



Annual Report 2007

For the Year Ended
March 31, 2007

Inspire Innovation



Design of the Future

The Keage district was a harbinger of Kyoto's modernization.

As one approaches the temple Nanzen-ji,
majestic brick arches rise into sight.

The Suirokaku aqueduct, built at the dawn of the Meiji era,
leads Lake Biwa's rich water to Kyoto, and is a symbol of the Lake Biwa Canal project,
which brought about the design of the future Kyoto including Japan's first hydroelectric power plant,
the operation of streetcars, the establishment of water transport and so on.

Nanzen-ji and the Lake Biwa Canal represent tradition and the progressive spirit.

Listening to the sound of the rapidly flowing water,
one feels the breath of a new era close by.



2007

Annual Report

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

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Nanzen-ji and the Lake Biwa Canal

Nanzen-ji is a Zen temple built as Emperor Kameyama's imperial villa in 1291 (4th year of the Shōō era, in the Kamakura period). At the time, it served as the center for learning and disseminating Zen, which was the leading academic discipline (religion) of its day. The temple's role is shown, for example, by its designation as the highest-ranked Zen temple in the country by the official temple hierarchy of the Muromachi period.

After the Meiji Restoration in 1868, Kyoto lost its vitality when the capital was transferred to Tokyo. In 1885 (the 18th year of the Meiji era), the Lake Biwa Canal, which would connect Lake Biwa and Kyoto. Its purposes included the great goals of providing a clean water supply, enabling water transport, and building Japan's first hydroelectric power plant. When the Lake Biwa Canal was completed, Japan's first hydroelectric power plant went into operation in Kyoto. It was used for lights and streetcars and allowed Kyoto to embark on a new path of development including the operation of the Nishijin looms. The Suikoku aqueduct was built on the grounds of Nanzen-ji at the time as part of the Lake Biwa Canal. This modern structure must have given Kyoto's citizens great hope for the future.

(Photo by Katsuhiko Mizuno & Akira Shibata)

To Our Shareholders and Friends

Since its foundation in Kyoto, ROHM has been growing steadily as a semiconductor manufacturer and in April 2007, the Company reached an important milestone of the 50th anniversary.

I would like to express my sincere appreciation to our stakeholders such as our customers who acknowledged our products, our employees who shared pleasures and pains, our local communities that supported us, and, above all, our shareholders who patronized us over the years.

It is my strong intent to live up to the shareholders' expectations by continuing our utmost efforts to further improve our business performance.

In this respect, your continued support and guidance would be greatly appreciated.

June 2007

Ken Sato
President





Overall Review of Business Results

The electronics market is expected to continue its growth over the medium to long term, driven by growing demand globally for mobile phones and digital home appliances such as flat-screen TVs. In the information and communications equipment segment, mobile phone demand is expanding in emerging markets including the BRICs^(*). Moreover, in advanced nations, where mobile phones are already popular, there is increasing replacement demand for handsets that incorporate more sophisticated multimedia capabilities such as high-speed data transmission and videotelephony. Likewise, in the area of digital audio/visual equipment, demand for flat-screen TVs and portable digital audio equipment is increasing rapidly, and production of digital cameras and DVD recorders remains high. Automotive industries are also becoming increasingly electronic, resulting in the number of semiconductors incorporated in automobiles being on the increase. Under these circumstances, ROHM is committed to developing and producing products of the utmost quality, consistently identifying new customer needs ahead of competitors, while making continued efforts to improve technical support for customers and enriching quality assurance systems.

**Inspire
Innovation**



Development of New Technologies and Products

ROHM's bases for technological development include the RVLSI Research Center, Optical Device Research Center and the Kyoto Technology Center, which are located at the headquarters premises in Kyoto, as well as the Yokohama Technology Center. At these technological bases, more than 2,000 engineers are engaged in the development of products and production technologies, as well as in R&D on next-generation technologies with an eye to future electronics market potential. In the area of LSIs, in an effort to constantly deliver leading-edge solutions that meet customers' application requirements, ROHM is directing its energy to developing and offering high value-added LSIs through optimizing the Company's digital, analog, and combined digital/analog technologies required by circuit blocks used in electronic equipment.

The Company's LSI product development efforts continue to focus on products for use in digital home appliances, mobile phones and automotive electronics. ROHM is enhancing its product lineup for the digital home appliance market, particularly for flat-screen TVs. For mobile phones, ROHM is committed to the development of products not only for the Japanese mobile phone market but also for overseas markets, intending to become a worldwide supplier of mobile phone devices. As for products for use in automotive electronics, ROHM is making continued efforts to develop products of high quality and high reliability, both of which have been the strengths of ROHM products since its founding. ROHM is also committed to developing and upgrading industry-leading LSI development tools and platforms, including its "REAL SOCKET" design



system that enables the development of system-in-package LSIs based on chip-on-chip technology, as well as its system LSI development platform "REAL PLATFORM" that enables the design of highly sophisticated system LSIs simultaneously with the design of set systems.

Concerning discrete semiconductors and module products, ROHM continues to be committed to enriching its MOSFETs^{(*)2} and power diode products. The Company has launched the commercial production of high-speed switching MOSFETs as well as diodes and LEDs available in the world's smallest packages, quickly meeting increasing needs such as miniaturization and low power consumption for flat-screen TV and mobile-phone applications, which are growing in demand. In addition, focusing on the lighting market with considerable growth potential, ROHM is advancing the commercial production of LED products such as high-color-rendering, low-power-consumption LEDs and high-efficiency LED driver modules.

Regarding next-generation technologies, ROHM carries out extensive R&D activities at its Research and Development Headquarters, which consists of R&D centers for Next-Generation Semiconductors, Composite Devices, Nano-Bionics, New Material Devices, Display Devices, Photonics^{(*)3}, Solid State Lighting^{(*)4}, Advanced Compound Semiconductors, and other technologies. To improve the efficiency of these R&D activities, ROHM is actively involved in collaboration with Kyoto University and other major universities and institutions within and outside Japan, as well as with companies from different industrial sectors. Recent achievements include trial-produced SiC power devices (Schottky diodes and MOSFETs), which are highly rated by customers. They are now in the course of preparation for commercial production. Research on LEDs that emit polarized light and ultrahigh-efficient blue-violet laser diodes is also gaining in achievements. The joint research project between ROHM and Kyoto University, "Development of Laser Diodes Using Photonic Technology," has been covered by Nature, the world's most prestigious science magazine published in the United Kingdom.

Suirokaku

The Suirokaku aqueduct is a brick structure that stands quietly on the south side of the abbot's chamber of Nanzen-ji temple. It is a branch of the Lake Biwa canal, and was completed in 1888 (the 21st year of the Meiji era). The Suirokaku is approximately 93 meters long, 4 meters wide, and 14 meters high. Even today water flows vigorously through it at a rate of two tons per second contributing to the lives of the 1.4 million citizens of Kyoto.

The arch design, which reminds one of Roman ruins, reflects Dr. Sakuro Tanabe's consideration of the history and tradition of the Keage district. When standing in front of the Suirokaku, one senses an irrepressible character and pride. It must be because the Suirokaku houses the spirit of Kyoto's people who wagered on modernization.

A little over a century has passed since the completion of the Suirokaku. Embraced by the evocative Nanzen-ji, it blends in with the deep-green leaves of the surrounding trees and has become one of Kyoto's representative landmarks.

Production Technology and Systems

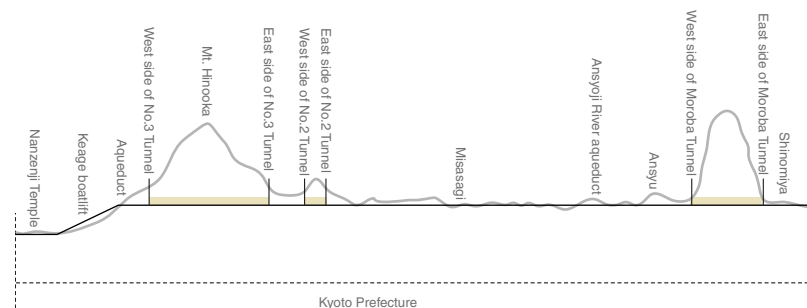
To ensure the most outstanding product quality and reliability in the industry, the majority of ROHM's manufacturing equipment for the back-end process is developed in-house. Such manufacturing equipment is used at all the plants of the Group including those overseas, enabling the Company to manufacture and supply high-quality products worldwide. Moreover, to guarantee a stable product supply to customers, ROHM pays particular attention to risk management; the Company is equipped with a double-backup system for protecting data, and the production bases of each product category are decentralized.

Regarding wafer processes, to ensure a quick response to growing demand, the plant at ROHM HAMAMATSU CO., LTD., which is a seismically isolated structure, has enlarged its clean room by half its former size, and adopted an automatic wafer conveyor system, thereby increasing capacity and efficiency for the 300 mm wafer process. To develop higher-performance LSIs, ROHM is developing copper-wired 90 nm fine process technology. ROHM is also promoting in-house production of materials such as 300 mm wafers, so as to reinforce and improve its quality assurance system. These efforts allow ROHM to carry out quality control in all LSI manufacturing processes from materials to the final processing stage, giving the Company's LSI products overwhelming superiority in terms of quality and reliability.

