005 | 867,322         | 739,329              | 85.2                       | 6,326.64                       |

[Consolidated Cash Flows]

|  | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of term |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--|
|  | Millions of yen                      | Millions of yen                      | Millions of yen                      | Millions of yen                          |
| Nine months ended December 31, 2005      | 62,044                               | -53,298                              | -25,301                              | 288,439                                  |
| Nine months ended December 31, 2004      | 66,484                               | -62,220                              | -10,135                              | 302,566                                  |
| (Reference)<br>Year ended March 31, 2005 | 91,919                               | -87,429                              | -30,037                              | 288,974                                  |

[Qualitative Information on Trends in Consolidated Financial Position] (From April 1, 2005 to December 31, 2005)

As of December 31, 2005, the end of the nine-month period total assets, total liabilities, minority interest and total shareholders' equity amounted to ¥920.634 billion (up ¥53.312 billion from the previous fiscal year ended March 31, 2005), ¥146.31 billion (up ¥18.658 billion), ¥406 million (up ¥66 million) and ¥773.916 billion (up ¥34.587 billion), respectively.

The status of cash flows for the nine months ended December 31, 2005, is as follows:

Cash flows from operating activities were a positive ¥62.044 billion for the nine months ended December 31, 2005 (cf. a positive ¥66.484 billion for the corresponding period one year ago). This resulted primarily from cash increases due to income before income taxes and minority interests, depreciation and amortization, as well as cash decreases due to the payment of corporate taxes and increase in trade receivables.

Cash flows from investing activities were a negative ¥53.298 billion for the nine months ended December 31, 2005 (cf. a negative ¥62.22 billion for the corresponding period one year ago), resulting primarily from expense incurred from the acquisition of tangible fixed assets as capital investment and from income produced by the sale of marketable securities and investment securities.

Cash flows from financing activities were a negative ¥25.301 billion (cf. a negative ¥10.135 billion for the corresponding period one year ago), resulting primarily from expense incurred from the acquisition of treasury stocks and dividend payments.

As a result of these changes in cash flows and after adjustment for the effects of exchange rate changes on cash and cash equivalents, cash and cash equivalents amounted to ¥288.439 billion at the end of this current nine-month period, down ¥535 million from the end of the previous fiscal year ended March 31, 2005.

[Reference]

Consolidated Business Results Forecast for Fiscal 2006 (From April 1, 2005 to March 31, 2006)

The consolidated business results forecast remains the same as presented in the interim financial report for this fiscal year, which was released on November 9, 2005.

## Consolidated Quarterly Balance Sheets

| Accounts                                      | Period | Nine months of fiscal 2006<br>(As of December 31, 2005)<br>(Not-audited) |              | Nine months of fiscal 2005<br>(As of December 31, 2004)<br>(Not-audited) |              | Fiscal 2005<br>(As of March 31, 2005) |              | Increase/decrease (-)<br>from the end of fiscal<br>2005 on March 31,<br>2005 |
|---|--------|--|--------------|--|--------------|---------------------------------------|--------------|--|
|   |        | Amount   | Ratio        | Amount   | Ratio        | Amount                                | Ratio        |  |
|   |        | Millions of yen  | %            | Millions of yen  | %            | Millions of yen                       | %            | Millions of yen  |
| <b>(Assets)</b>                               |        |  |              |  |              |                                       |              |  |
| <b>Current assets</b>                         |        |  |              |  |              |                                       |              |  |
| Cash and time deposits                        |        | 294,640  |              | 287,804  |              | 270,337                               |              | 24,303   |
| Notes and accounts<br>receivable - trade      |        | 110,039  |              | 103,156  |              | 93,078                                |              | 16,961   |
| Securities                                    |        | 35,534   |              | 51,783   |              | 58,175                                |              | - 22,641   |
| Inventories                                   |        | 79,047   |              | 66,166   |              | 68,037                                |              | 11,010   |
| Prepaid pension cost                          |        | 3,728  |              | 3,663  |              | 3,676                                 |              | 52   |
| Deferred tax assets                           |        | 14,136   |              | 10,532   |              | 12,138                                |              | 1,998  |
| Refundable income taxes                       |        | 1,087  |              | -  |              | 1,645                                 |              | - 558  |
| Other   |        | 8,829  |              | 8,528  |              | 6,494                                 |              | 2,335  |
| Allowance for doubtful notes<br>and accounts  |        | - 602  |              | - 455  |              | - 594                                 |              | - 8  |
| <b>Total current assets</b>                   |        | <b>546,441</b>   | <b>59.4</b>  | <b>531,181</b>   | <b>61.0</b>  | <b>512,990</b>                        | <b>59.1</b>  | <b>33,451</b>  |
| <b>Fixed assets</b>                           |        |  |              |  |              |                                       |              |  |
| <b>Property, plant and equipment</b>          |        |  |              |  |              |                                       |              |  |
| Buildings and structures                      |        | 169,174  |              | 152,687  |              | 156,327                               |              | 12,847   |
| Machinery, equipment and<br>vehicles          |        | 410,483  |              | 352,501  |              | 364,086                               |              | 46,397   |
| Tools and furniture                           |        | 34,882   |              | 29,998   |              | 31,391                                |              | 3,491  |
| Land  |        | 66,098   |              | 54,261   |              | 64,582                                |              | 1,516  |
| Construction in progress                      |        | 20,793   |              | 28,394   |              | 33,181                                |              | - 12,388   |
| Accumulated depreciation                      |        | - 431,104  |              | - 384,253  |              | - 395,610                             |              | - 35,494   |
| <b>Total tangible fixed assets</b>            |        | <b>270,328</b>   | <b>29.3</b>  | <b>233,590</b>   | <b>26.8</b>  | <b>253,958</b>                        | <b>29.3</b>  | <b>16,370</b>  |
| <b>Intangible fixed assets</b>                |        | <b>1,700</b>   | <b>0.2</b>   | <b>2,017</b>   | <b>0.2</b>   | <b>1,803</b>                          | <b>0.2</b>   | <b>- 103</b>   |
| <b>Investments and other assets</b>           |        |  |              |  |              |                                       |              |  |
| Investment securities                         |        | 91,177   |              | 94,814   |              | 89,781                                |              | 1,396  |
| Deferred tax assets                           |        | 9,420  |              | 7,774  |              | 7,253                                 |              | 2,167  |
| Other   |        | 2,102  |              | 1,780  |              | 1,785                                 |              | 317  |
| Allowance for doubtful<br>accounts            |        | - 537  |              | - 335  |              | - 250                                 |              | - 287  |
| <b>Total investments and<br/>other assets</b> |        | <b>102,163</b>   | <b>11.1</b>  | <b>104,034</b>   | <b>12.0</b>  | <b>98,570</b>                         | <b>11.4</b>  | <b>3,593</b>   |
| <b>Total fixed assets</b>                     |        | <b>374,192</b>   | <b>40.6</b>  | <b>339,642</b>   | <b>39.0</b>  | <b>354,332</b>                        | <b>40.9</b>  | <b>19,860</b>  |
| <b>Total assets</b>                           |        | <b>920,634</b>   | <b>100.0</b> | <b>870,823</b>   | <b>100.0</b> | <b>867,322</b>                        | <b>100.0</b> | <b>53,312</b>  |