For the assembly process, ROHM has enhanced its production system in anticipation of future market growth. As part of this effort, a new plant building has been completed at ROHM FUKUOKA CO., LTD., intended exclusively for COF (Chip-on-Film)^{(*)5} for LCD drivers for use in TVs and PCs. ROHM has also completed huge new plants in China (Tianjin), Thailand and the Philippines, each with a total floor area of 30,000 m², enabling the Company to respond quickly to growth in demand.



Complete view of Lake Biwa Canal's line (painted by Shoryo Kawada) owned by the Tanabe House



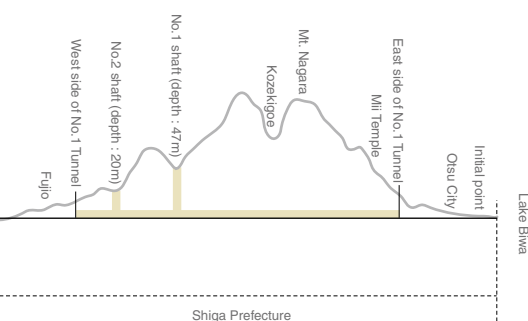
Sales System and Customer Support

To reinforce its technical support and quality assurance systems for customers worldwide and enable the Company to respond quickly and precisely to all customer needs, ROHM has established its networks of design centers and quality assurance (QA) centers.

ROHM opened the Nagoya Design Center in 2006 as a technical support base, reinforcing the Company's LSI product development particularly for automotive applications. Outside Japan as well, ROHM has upgraded its customer support system, as well as its design and development system mainly for the areas of mobile phones and automotive electronic components, by, for example, enhancing its design center network in China, establishing a design center in Denmark, and beginning preparations for the establishment of a new design center in the U.S.

Reinforcement of the Company's quality assurance system is also under way both within and outside Japan, including enhancement of activities at the Europe QA Center in Germany.

Concerning its sales system, ROHM's sales bases are located close to the development bases of customers, allowing the Company to carry out customer-centered sales activities. In China, which is a key target area for our sales promotion outside Japan, ROHM has enhanced its customer support system by establishing sales bases in various areas of the country, including a new sales company in Shenzhen. In Eastern Europe, where production of electronic equipment for the European market is on the rise, the Company has augmented personnel at sales bases in Hungary, Poland and Russia.



Social Responsibility

With the belief that social responsibility for sustainable development as a corporate citizen is of paramount importance in business management, we at ROHM are spearheading efforts toward establishing a fair and transparent management system in areas such as corporate governance, corporate ethics, and observance of statutes. To ensure that the entire ROHM Group worldwide pursues this principle, the Company has implemented various measures including: formulating the "ROHM Group Business Conduct Guidelines" and developing a follow-up policy to ensure employees' full understanding and observance of the Guidelines, in an effort to enlighten and educate employees; and improving an in-house checking system, including a whistle-blowing system for reporting compliance concerns and issues. ROHM is also committed to proper and timely disclosure of information so as to ensure fair and transparent management. Moreover, the Company is enhancing its internal control system by establishing committees, each focusing on a specific subject such as risk management, compliance, and information disclosure.

As part of its activities to contribute to society and local communities, ROHM has donated research facilities named "ROHM Plaza" to Ritsumeikan University, Doshisha University and Kyoto University, where substantial education programs and industry-education joint projects are being performed for technological progress in Japan. In addition, the Company is also actively involved in tree planting in the vicinity of the Company's Head Office, and proactively dispatching employees to local volunteer activities.

ROHM is also making continued group-wide efforts in the area of occupational health and safety. The Company has achieved twelve consecutive years of zero accidents of the type that would normally cause employee absences from work, demonstrating its constant high performance in occupational health and safety.



The Lake Biwa Canal Project

During the Meiji era it was decided to reinvigorate the city of Kyoto, whose spirit had dimmed since the relocation of the Imperial Capital. The Lake Biwa Canal Project was implemented to reclaim the pride of Kyoto. By cutting out sections of the mountains that stood between Kyoto and the lake and by boring into bedrock, engineers were able to realize it was possible to bring the freshwater of Lake Biwa to the city. By overcoming difficulties that were often beyond imagination, the influence behind the success of this formidable project was a young engineer named Sakuro Tanabe- then only 21 years of age. The efforts of Tanabe and his team gave renewed hope to the citizens of Kyoto. Tanabe and his team harnessed the most advanced technology and the Lake Biwa Canal carved its name into the history books by being the first modern civil engineering project that was successfully completed in Japan by Japanese engineers. The water flowing through the Lake Biwa Canal still reflects the glorious natural scenery as the seasons change throughout the year, just as it did 100 years ago. Walk by the canal and wait for a gust of wind, then take a quick glimpse of the water and you just might be able to sense the pride of those Meiji men in their remarkable achievement.

Environmental Conservation

ROHM considers global environmental conservation a top priority and is committed to contributing to the continued wholesome existence of mankind and the everlasting progress of industries, as shown in its basic environmental philosophy. As part of the ROHM Group's across-the-board environmental management system, ROHM has established an Environmental Preservation Committee to discuss significant policies and measures for environmental conservation. The Committee consists of subcommittees responsible for greenhouse gases, energy conservation, environmental burden reduction, waste and recycling, environmentally controlled substances, and packaging materials. Through their activities shared at all business levels of the ROHM Group, the Company continues to lead the industry in environmental conservation.

ROHM has obtained a single ISO 14001 certification covering all domestic and overseas Group companies from a third-party certification organization, which is testimony to ROHM's group-wide commitment to environmental conservation in conformity with international standards. Examples of ROHM's successful activities include zero emissions of waste achieved quickly at all the production bases of the Group in Japan, the development of environmentally friendly, energy- and resource-saving products, complete elimination of environmentally controlled substances, and green procurement. Moreover, to ensure the highest possible levels of environmental quality of materials procured locally in individual countries, ROHM's major overseas production bases in China, Thailand, the Philippines and other countries are equipped with X-ray fluorescence spectrometers that detect an extremely small amount of cadmium and lead, improving material-acceptance operations. As part of its anti-global warming efforts, ROHM is actively conducting the extensive "ROHM Forest" project in Southern Australia, planting eucalyptus trees; the Company is the first Japanese semiconductor manufacturer to undertake such a large-scale reforestation project. The forestation is scheduled to cover an area of 10 million m² by the year 2008, of which 7.83 million m² has been completed to date.



Corporate Philanthropy

ROHM is providing continuous support to the ROHM Music Foundation, with the objective of contributing to the progress of music as a cultural activity. In the year under review, ROHM and ROHM Music Foundation provided support for a number of musical events, including a classical concert performed by the Hungarian National Philharmonic Orchestra, the Autumn Kyoto Music Festival Opening Concert, the Opera Educational Program for high School Students, a piano recital by Mari Kumamoto, and various other concert events. Besides offering scholarships for musicians, we also provided continued support for events intended to assist aspiring young musicians, including the annual Kyoto International Music Students Festival and the Seiji Ozawa Ongaku-juku Opera Project series.

ROHM also provided support for major distinctive sporting events, including the Lake Biwa Mainichi Marathon, one of the domestic qualifying races for the IAAF World Championships in Athletics; the Kyoto City Half Marathon, an urban marathon participated in by as many as 7,000 citizen runners; and the Inter Prefectural Men's Ekiden, a road relay race aimed at developing future top runners, with participation of mixed teams of junior high and/or high school runners and top college and/or non-professional adult runners.



Distribution of Profits to Shareholders

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

Rohm will return to shareholders not less than 100% of its consolidated free cash flow in each of the next three years. The form of this capital return will be by regular dividends, share repurchases or special dividends, while the company continues to aim at declaring stable regular dividends in a consistent manner, increasing the consolidated dividend payout ratio from the current 20% to approximately 30%.

*1 BRICs

A collective term that refers to four countries, Brazil, Russia, India and China, which are achieving substantial economic growth.

*2 MOSFET

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

*3 Photonics

Technology that uses quantum energy, such as light. It is expected to be applied in a variety of applications, including energy-related applications, telecommunications, and information technology.

*4 Solid State Lighting

Lighting that uses a solid substance like semiconductors, instead of lamps or electronic tubes. Representative solid-state lighting is LED lighting.

*5 COF (Chip on Film)

A special LSI packaging method used to connect the LCD driver LSI on the LCD panel. The LSI chip is directly mounted on the film substrate.



Nanzenji

Nanzenji, known as the 'Altar of the Five Peaks,' is the premier Zen Buddhist temple of the Muromachi period. Nanzenji was where students could learn of the latest scholastic developments in Zen Buddhism directly from China. The temple attracted outstanding academic talent from all over Japan. They were encouraged to discard rigid belief structures and embrace a more fluid, flexible perspective that promoted freedom of ideas and opinions.

During this time, the chaos and unrest following the conflict between the Northern and Southern dynasties subsided and a new era had started with new vibrant cultural movements taking place. The priests who had undergone their training at Nanzenji were to establish the foundations of Zen Buddhism in Japan.