| Accounts   | Period | Nine months of fiscal 2006<br>(As of December 31, 2005)<br>(Not-audited) |       | Nine months of fiscal 2005<br>(As of December 31, 2004)<br>(Not-audited) |       | Fiscal 2005<br>(As of March 31, 2005) |       | Increase/decrease (-)<br>from the end of fiscal<br>2005 on March 31,<br>2005 |
|--|--------|--|-------|--|-------|---------------------------------------|-------|--|
|  |        | Amount   | Ratio | Amount   | Ratio | Amount                                | Ratio | Amount   |
|  |        | Millions of yen  | %     | Millions of yen  | %     | Millions of yen                       | %     | Millions of yen  |
| (Liabilities)  |        |  |       |  |       |                                       |       |  |
| Current liabilities  |        |  |       |  |       |                                       |       |  |
| Notes and accounts payable - trade                             |        | 27,533   |       | 21,774   |       | 22,153                                |       | 5,380  |
| Other accounts payable   |        | 37,470   |       | 34,413   |       | 42,260                                |       | - 4,790  |
| Accrued income taxes   |        | 11,754   |       | 9,407  |       | 8,873                                 |       | 2,881  |
| Deferred tax liabilities                                       |        | 785  |       | 488  |       | 477                                   |       | 308  |
| Other  |        | 13,014   |       | 10,697   |       | 12,199                                |       | 815  |
| Total current liabilities                                      |        | 90,558   | 9.8   | 76,781   | 8.8   | 85,964                                | 10.0  | 4,594  |
| Long-term liabilities  |        |  |       |  |       |                                       |       |  |
| Deferred tax liabilities                                       |        | 52,512   |       | 35,025   |       | 38,896                                |       | 13,616   |
| Liability for retirement benefits                              |        | 1,160  |       | 7,356  |       | 805                                   |       | 355  |
| Allowance for directors' retirement benefits                   |        | 2,033  |       | 1,952  |       | 1,986                                 |       | 47   |
| Others   |        | 45   |       | -  |       | -                                     |       | 45   |
| Total long-term liabilities                                    |        | 55,752   | 6.1   | 44,334   | 5.1   | 41,688                                | 4.8   | 14,064   |
| Total liabilities  |        | 146,310  | 15.9  | 121,116  | 13.9  | 127,652                               | 14.8  | 18,658   |
| (Minority interests)   |        |  |       |  |       |                                       |       |  |
| Minority interests   |        | 406  | 0.0   | 329  | 0.0   | 340                                   | 0.0   | 66   |
| (Shareholders' equity)   |        |  |       |  |       |                                       |       |  |
| Common stock   |        | 86,969   | 9.5   | 86,969   | 10.0  | 86,969                                | 10.0  | -  |
| Capital surplus  |        | 102,403  | 11.1  | 102,403  | 11.8  | 102,403                               | 11.8  | -  |
| Retained earnings  |        | 629,819  | 68.4  | 597,391  | 68.6  | 601,689                               | 69.4  | 28,130   |
| Net unrealized gain on available-for-sale securities           |        | 5,710  | 0.6   | 4,505  | 0.5   | 2,569                                 | 0.3   | 3,141  |
| Foreign currency translation adjustments                       |        | - 15,626   | - 1.7 | - 41,553   | - 4.8 | - 34,061                              | - 3.9 | 18,435   |
| Treasury stock - at cost                                       |        | - 35,360   | - 3.8 | - 339  | - 0.0 | - 20,241                              | - 2.4 | - 15,119   |
| Total shareholders' equity                                     |        | 773,916  | 84.1  | 749,378  | 86.1  | 739,329                               | 85.2  | 34,587   |
| Total liabilities, minority interests and shareholders' equity |        | 920,634  | 100.0 | 870,823  | 100.0 | 867,322                               | 100.0 | 53,312   |