The large triple gate to the temple lines up with the imposing facade of Higashiyama straight ahead and the scene is like a painting: large and small dwellings set against the gentle image of the Gautama Buddha flanked by two attendants, sitting in the temple's lecture hall. This has been bestowed to us by our ancestors and awakens the desire for innovation.

Corporate Governance

Basic Policy concerning Corporate Governance

It is imperative that corporate governance functions effectively. The Company believes that corporate management and actions should be fair, unbiased and transparent, based on the idea that a company is an entity supported by all its stakeholders including shareholders, customers, local communities and employees. For ROHM, corporate governance is an extremely important issue. ROHM considers its stakeholders in all aspects of business while giving top priority to the continuous improvement of ROHM's corporate values.

Structure of Corporate Governance Performed by the Management and Other Functions of ROHM Regarding Managerial Decision-making, Execution and Supervision

(1) Organizational structure and operation

ROHM believes that its flexible and effective management system is one of the most desirable in the semiconductor industry— where the business environment undergoes accelerated changes on a regular basis. With thorough knowledge of the Company's businesses and technologies the Directors have executive power and supervise one another. As part of ROHM's executive supervision, the company maintains the existing auditing system with no outside board members. This is based on the idea that internal supervision over the executive branch will continue to improve and enhance the system. Currently there are nine Directors, and the President chairs the Board of Directors.

ROHM's Corporate Auditors and Accounting Auditors work in coordination with one another. They hold meetings several times a year, in which they make reports on audit programs, audit status and results, and other related topics. They also attend physical inventory at fiscal year-ends. The Corporate Auditors also work in cooperation with the Company's Internal Auditing Department. The activities of the Internal Auditing Department are communicated to the Corporate Auditors by means of a monthly report, and they carry out audits of the Company's divisions and affiliates in coordination with each other.

Other functions of ROHM's Corporate Auditors include: auditing the Company's divisions and affiliates by dividing the audit tasks among the Corporate Auditors according to their specialty and attending Board of Directors meetings and Board of Corporate Auditors' meetings to make necessary comments to management. To support the outside Corporate Auditors, ROHM's Internal Audit Department, consisting of six staff members including the Department Chief, audits individual divisions and affiliates of the Company by interviewing executives and employees, inspecting documents, reports and other methods, and regularly communicates the audit results to the Corporate Auditors. The Company's auditing system also requires that the materials related to the Directors' decision-making processes (minutes of the Board of Directors meetings, documented requests for managerial decision, etc.) are checked on a regular basis, and that major divisions of the Company make reports of their operations and other information via the monthly report. Various findings from daily audit activities are also communicated from full-time Corporate Auditors to part-time Corporate Auditors at the Board of Corporate Auditors' meetings and on other occasions as needed.

Regarding the decision on compensation and bonuses for the Directors, ROHM has adopted a performance-related compensation system, which uses the amount of consolidated ordinary income for the relevant fiscal year as the evaluation index, to clarify the management responsibilities of the Directors. The total amount of compensation paid to all Directors is disclosed in the annual securities reports and other relevant announce-

ments.

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

(Notes)

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

(2) Matters concerning such functions as executive affairs, auditing, supervising, the designation of certified public accountants, and decision on compensation

The Board of Directors is limited to ten in order to have sufficient discussion as well as make adequate, swift decisions. Five Corporate Auditors— who are not Company members— reinforce auditing functions by overseeing all implementations. The Auditors are committed to building a fair management supervision system through legally stipulated audits. In ROHM's auditing procedure, the Corporate Auditors attend managerial meetings such as those of the Board of Directors. The Corporate Auditors and the Internal Audit Department audit the individual divisions and affiliates of the Company by holding meetings with those in managerial positions and by inspecting documents and reports, ensuring that the Directors perform their duties in total compliance with existing laws. Auditing the Company's complete operation ensures that ROHM's internal control system is well functioning and that in-house regulations are compliant. All Auditors—from Corporate Auditors to Internal Audit Departments within ROHM as well as Accounting Audits— have report meetings regularly and exchange information proactively. By reporting regularly, close cooperation and association is maintained and an exchange of information is openly discussed. This enhances the accuracy of the auditing and will constantly improve the operation process. ROHM is under contract with auditing organization Deloitte Touche Tohmatsu for its Accounting Audits and abides by Japanese Corporate Law and Securities Exchange Law. ROHM has an established environment where the auditing organization can perform audits from a fair, unbiased position as an independent third party. The following are the names of certified public accountants (CPAs) who audited ROHM's accounts for the fiscal year ended March 31, 2007, the number of consecutive years they have been engaged in auditing ROHM, and information on assistants involved in the audits.

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

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

Major assistants in the audits

6 CPAs and 9 assistant CPAs and clerical personnel

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

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

ROHM sends out notices of general shareholders' meetings about

three weeks prior to each meeting. The Company has enabled its shareholders to exercise their voting rights via the Internet using PCs and mobile phones. Based on the findings of surveys, ROHM is taking various actions for foreign shareholders, including promoting investor relations activities, facilitating the process of exercising voting rights, and preparing English versions of notices of general shareholders' meetings.

(2) Investor relations activities

In Japan, ROHM holds regular financial results briefings twice a year to provide securities analysts and institutional investors with information on business results, forecasts and strategies. For overseas investors as well, regular briefings are held once a year in Europe and the United States.

ROHM also has an investor relations section on its website which provides a wealth of information including: prescribed disclosure documents such as financial reports; voluntary information such as annual reports, materials for financial results briefings, performance trend charts, and long-term financial data; an IR calendar; and information on paperwork for shareholders.

(3) Efforts to ensure respect for stakeholders

ROHM expresses its intention to respect all stakeholders surrounding the Company through publication of social and environmental reports. As part of efforts to ensure due respect for stakeholders, the Company is also striving to enlighten and educate its employees by distributing the "Guidelines for Ethics in the Business of the ROHM GROUP."

To contribute actively and continuously to environmental conservation, the ROHM Group as a whole has introduced an environmental management system based on ISO 14001 standards. ROHM also places importance on social responsibility for sustainable development as a corporate citizen. Specifically, the Company is making constant efforts to construct and maintain favorable relations with local communities and society as a whole through various activities, including donations of research facilities to universities and active involvement in community volunteer activities.

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

Basic Policy and Current Status concerning Internal Control System

Considering enhancement of the internal control system as one of the most important management issues, ROHM is committed to ensure reliable financial reporting and the maintaining of proper business practices within the ROHM GROUP as a whole, thereby fulfilling corporate social responsibility. The Company is advancing the enhancement of its internal control system based on the following specific policies:

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

- 1 Directors' noncompliance with the laws, regulations, or Articles of Incorporation in performing their duties is deterred, based on the Guidelines for Ethics in the Business of the ROHM GROUP, Board of Directors regulations, and other relevant rules.
- 2 Directors with a thorough knowledge of their own areas of expertise have responsibility and authority for business operations of their respective areas, hold discussions regularly, and supervise

each other.

- 3 Every Director/Corporate Auditor promptly notifies the Board of Directors and the Board of Corporate Auditors of any violation of laws, regulations or in-house rules by any Director when the violation comes to be known by the Director/Corporate Auditor.
- 4 The internal "Compliance Hotline" system for reporting compliance concerns and issues has been established and is used to find any violation by any Director, of the laws, regulations or in-house rules and to take preventive measures against any recurrence.
- 5 All Corporate Auditors are appointed from outside the Company to constantly monitor how the Directors perform their duties in compliance with established laws, regulations, and Articles of Incorporation.

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

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

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

- 1 ROHM has organized an in-house Risk Control Committee as an overall risk management function. The committee sets out risk management rules and policies, and reviews and controls the activities of various entities in management regarding potential risks.
- 2 For environmental and safety risk management, ROHM has established different in-house committees including the Central Health and Safety Committee and the Environmental Conservation Committee as well as subcommittees (such as the subcommittee responsible for greenhouse gases), and through daily activities of those committees, prevents risks and addresses unavoidable risks in a proper and ethical manner.

(4) System to ensure efficient execution of Directors' duties

- 1 The number of members of the Board of Directors with executive authority has been reduced to ensure swift and proper executive decision-making.
- 2 The Board of Directors consists of Directors with a thorough knowledge of their respective areas of responsibility and each Director, based on segregation of duties, executes his/her own specific duties.
- 3 Regarding matters that may have a significant impact on business management, expeditious decision-making is performed, as appropriate, at the Board of Directors meetings or by consultation via circular (documents sent around for managerial decision) according to in-house rules.
- 4 Company standards of risk management, information management and other in-house management procedures are created, documented and implemented.
- 5 To strengthen the competitiveness of the ROHM Group and to

Corporate Governance

secure appropriate profits, a profit plan is prepared annually for each Group company and operating division specifying the target profit for use in performance management.

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

- 1 A Compliance Committee has been organized to formulate and disseminate the “Guidelines for Ethics in the Business of the ROHM Group” throughout the Group, thereby promoting compliance activities of the Group as a whole.
- 2 In an effort to ensure that efficient actions are taken regarding compliance matters inherent in different areas of management, various committees have been established, including the Compliance Committee, the Information Disclosure Committee, the Central Health and Safety Committee and the Environmental Conservation Committee, to check the status of compliance and conduct enlightenment activities across the Group.
- 3 The internal control system is being enhanced prior to full-scale introduction of a system to evaluate and audit internal control concerning financial reporting.
- 4 To ensure sound and appropriate financial reporting, a system has been established in which written testimonies must be submitted by the relevant responsible persons of different ranks (including those persons of subsidiaries) to prove the reliability of financial reporting.
- 5 The internal “Compliance Hotline” system for reporting compliance concerns and issues has been established and is used to determine any violation by any employee of laws, regulations or in-house rules in the course of performing his/her duties and to take prevention measures against recurrence.
- 6 Internal audits are conducted to check the work of employees, ensuring compliance with established laws, regulations, Articles of Incorporation, and making necessary improvements for streamlining of work processes.

(6) System to ensure sound and appropriate business operations within the corporate group

- 1 Documented standards applicable across the ROHM Group are prepared and implemented.
- 2 Some directors/auditors of the ROHM Group companies are appointed from the staff members of ROHM Co., Ltd. or its subsidiaries

to supervise and ensure sound and appropriate business operations.

- 3 A system is introduced that requires— in the case of important matters or issues at subsidiaries— consultation with ROHM Co., Ltd. via a circular sent around for managerial decisions so that each sector of the Company exercises control across all the Group companies.
- 4 The internal control system is being improved and enhanced to cover not only the Company but also its major subsidiaries, prior to full-scale introduction of a system to ensure sound and appropriate financial reporting which include procedures for auditing financial reporting.
- 5 The Company’s auditing department conducts internal audits of the Group companies.

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

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

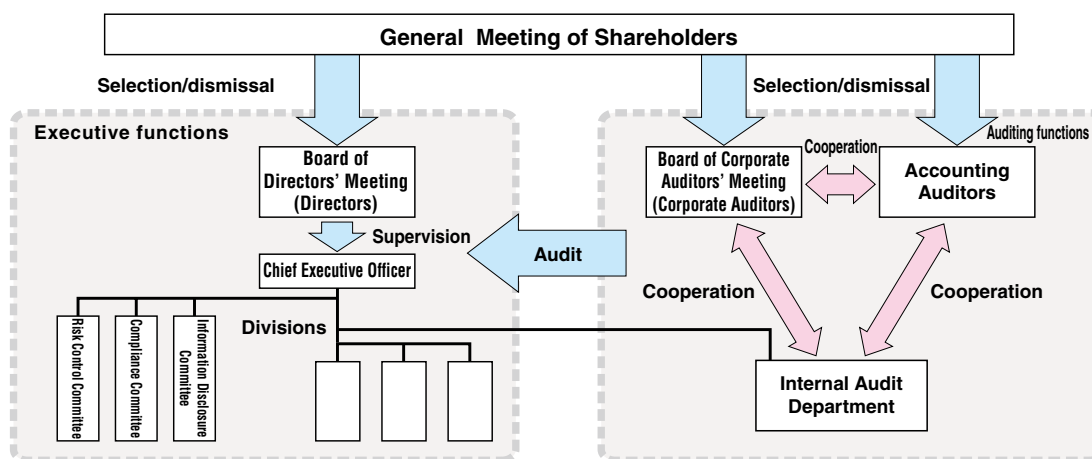
(8) Independence of the employees indicated in (7) above from Directors

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

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

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

<ROHM Corporate Governance System>



execution of business operations are communicated to Corporate Auditors as deemed appropriate by presenting reports and circulars sent around for managerial decision as well as other means.

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

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

Risk Management

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

(1) Risks associated with market changes

The semiconductor industry and electronics component industry are subject to sudden, abrupt changes in market conditions, as original equipment manufacturers may adjust production according to the sales conditions of electronic products and competition in prices and technology development with rival companies. Prices are especially susceptible to a sudden drop according to supply / demand and the pricing strategies of Southeast Asian companies, which are growing rapidly. Such price changes compose an uncertainty factor in maintaining or increasing sales as well as ensuring profits.

(2) Exchange risks

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

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

(3) Risks of product defects

As stated in the Company Mission, the Group regards "quality" as a top persistent priority. Our products are produced under severe quality control measures. However, this does not guarantee that we never produce defective products or that we will never be liable to pay for product losses by a buyer. If a buyer makes a claim for losses with regard to our products, our business performance may be adversely influenced.

(4) Legal risks

To manufacture products distinguishable from the products of other companies, we develop various new technologies and know-how, and produce and sell products worldwide based on such original technologies. We have a specialized division that strictly supervises in-house activities to ensure that the technologies and know-how the Group uses

do not infringe the intellectual property rights of other companies, such as patent rights. In addition, to conserve the environment, protect health and ensure safety, we comply with all the relevant laws and regulations in all the fields we do business in: monitoring gas emissions, drainage, harmful-material utilization and handling, waste treatment, and soil/underground water pollution. However, we may shoulder legal responsibilities in this respect, because of a difference in views among those concerned or unexpected events. Such cases would possibly have an adverse influence on our business performance.

(5) Natural disasters and geopolitical risks

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

(6) Other risks and corporate risk management system

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

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

Other Information

Defense against takeover

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

New Technologies

The demand for new flexible, ultra-miniature technologies and products that not only make a difference in people's lives, but to society as a whole, is rapidly increasing.

In the current climate where the global environment is subject to close scrutiny, advanced technologies and energy-saving measures are allowing us to meet consumer demands for devices that work in sync with the environment.

New markets have been created with the advent of high-resolution broadcast images using digital broadcast technology. Flat-panel televisions and home theater sets continue to proliferate throughout the consumer base. Digital television broadcasts can also be seen on mobile phones and car navigation units. By the same token, portable audio players, healthcare products, home automation and home security equipment are experiencing widespread growth and consume less energy, are easier to use, and feature greater functionality than ever before. New, innovative technologies are being developed that help us respond to the diverse needs of our consumers for greater convenience and sophistication while being environmentally friendly.

Our system LSI technology further strengthens our competitive advantage in the fields of hardware device technology, digital LSI, analog/digital mixed signal LSI and power LSI. And reinforcing our core areas of imaging and audio, namely digital AV, will serve to improve the efficiency of our digital IP by strengthening software assets. Design effectiveness will also be increased through development and expansion of the design platform. These technologies make it possible to effectively deliver video in real time in drive recorders and security cameras as well as provide MP3 one chip LSI solutions.

In terms of production technology, our unique BiCMOS and BiCDMOS assembly lines utilize 300mm wafer processes. Pre-processing provided an opportunity to display innovative technology developed completely in-house, while our post-processing expertise has been put to good use in large flat panel televisions, where mass production of our popular LCD source driver was prompted by the decision to start the supply of film carriers. Additional benefits include development of system LSIs such as DMOS*1 motor drivers and high fidelity car audio sound processors, power supply LSIs including DC/DC converters, as well as new products like light sensor ICs and Hall sensors.

A high level of circuit expertise proved critical to the success of our analog circuit design. Nowhere was this more evident than with our Class D speaker amps*2 developed for flat TVs requiring high efficiency and high fidelity as well as Class D speaker amps created for portable audio. Similarly, our power LSIs— particularly the high efficiency— energy-saving PWM series, command a major share in the motor driver field, while our stepping and DC motor drivers are being used in a variety of applications. Regarding PC and CPU power supplies, the fast response of H³REG*4 and the development of CPUs with speeds on the order of GHz



Multifunction LSI cross-section

necessitate increased functionality when it comes to power management, which ROHM provides.

In terms of discrete semiconductors, the planned miniaturization of MOSFET units, coupled with a 50% increase in power, led to the development of the TCTP package. Additional products currently under development include IGBT and 50-100A large current MOSFETs, while silicon diodes that exceed expected limits for response times and voltage resistances, such as fast recovery diodes and Schottky barrier power diodes rated at 150 to 200V, will soon be offered.

Semiconductor lasers, such as the monolithic dual wavelength laser, used for reading DVDs and CD rewriting (655nm, 10mW / 782nm, 240mW) and other types of lasers used for DVD burning and CD reading (662nm, 240mW / 782nm, 10mW) are all widely available for use. In addition, a super-multi type laser (662nm, 240mW / 782nm, 260mW) for applications requiring high level of output as well as a laser diode capable of 10mW sustained output reading have been developed.

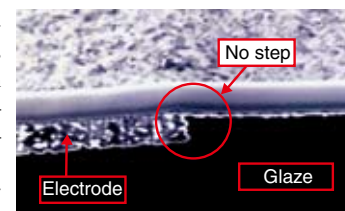
Proprietary compound semiconductor technology, combined with careful research in elemental design structure, resulted in development of the world's thinnest compound chip LED. The PICOLED™ family, utilizing a 4-element structure (aluminum, indium, gallium and phosphorous)*5 is comprised of a number of series, including the world's smallest LEDs (PICOLED™-mini), units featuring high brightness with low energy consumption (PICOLED™-eco), and models that deliver 16 times the brightness of conventional units. Highly reliable, long life LEDs (Exceled™) are available as well.