## Consolidated Quarterly Statements of Income

| Accounts  | Period | Nine months of fiscal 2006<br>From April 1, 2005<br>To December 31, 2005<br>(Not-audited) |            | Nine months of fiscal 2005<br>From April 1, 2004<br>To December 31, 2004<br>(Not-audited) |            | Increase/decrease (-)<br>from the nine months<br>of fiscal 2005 | Fiscal 2005<br>From April 1, 2004<br>To March 31, 2005 |            |
|---|--------|---|------------|---|------------|---|--|------------|
|   |        | Amount  | Percentage | Amount  | Percentage |   | Amount   | Percentage |
|   |        | Millions of yen   | %          | Millions of yen   | %          | Millions of yen   | Millions of yen  | %          |
| Net sales                                       |        | 294,183   | 100.0      | 287,745   | 100.0      | 6,438   | 369,023  | 100.0      |
| Cost of sales                                   |        | 184,746   | 62.8       | 165,075   | 57.4       | 19,671  | 221,132  | 59.9       |
| Gross profit                                    |        | 109,437   | 37.2       | 122,670   | 42.6       | - 13,233  | 147,891  | 40.1       |
| Selling, general and administrative expenses    |        | 55,568  | 18.9       | 52,895  | 18.4       | 2,673   | 71,836   | 19.5       |
| Operating income                                |        | 53,868  | 18.3       | 69,775  | 24.2       | - 15,907  | 76,054   | 20.6       |
| Non-operating income                            |        | 9,958   | 3.4        | 3,179   | 1.2        | 6,779   | 4,767  | 1.3        |
| Interest income                                 |        | 4,346   |            | 2,213   |            | 2,133   | 3,275  |            |
| Exchange gains                                  |        | 4,428   |            | -   |            | 4,428   | 332  |            |
| Other   |        | 1,183   |            | 966   |            | 217   | 1,160  |            |
| Non-operating expenses                          |        | 789   | 0.3        | 1,144   | 0.4        | - 355   | 1,501  | 0.4        |
| Exchange losses                                 |        | -   |            | 409   |            | - 409   | -  |            |
| Other   |        | 789   |            | 734   |            | 55  | 1,501  |            |
| Ordinary income                                 |        | 63,038  | 21.4       | 71,810  | 25.0       | - 8,772   | 79,320   | 21.5       |
| Extraordinary gains                             |        | 32  | 0.0        | 10  | 0.0        | 22  | 21   | 0.0        |
| Extraordinary losses                            |        | 3,514   | 1.2        | 8,206   | 2.9        | - 4,692   | 8,500  | 2.3        |
| Income before income tax and minority interests |        | 59,556  | 20.2       | 63,614  | 22.1       | - 4,058   | 70,841   | 19.2       |
| Income taxes - current                          |        | 19,692  | 6.7        | 20,365  | 7.1        | - 673   | 20,975   | 5.7        |
| Income taxes - deferred                         |        | 1,463   | 0.5        | 2,373   | 0.8        | - 910   | 4,691  | 1.3        |
| Minority interests                              |        | 36  | 0.0        | 40  | 0.0        | - 4   | 40   | 0.0        |
| Net income                                      |        | 38,363  | 13.0       | 40,834  | 14.2       | - 2,471   | 45,135   | 12.2       |