Our photolink modules have been revamped using proprietary new package design specifications, resulting in the industry's smallest mounting area (9mm²). This makes them ideal for remote control units or light-receiving modules. A unique lens design enables a range of 4.3m, even at an intensity of 100,000 lux (lx)—equivalent to natural sunlight—double the conventional area.

Thermal printheads utilize a new step-free structure*7 for improved heat transfer efficiency and greater reliability.

Regarding passive components, low ohmic (1mΩ) resistors and units employing a new structure for the industry's highest voltage resistance have been created. Sulfuration-resistant resistors optimized for automotive use and long-terminal chip resistors have been developed and are now mass produced*8. As for capacitors, ultra-thin (0.9mm) tantalum capacitors featuring underside electrode construction and an industry-leading capacitance of 220μF are now offered.

ROHM believes in 'contributing to society through electronics' by continuing to develop new technologies and products that will positively affect—or at the very least, minimize the effects to—the environment.



Cross-section of Step-Free structure

*1 DMOS

DMOS (Double Diffused Metal Oxidized Semiconductor)

A type of MOS device where the channel is formed by the difference in diffusion depth between two diffused layers, resulting in extremely low ON-resistance. Very commonly used for high voltage and/or high power MOS devices.

*2 Class D Speaker Amp

Also referred to as a digital speaker amp, this amp converts analog input audio signals to PWM signals through time. These PWM signals are then switched through an output MOSFET and then fed to an external low pass filter, which drives the speaker. The output stage performs the switching operation, resulting in a high level of efficiency.

*3 PWM (Pulse Width Modulation)

A data transmission method that alters the pulse width based on the size of the input voltage. The receiver circuit will be able to replay the message by calculating the input voltage from variations in the pulse width.

*4 H³REG

High Speed, High Performance and High Efficiency— three characteristics of the ultra-fast response DC/DC converter LSI—are known collectively as H³.

*5 4-element (AlGaInP)

A material composed of aluminum, gallium, indium and phosphide. The wavelength, along with the brightness, changes depending on the elemental materials. AlGaInP can provide the following colors: orange, orange-yellow, yellow and green.

*6 PICOLED™

The industry's smallest, thinnest chip LEDs (1006 size, t=0.2mm). Developed by ROHM.

*7 Step-Free Technology

A novel technology that eliminates the step previously present between the heat elements and the media (i.e. thermal paper, the printer copy ribbon).

*8 Sulfuration Resistance

Indicates high resistance to corrosion due to sulfur migration in sulfur-rich environments.

New Products

Real time image processing LSI for low luminance image correction in security and vehicle-mounted cameras

Amid the growing awareness concerning crime prevention is a proliferation of security systems incorporating cameras. However, most cameras used for surveillance and intercom are susceptible to severe changes in ambient light, often resulting in image deterioration and poor visibility.



ROHM's real-time image processing engine*¹ BU1570KN utilizes hardware-based image processing technology to detect and correct both excessively dark and light areas individually, increasing visibility significantly, even in varying and harsh ambient conditions. ROHM is constantly expanding its lineup of camera image processors by employing sophisticated image processing technology in order to meet the needs of a wide range of applications from standard JPEG to MPEG4 animation, and from digital household electronics to security systems and gaming devices.

Class D speaker amplifier*² LSI for flat-screen TVs featuring an industry-leading 90% efficiency

With the increasing popularity of LCD and plasma TVs comes a demand for greater functionality with lower energy consumption.

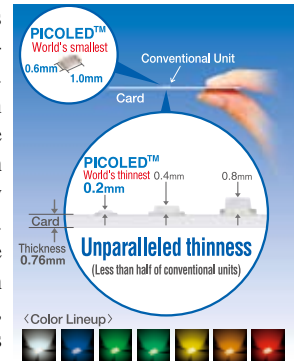


ROHM has developed the BD5421EFS Class D stereo power amplifier LSI utilizing the most advanced BiCDMOS*³ processes in response to this demand.

PWM technology reduces reactive current at high volume, resulting in an efficiency of 90%—the highest in the industry. This low reactive current, combined with a compact backside heat sink with excellent thermal dissipation characteristics, enable high output (34W: 17W + 17W) and contribute to smaller, thinner sets. Clear audio with little noise is achieved by reducing input conversion noise voltage, and high fidelity sound reproduction is possible due to the use of exclusive proprietary signal processing technology. PWM modulation sampling clock Master-Slave functionality enables completely synchronous operation of multiple speakers, even in 5.1-channel systems, resulting in clear audio.

PICOLED™ - the world's smallest, thinnest LEDs

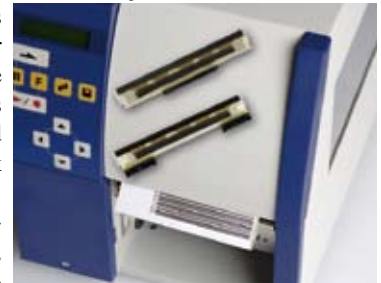
The progression of electronics devices towards increasing miniaturization demands smaller components. Previously, the smallest chip LEDs in the industry came in the 1608 size (1.6x0.8mm). An even smaller solution is now available—ROHM's newly developed SML-P12 series PICOLED™. Conventional levels of brightness are maintained in a package size smaller in area and volume by 53% and 74%, respectively, over the 1608. Thickness is a remarkable 0.2mm.



Original proprietary high-luminance device and ultra-precise processing technologies have enabled ROHM to develop ultra-compact, ultra-thin chip LEDs and packages—previously thought impossible due to the significant loss in luminosity with conventional LEDs—enabling unprecedented use in applications considered too narrow or small. The lineup includes the full range of colors: red, orange, yellow, green, blue, and white.

250mm/s high speed, high heat resistant thermal printheads*⁴ for label and POS printers

High-speed thermal printers are becoming the norm for printing receipts, barcode labels, food labels, and tickets due to their quiet operation and easy maintenance (no ink required).



ROHM offers the KD2003-DF/G10A thermal printheads, which feature high heat resistance and high-speed printing.

A proprietary subminiature exothermic structure ensures good thermal response and heat transference to the print medium during high speed printing (250mm/s), resulting in high print quality. A highly durable protective coating enables stable operation, even at high temperatures, and energy efficiency is increased by 20% over previous ROHM products, contributing to greater energy conservation. Cutting-edge LSI technology is used for a wide circuit supply voltage range (3.13V to 5.25V), making stable operation possible even during changes in the supply voltage.

*1 Real-Time Image Processing Engine

Ordinary video signals are used to generate animation by displaying a progression of still images at 30 frames per second. A real-time image processing engine conducts high speed correction of these 30-frame-per-second images while performing optimal picture phase correction.

*2 Class D Speaker Amps, PWM Signals

Class D speaker amps are audio amps that convert input audio signals to rectangular waves (PWM signals) that vary in width based on the signal level, which are then used to switch the output transistors in order to drive speakers via external low-pass filters. Since the output transistors are switched, it is possible to produce a high-efficiency amp with low heat generation and power consumption.

*3 BiCMOS

An IC (integrated circuit) manufacturing process that integrates both bipolar (Bi) and CMOS transistors. This process is frequently used in the production of mixed-signal ICs, which mix analog and digital signals.

*4 Thermal printheads

These printheads generate heat via resistive elements in order to print on thermally sensitive paper. Used in a variety of printing applications from receipts at supermarkets, convenience stores, taxis, and gas stations to tickets at airports and kiosks to food labels.

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

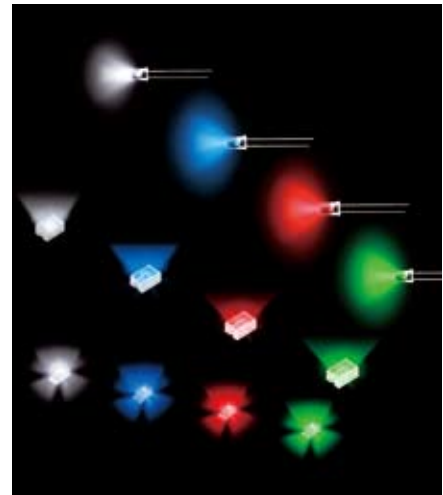
Displays

Liquid Crystal Displays
Thermal Heads
Image Sensor Heads
LED Displays
Others

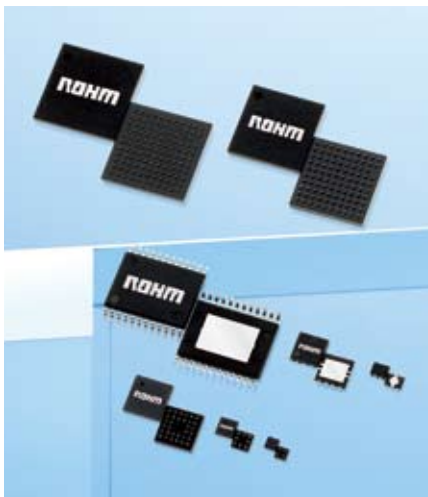
Photo Link Modules



Light Emitting Diodes



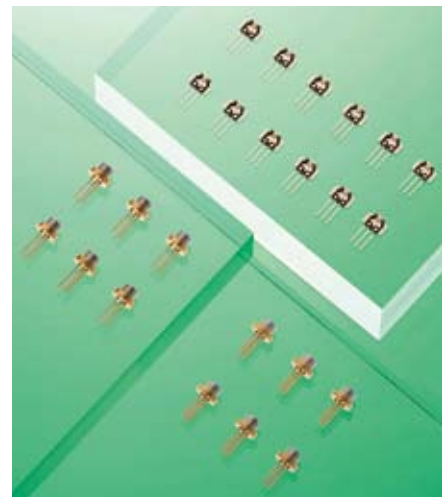
Monolithic ICs



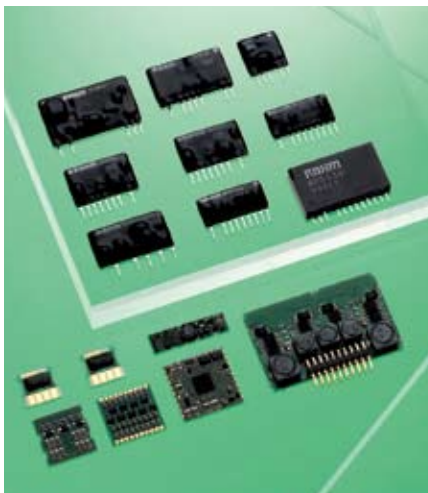
Transistors



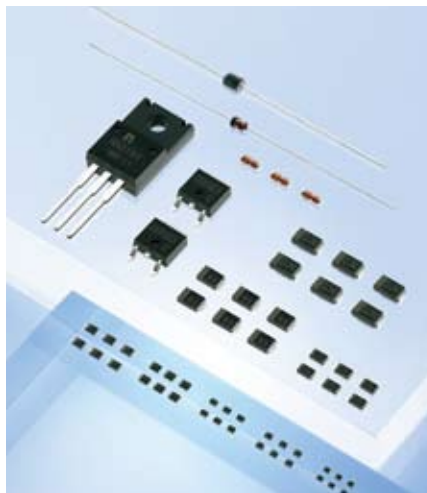
Laser Diodes



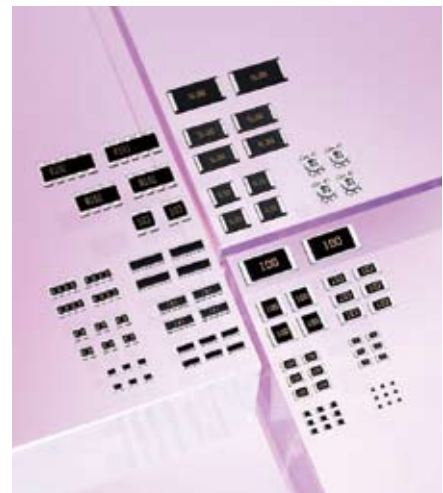
Power Modules



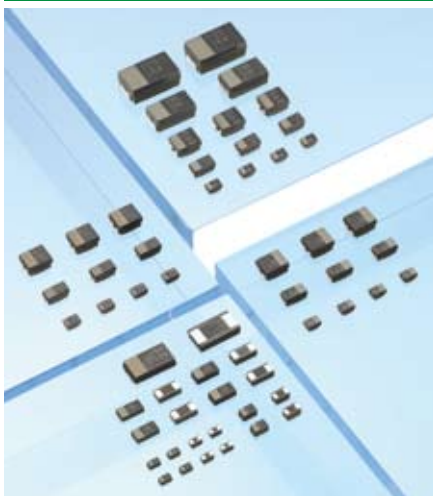
Diodes



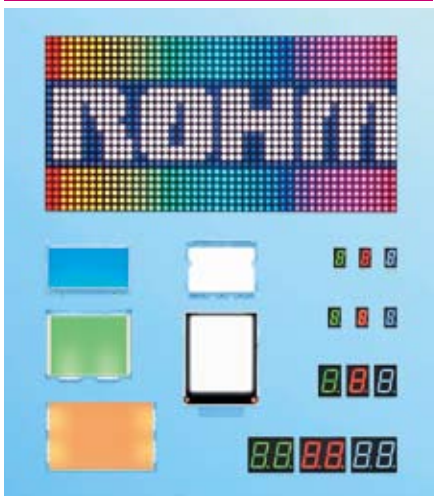
Resistors



Capacitors



LED Displays



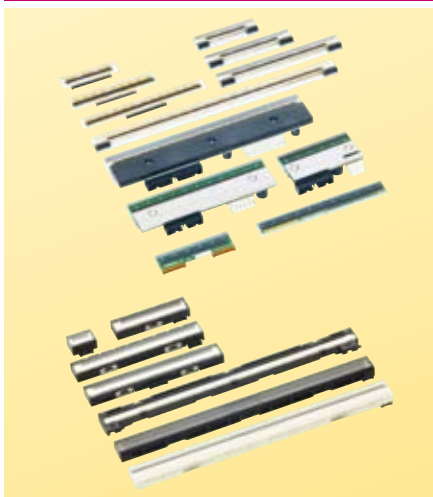
Liquid Crystal Displays



| | sales (¥ million) | % of net sales | % change from previous year |
|------|----------------------|-------------------|-----------------------------------|
| 2007 | 173,442 | 43.9 | 2.0 |
| 2006 | 170,088 | 43.9 | 7.0 |
| 2005 | 159,022 | 43.1 | 2.3 |
| 2004 | 155,447 | 43.7 | -2.5 |
| 2003 | 159,424 | 45.5 | 9.7 |

| | sales (¥ million) | % of net sales | % change from previous year |
|------|----------------------|-------------------|-----------------------------------|
| 2007 | 156,536 | 39.6 | 3.9 |
| 2006 | 150,636 | 38.8 | 6.2 |
| 2005 | 141,788 | 38.4 | 2.0 |
| 2004 | 139,009 | 39.1 | 2.0 |
| 2003 | 136,252 | 38.9 | 11.5 |

Thermal Heads / Image Sensor Heads



| | sales (¥ million) | % of net sales | % change from previous year |
|------|----------------------|-------------------|-----------------------------------|
| 2007 | 24,735 | 6.3 | -1.1 |
| 2006 | 24,998 | 6.4 | 5.9 |
| 2005 | 23,610 | 6.4 | -4.0 |
| 2004 | 24,601 | 6.9 | -0.4 |
| 2003 | 24,688 | 7.1 | -2.5 |

| | sales (¥ million) | % of net sales | % change from previous year |
|------|----------------------|-------------------|-----------------------------------|
| 2007 | 40,369 | 10.2 | -4.0 |
| 2006 | 42,068 | 10.9 | -5.7 |
| 2005 | 44,604 | 12.1 | 22.0 |
| 2004 | 36,573 | 10.3 | 22.3 |
| 2003 | 29,917 | 8.5 | 5.2 |

Divisional Review

INTEGRATED CIRCUITS

ICs / LSIs

Using the most advanced circuit design and a high-quality, high-reliability process to develop innovative, next-generation system LSIs.



Wafer level CSP

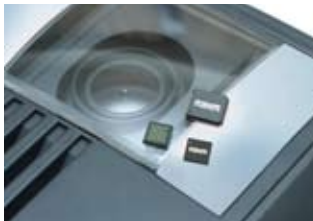
The requirements for system LSI have diversified as the digitalization of devices progresses and higher performance is demanded. In order to respond swiftly to market needs, ROHM uses its expertise in product planning and circuit design cultivated through years of manufacturing custom LSIs. In addition, a uniform production system— from procurement of raw materials to pulling silicon ingots to final packaging— ensures a steady, continuous supply of stable, high quality products.

Regarding product development, ROHM makes full use of analog and digital technologies in order to design innovative LSIs that seamlessly integrate disparate functions in new ways to meet the needs of next generation devices.

MSDL serial transmission transceivers/transmitters for mobile phones feature low power consumption and low EMI. Communication between the LCD and main circuit board is enabled using a relatively few number of wires, making them ideal for the thin hinge areas of mobile flip phones.

In the consumer sector ROHM offers voice synthesis LSIs that provide high fidelity, CD-quality voice guidance functionality as well as sound source LSIs that utilize ADPCM compression technology. These audio LSIs are capable of generating realistic sounds, even in tight spaces such as in gaming devices and controllers.

Another breakthrough product is ROHM's AIE (Adaptive Image Enhancer)— a video processing LSI that adjusts the gradation of only specific areas (dark) of images in real time based on ambient light, improving visibility significantly. Applicability is far and wide ranging— from mobile phones and security cameras to automotive sets such as drive radars.



Real-time Movie Engine LSI

Power Modules

Modularization of semiconductor and electronic components produced in-house contribute significantly to reduced energy consumption and greater efficiency.



Power module for LED illumination

ROHM developed AC/DC converters with output ON/OFF functionality that minimize power during standby as well as units that supply the minimum power required by microcontrollers during non-operation. Reducing power consumption results in more efficient end-user applications and devices.