**Consolidated Quarterly Statements of Cash Flows**

| Accounts  | Period | Nine months of<br>fiscal 2006<br>From April 1, 2005<br>To December 31,<br>2005<br>(Not-audited) | Nine months of<br>fiscal 2005<br>From April 1, 2004<br>To December 31,<br>2004<br>(Not-audited) | Increase/decrease (-)<br>from the nine months<br>of fiscal 2005 | Fiscal 2005<br>From April 1, 2004<br>To March 31, 2005 |
|---|--------|---|---|---|--|
|   |        | Amount  | Amount  | Amount  | Amount   |
|   |        | Millions of yen   | Millions of yen   | Millions of yen   | Millions of yen  |
| <b>I Operating Activities</b>   |        |   |   |   |  |
| 1. Income before income taxes and minority interests                          |        | 59,556  | 63,614  | - 4,058   | 70,841   |
| 2. Depreciation and amortization  |        | 39,714  | 33,301  | 6,413   | 47,442   |
| 3. Amortization of goodwill - net   |        | -   | 501   | - 501   | 668  |
| 4. Interest and dividends income  |        | 4,396   | 2,253   | - 2,143   | 3,318  |
| 5. Foreign currency exchange losses (- gains) - net                           |        | 7,155   | 278   | - 6,877   | 1,320  |
| 6. Increase (- decrease) in net liability for retirement benefits             |        | 221   | 588   | - 367   | 6,003  |
| 7. Decrease (- increase) in notes and accounts receivables - trade            |        | 13,442  | 10,283  | - 3,159   | 716  |
| 8. Decrease (- increase) in inventories                                       |        | 7,274   | 4,672   | - 2,602   | 5,252  |
| 9. Increase (- decrease) in notes and accounts payables - trade               |        | 4,995   | 1,649   | 6,644   | 1,630  |
| 10. Other - net   |        | 1,558   | 1,148   | 410   | 5,323  |
| Sub-total   |        | 73,776  | 80,016  | - 6,240   | 107,465  |
| 11. Interest and dividends - received   |        | 4,324   | 2,406   | 1,918   | 3,510  |
| 12. Compensation for expropriation - received                                 |        | -   | 1,383   | - 1,383   | 1,383  |
| 13. Income taxes - refunded (- paid)  |        | 16,056  | 17,323  | 1,267   | 20,440   |
| Net cash provided by operating activities                                     |        | 62,044  | 66,484  | - 4,440   | 91,919   |
| <b>II Investing Activities</b>  |        |   |   |   |  |
| 1. Decrease (- increase) in time deposits                                     |        | 3,649   | 11,846  | - 15,495  | 15,909   |
| 2. Purchases of securities and investment securities                          |        | 24,257  | 41,401  | 17,144  | 56,497   |
| 3. Proceeds from sales and repayments of securities and investment securities |        | 31,251  | 21,199  | 10,052  | 31,932   |
| 4. Purchases of property, plant and equipment                                 |        | 57,240  | 53,878  | - 3,362   | 78,753   |
| 5. Other - net  |        | 598   | 13  | 585   | 19   |
| Net cash used in investing activities   |        | 53,298  | 62,220  | 8,922   | 87,429   |
| <b>III Financing Activities</b>   |        |   |   |   |  |
| 1. Purchases of treasury stock  |        | 15,119  | 37  | - 15,082  | 19,940   |
| 2. Dividends paid   |        | 10,181  | 10,096  | - 85  | 10,096   |
| 3. Other - net  |        | 1   | 1   | - 0   | 1  |
| Net cash used in financing activities   |        | 25,301  | 10,135  | - 15,166  | 30,037   |
| <b>IV Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>        |        | 16,020  | 2,140   | 18,160  | 3,944  |
| <b>V Net Increase (- decrease) in Cash and Cash Equivalents</b>               |        | 535   | 8,011   | 7,476   | 21,603   |
| <b>VI Cash and Cash Equivalents at Beginning of Year</b>                      |        | 288,974   | 310,578   | 21,604  | 310,578  |
| <b>VII Cash and Cash Equivalents at End of Term</b>                           |        | 288,439   | 302,566   | 14,127  | 288,974  |

**[Segment information]**

## 1. Geographical segments

Nine months of fiscal 2006 (From April 1, 2005 to December 31, 2005) (Not-audited) (Millions of yen)

|                         | Japan   | Asia    | Americas | Europe | Total   | Eliminations / Corporate | Consolidated |
|-------------------------|---------|---------|----------|--------|---------|--------------------------|--------------|
| Sales                   |         |         |          |        |         |                          |              |
| (1) Sales to customers  | 117,869 | 152,480 | 10,082   | 13,751 | 294,183 | -                        | 294,183      |
| (2) Inter-area transfer | 42,878  | 106,469 | 226      | 263    | 149,837 | ( 149,837)               | -            |
| Total sales             | 160,747 | 258,950 | 10,309   | 14,014 | 444,021 | ( 149,837)               | 294,183      |

Nine months of fiscal 2005 (From April 1, 2004 to December 31, 2004) (Not-audited) (Millions of yen)

|                         | Japan   | Asia    | Americas | Europe | Total   | Eliminations / Corporate | Consolidated |
|-------------------------|---------|---------|----------|--------|---------|--------------------------|--------------|
| Sales                   |         |         |          |        |         |                          |              |
| (1) Sales to customers  | 126,131 | 135,447 | 10,270   | 15,896 | 287,745 | -                        | 287,745      |
| (2) Inter-area transfer | 44,884  | 90,060  | 157      | 601    | 135,703 | ( 135,703)               | -            |
| Total sales             | 171,015 | 225,507 | 10,427   | 16,498 | 423,449 | ( 135,703)               | 287,745      |