In addition, technologies created through the development of AC/DC converters for the LED lighting market have contributed to the development of high-power LED drivers that supply the optimal current for driving next generation LED applications.

Photo Link Modules

ROHM's IrDA and remote control receiver modules incorporate ICs and optical receiver/transmitter elements for greater compactness and higher speeds.



Infrared communication module for IrSimple

Faster speeds are being required of IrDA modules for data transmission in wireless devices of all types, including mobile phones and digital cameras. ROHM has developed a high-speed (4Mbps) IrSimple IrDA module that can transfer in one second, data that previously required 60 to 100 seconds. The IrSimple IrDA module is offered in the industry's smallest package, reducing the number of external components required.

Similarly, remote control optical receiver modules are available in a package type that reduces mounting space by half compared with competitor products, making them ideal for compact devices and high density sets such as video cameras, gaming devices, and car navigation equipment. In addition, considerable attention was given to the effects of random external light, resulting in a package design that ensures stable reception, even in the presence of intense sunlight (100,000 lux when irradiated at an angle of 45° with respect to light emission).

DISCRETE SEMICONDUCTOR DEVICES

Transistors

ROHM transistors contribute to market needs through multiple package types and stable, high quality supply.

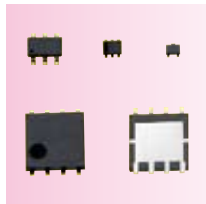
ROHM develops and manufacture transistors with energy saving, compactness, and high reliability in mind.

New package types include the MPT6 featuring characteristics equivalent to the standard SOP8 but in a size smaller by one order of magnitude. Even more compact packages are being developed that are optimized for the portable equipment market.

ROHM's MOSFET lineup includes high speed, low ON-resistance, high voltage resistance models that increase the efficiency of AC power supplies used in thin panels and gaming devices, while high power units are available for inverters in large LCD TVs.

A further addition to our package lineup is the new TCPT type 50% thinner and featuring 50% more power than current CPT packages.

Products are continually being added to our power transistor family, such as IGBTs for thin TVs and MOSFETs capable of handling currents from 50 to 100A.



Power MOSFETs

Diodes

ROHM's penchant for high quality is never more apparent than with diodes, the most fundamental of semiconductor devices. ROHM's broad lineup is optimized to meet the needs of electronic devices and applications of all types.



Power Diodes

Continued efforts are being made in the power sector, resulting in development of Schottky diodes with high voltage resistance (150V-200V) and fast recovery diodes featuring high-speed response, low heat generation, low loss, and high voltage resistance (400V-600V).

In the rapidly expanding car electronics market, ROHM offers bidirectional Zener diodes for ESD protection in LANs that decrease both the mounting area and the number of components required.

Ultra-low capacitance Zener diodes are also available for high-speed digital signals and to provide ESD protection in the GHz range in HDMI devices, for example, with a target of 0.1pF or less.

Regarding package types, ROHM offers the smallest Schottky and Zener diodes in the market (0603 size, 0.6x0.3mm) for high density sets.

Light Emitting Diodes

ROHM's LEDs utilize original semiconductor technologies and proprietary compounds, making them among the smallest, thinnest, and most energy efficient in the industry.



PICOLED™

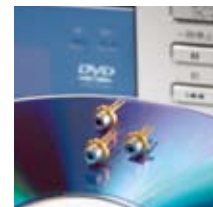
LEDs are being used in an increasing variety of equipment in order to add greater functionality and sophistication—which means greater power and space requirements, making compactness and greater energy efficiency imperative. ROHM addresses these needs by integrating a new 4-element structure (AlGaInP) in the industry's smallest package.

ROHM's new PICOLED™ series of chip LEDs are the smallest, thinnest in the industry at 1.0 x 0.6mm, t=0.2mm – 74% smaller in volume than the 1608 package type which was previously the smallest, with the same level of brightness.

LEDs currently under development include low voltage types optimized for energy conservation, multicolor phosphor products for LCD backlights and illumination, and ultra-high bright, high reliability units for automotive applications.

Laser Diodes

ROHM utilizes the latest device and film technologies in order to produce laser diodes optimized for a diverse market.



780nm band, high-output semiconductor laser

The optical disk sector, in particular laser printers and A/V equipment, continues to drive the need for laser diodes with dual wavelength capability that can both read and write data on different optical formats.

In addition to combo (DVD low output/CD high output) type laser diodes, recorder (DVD high output/CD low output) products featuring simplified pickup construction and super-combo units (DVD high output/CD high output) for PCs have recently been developed.

In the laser printer segment, we offer low-droop, high-output (5mW-10mW) laser diodes that promise faster speeds.

Internal frame materials and construction have been improved as well. The lineup includes both low and high output types produced with equipment developed entirely in-house, resulting in products of the highest quality.

Divisional Review

PASSIVE COMPONENTS

Resistors

ROHM resistors, renowned for their high reliability, have continued to evolve in order to meet the needs of our customers for high quality, short delivery times, and stable supply.



Chip Resistors

From its inception, ROHM has been developing resistors that can respond to even the most stringent requirements.

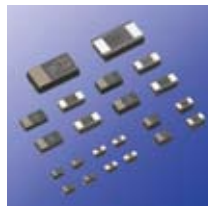
For mobile phones ROHM offers ultra-low resistance (10 mΩ) chip resistors for current detection in the 1608 size (1.6×0.8mm) – the smallest in the industry.

Automotive applications require an increasing degree of reliability due to more stringent consumer demand. In response to this ROHM has developed numerous high-reliability resistors capable of stable operation even in severe environments. These include high-power, high-surge types that utilize original resistor elements, long electrode resistors that ensure high contact reliability, and units highly resistant to sulfuration.

In the digital equipment sector ROHM offers compact 3-pin EMI filters that can handle high currents and are capable of suppressing noise over a wide band.

Capacitors

ROHM provides high performance, compact capacitors for applications requiring high capacitance and low ESR.



Chip Tantalum Capacitors (CSP package)

A broad lineup of tantalum capacitors is offered from compact (1.6 x 0.8mm), low profile (0.8mm) high capacitance (220uF, 4V) types featuring low ESR and an underside electrode configuration (TCT series) optimized for mobile phones, HDDs, PDAs, DSCs/DVCs, MP3 audio devices, and other compact applications, to large sized models (CL case: 6 x 3.2mm, t=1.4mm). Ultra-low profile (0.9mm) capacitors in the AS case size (3.2 x 1.6mm) are also available.

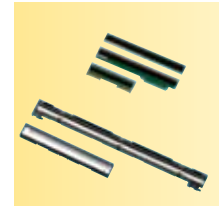
Conductive polymer tantalum capacitors feature significantly reduced ESR and feature decreased risk of smoke and fire compared to conventional units composed of manganese dioxide, making them better suited for applications requiring high reliability and a high degree of safety such as optical storage and gaming devices. Future products include even thinner, more compact capacitors with high capacitance and low ESR.

(Murata Co., Ltd. has taken over our multilayer ceramic capacitor business as of January 2007)

DISPLAYS

Thermal Printheads / Contact Image Sensor Heads

High performance, high reliability thermal printheads and contact image sensor heads, utilizing ROHM's considerable expertise and vast resources, provide the ideal solution for a variety of needs.



Thermal Printheads and Contact Image Sensor Heads

ROHM utilizes the latest in thick and thin film, LSI, and optical technologies in order to develop thermal printheads and contact image sensor heads tailored to market demands.

Our SE and SH series of thermal printheads feature greatly improved thermal efficiency, greater durability, and higher speeds by adopting a unique step-free construction, making them optimal for industrial equipment such as bar code labelers. For POS systems requiring high-speed printing and energy efficiency we developed ICs capable of high-speed transfer and integrated them in a lineup of ultra-compact thermal printheads (CG, CF, DG, and DF series).

ROHM's contact image sensor heads include models utilizing original optical design and resolution-switching sensor ICs originally developed for high-speed, high quality document scanners.

Products currently under development are A4-sized models featuring maximum resolutions of 600dpi and 1200dpi as well as sensors compatible with a greater variety of scanning widths.

LED Displays

From standard to custom modules, ROHM's high brightness LEDs and high quality components are incorporated into each and every display.



LED Numeric Displays (Surface Mount Type)

ROHM has recently developed 0.3-, 0.4-, and 0.6-inch LED numeric displays that incorporate its own high-luminance LEDs (AlGaInP). Features include 10 times the brightness of conventional products, low power consumption, and high reliability. A broad selection of colors is offered, making them ideally suited for all types of devices, such as household appliances and gaming devices.

ROHM's dot matrix modules—optimized for both consumer and public displays—feature 1024-step RGB color capability for natural, lifelike color expression.



Management Policies and Financial Data

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Management Policies

1. ROHM's Basic Management Policy

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

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

2. Basic Policy for Profit Distribution

Concerning profit distribution for shareholders, ROHM intends to implement actions so as to meet their expectations, by thoroughly considering the Company's results of operations, financial status, and fund demands for business investments to improve the value of the Company in the future.