Fiscal 2005 (From April 1, 2004 to March 31, 2005) (Millions of yen)

|                         | Japan   | Asia    | Americas | Europe | Total   | Eliminations / Corporate | Consolidated |
|-------------------------|---------|---------|----------|--------|---------|--------------------------|--------------|
| Sales                   |         |         |          |        |         |                          |              |
| (1) Sales to customers  | 162,816 | 172,729 | 13,111   | 20,366 | 369,023 | -                        | 369,023      |
| (2) Inter-area transfer | 58,288  | 115,210 | 219      | 874    | 174,592 | ( 174,592)               | -            |
| Total sales             | 221,104 | 287,939 | 13,331   | 21,240 | 543,615 | ( 174,592)               | 369,023      |

## 2. Sales to foreign customers

Nine months of fiscal 2006 (From April 1, 2005 to December 31, 2005) (Not-audited) (Millions of yen)

|   | Asia    | Americas | Europe | Total   |
|---|---------|----------|--------|---------|
| I Sales to foreign customers                                | 153,090 | 11,383   | 12,103 | 176,577 |
| II Net sales  |         |          |        | 294,183 |
| III Sales to foreign customers as a percentage of net sales | 52.0 %  | 3.9 %    | 4.1 %  | 60.0 %  |

Nine months of fiscal 2005 (From April 1, 2004 to December 31, 2004) (Not-audited) (Millions of yen)

|   | Asia    | Americas | Europe | Total   |
|---|---------|----------|--------|---------|
| I Sales to foreign customers                                | 136,624 | 10,885   | 14,940 | 162,450 |
| II Net sales  |         |          |        | 287,745 |
| III Sales to foreign customers as a percentage of net sales | 47.5 %  | 3.8 %    | 5.2 %  | 56.5 %  |

Fiscal 2005 (From April 1, 2004 to March 31, 2005) (Millions of yen)

|   | Asia    | Americas | Europe | Total   |
|---|---------|----------|--------|---------|
| I Sales to foreign customers                                | 174,159 | 13,990   | 19,021 | 207,171 |
| II Net sales  |         |          |        | 369,023 |
| III Sales to foreign customers as a percentage of net sales | 47.2 %  | 3.8 %    | 5.1 %  | 56.1 %  |

## 3. Actual sales

## Actual sales by product category

(Millions of yen)

| Product category         |                                     | Nine months of fiscal 2006<br>From April 1, 2005<br>To December 31, 2005<br>(Not-audited) |  | Nine months of fiscal 2005<br>From April 1, 2004<br>To December 31, 2004<br>(Not-audited) |  | Increase/Decrease (-)<br>from the nine months of<br>fiscal 2005 |                                | Fiscal 2005<br>From April 1, 2004<br>To March 31, 2005 |  |
|--------------------------|-------------------------------------|---|--|---|--|---|--------------------------------|--|--|
|                          |                                     | Sales   | Sales as a<br>percentage<br>of net sales | Sales   | Sales as a<br>percentage<br>of net sales | Sales   | Increase/<br>Decrease<br>ratio | Sales  | Sales as a<br>percentage<br>of net sales |
| Electronic<br>Components | Integrated circuits                 | 129,468   | 44.0%                                    | 124,334   | 43.2%                                    | 5,134   | 4.1%                           | 159,022  | 43.1%                                    |
|                          | Discrete semicon-<br>ductor devices | 113,900   | 38.7                                     | 110,185   | 38.3                                     | 3,715   | 3.4                            | 141,787  | 38.4                                     |
|                          | Passive components                  | 18,774  | 6.4                                      | 18,214  | 6.3                                      | 560   | 3.1                            | 23,610   | 6.4                                      |
|                          | Displays                            | 32,039  | 10.9                                     | 35,011  | 12.2                                     | - 2,972   | - 8.5                          | 44,603   | 12.1                                     |
| Total                    |                                     | 294,183   | 100.0                                    | 287,745   | 100.0                                    | 6,438   | 2.2                            | 369,023  | 100.0                                    |