More specifically, ROHM intends to pay a return to shareholders that will be no less than 100% of the consolidated cash flow^(*) in each of the upcoming three years. As the means to realize these returns, ROHM intends to use ordinary dividends, the acquisition of treasury stock, and extraordinary dividends. Concerning ordinary dividends, ROHM intends to increase the consolidated payout ratio from the current ratio of approximately 20% to 30% as a target, thus ensuring continued stable dividend payout.

In the semiconductor industry, while market expansion is anticipated over the medium to long term in parallel with the progress of a highly sophisticated information society, international competition is expected to be more intense than ever, involving the realignment of the industry and the elimination of non-competitive businesses. For ROHM to continue to grow and expand its business under these circumstances, it must reinforce its expertise of developing original products and enhance cost competitiveness, surpassing other companies. ROHM intends to continue company-wide efforts to further improve its value as a company by continuing to invest cash reserves and generated cash flow carefully and effectively on the plants and equipment required to enhance its developmental and technological expertise, which is the source of its competitiveness, and on strategic business projects such as joint ventures, which will produce synergy effects, and the acquisition of other companies, thus ensuring attractive returns.

By carrying out these plans, ROHM intends to improve the earnings per share (EPS) and return on equity (ROE).

* Free cash flow

The free cash flow is the amount obtained by a simple calculation method; namely, it is the sum of the earnings per share and the cost of depreciation and amortization, minus plant-and-equipment investments and operating capital investments.

3. Referenced Corporate Performance Indexes

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

In addition, we are making efforts to improve the earnings per share (EPS) and return on equity (ROE), to enhance shareholder value.

* EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization)

An index obtained by adding interest expenses and depreciation to income before income taxes and minority interests. This index is commonly used to compare corporate earnings internationally.

4. Medium- to Long-term Corporate Strategies

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

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

An integrated development-production system development of custom-designed products, higher levels of quality, and above all, persistent efforts to formulate implementation measures in these respects, hold unequivocal importance to ROHM.

To elaborate more specifically, ROHM is increasing R&D personnel and strengthening the corporate operations in digital, analog, and digital/analog integrated technologies. In addition to its original REAL SOCKET design system used to develop complicated, high-performance system LSI circuits, ROHM has newly developed REAL PLATFORM, which cuts design lead-time and speeds up the development of system LSI circuits. With these innovative technologies, ROHM aims at satisfying various customer needs, including the supply of larger-scale and higher-performance system LSI circuits in shorter cycles; particularly in the markets for digital home appliances and information and communications equipment.

ROHM is also committed to reinforcing its high-quality, high-reliability product lines for automobiles, in which the use of electronics is rapidly increasing. The Company is committed to research and development to take the initiative in next-generation

technologies, including optical devices such as blue–purple laser diodes using a non-polar plane, which are expected to be applied to the development of green laser diodes, as well as developing power devices using a silicon carbide substrate, which are expected to be far superior to semiconductor devices using conventional silicon substrates in terms of voltage endurance, high electric current, and small losses. The Company is also committed to the research and development of biosensors, aiming to strengthen its presence in the medical industry.

ROHM's bases for technological enhancement include the Yokohama Technology Center, Optical Device Research Center and the LSI Test Technology Center, along with the Kyoto Technology Center. These bases reinforce the in-house R&D system for further growth in the future.

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

Regarding the organization of its production system, ROHM is vigorously improving cost competitiveness and reinforcing the corporate supply system capable of handling a worldwide market. More details in this area concern the front-end process of semiconductor production, where the company is adopting larger-diameter wafer processes, such as the 300mm wafer process. For the back-end process, ROHM is forcefully shifting production to overseas plants, including locations such as Thailand, the Philippines and China, while expanding production capacity. ROHM's existing domestic plants are clearly positioned as the main hub for other plants in the ROHM Group's production network, with the focus on advancing production technologies. These production technologies established by domestic plants will then be shared with overseas plants to manufacture and supply ROHM's high quality products on a global scale.

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

To expand its shares in growing overseas markets, ROHM

intends to open new sales bases and design centers as well as improve quality assurance center networks in Europe, North America and Asia, thus reinforcing its customer-support systems in terms of sales, technology and quality. At the same time ROHM is proceeding with restructuring and integrating corporate organizations in and outside Japan, thus continuously improving administrative efficiency and speeding up the decision-making process.

To contribute to environmental conservation, ROHM Group as a whole continues to make progress with establishing and implementing an environmental management system based on ISO 14001 standards. ROHM environmental conservation activities include the development of low-power-consumption, energy-saving products as well as efforts to swiftly attain zero emission goals through the promotion of recycling waste and support of “green” procurement and supply at all production bases in Japan and overseas. ROHM continues to implement the tree-planting project in Australia as part of the fight against global warming. ROHM complied with the RoHS Directive, the European environmental regulations that took effect in July 2006, ahead of its enforcement, leading the industry. ROHM performs business operations so as to conserve the global environment.

5. Priority Issues

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

Under such circumstances, the ROHM Group intends to make its utmost, across-the-board effort to increase business performance, by developing new, high-value-added products and technologies that will satisfy emerging customer needs, by further enhancing quality and reliability as well as strengthening production and sales organization through improvement in manufacturing technologies, and by streamlining corporate operations and cutting cost.

Operating Results

1. Operating Results Analysis

Operating Results for the Year Ended March 31, 2007 An overall review of the results of operations

During the fiscal year ended March 31, 2007, the world economy remained firm in general, mainly because exports expanded in Asia, because the European economy recovered, and because Christmas merchandise sales were relatively strong in the United States, although with a temporary crude-oil price surge and a slowdown in the housing market and consumer spending, concerns of economic slowdown grew in the U.S. The Japanese economy remained firm, owing to brisk plant and equipment spending and export, as well as increase in consumer spending pulled up by

recovery in the performance of the business sector.

In the electronics market, the sales of digital audio/visual equipment, such as thin TVs, showed considerable growth, due mainly to the Soccer World Cup. In the automobile market, the application of electronics in cars grew, increasing the demand for semiconductors. The mobile-phone market also showed a rapid increase, owing mainly to the increase in supply to newly emerging markets such as the BRICs^{*1}. In the latter half of the year, though the demand temporarily increased because of the launch of a new gaming machine, the market growth decelerated, chiefly due to a slowdown in the personal-computer market and the production adjustment of digital audio/visual equipment following the Soccer World Cup.

Regarding markets in different regions, in Japan, the sales of thin TVs, digital still cameras and gaming machines were favorable. The sales of mobile phones, which were sluggish in the first half of the year, showed a small recovery owing mainly to the start of the phone-number portability system and the launch of new models. The personal-computer market stayed slow. The Asian market remained favorable in the first half, because the finished-product assembly production industry remained brisk and because of the continuing shift of production bases from Europe and Japan to Asian regions continued. In the latter half, the Asian market entered the adjustment phase, because of inventory adjustment and seasonal factors. In Europe and North America, the shift of production bases to the Asian region continued and overall performance remained slow, though the demand for thin TVs increased in the European market.

Under such circumstances, the ROHM Group placed continued efforts into such areas as the reinforcement and streamlining of the manufacturing process, the research and development of new products, and the reinforcement of sales operations and customer relations, while making continued efforts to improve efficiency in capital investment. Concerning manufacturing process lines, for the front-end process ROHM pressed ahead with the establishment of an integrated production system and, to deal with increase in the demand for semiconductors, built an additional LSI wafer process plant at ROHM Hamamatsu Co., Ltd., a ROHM Group company. Concerning the back-end process, ROHM built new assembly plants at its mass-production bases in Thailand, the Philippines, and Tianjin (China). Concerning the development of new products, ROHM proactively committed itself to developing such new products as system LSI devices, power transistors and power diodes, for use in such applications as thin TVs, mobile phones, and automotive components. Concerning the reinforcement of sales operations and customer relations, ROHM proceeded with the improvement of development bases in and outside Japan. As part of this improvement effort, ROHM established the Nagoya Design Center last spring. The Company also made efforts to enhance and enrich its sales operations.

ROHM's net sales for the fiscal year ended March 31, 2007, increased 1.9% to ¥395,082 million over the previous year. However, the ratio of gross profit to sales deteriorated 0.9 points from the previous year, influenced mainly by changes in the ratios of individual products.

The operating income increased 1.7% to ¥69,498 million over the previous year because selling, general and administrative

expenses decreased 1,887 million yen from the previous year.

The non-operating income and expenses (net) decreased from a positive ¥10,118 million of the previous year to a positive ¥8,081 million. A major reason being that, while interest income increased ¥4,101 million, foreign currency exchange losses occurred in spite of the previous year's foreign currency exchange gains, resulting in a decrease of ¥5,413 million.

As a result of these factors, ROHM's ordinary income for the year ended March 31, 2007 decreased 1.1% to ¥77,579 million from the previous year.

ROHM's net income for the year ended March 31, 2007 decreased 1.8% to ¥47,446 million from the previous year.

*1 BRICs

A collective term that refers to four countries, Brazil, Russia, India and China, which are achieving substantial economic growth.

Divisional review of the results of operations

<Integrated circuits>

ROHM's sales of integrated circuits for the fiscal year ended March 31, 2007 were ¥173,442 million, 2.0% up over the previous year.

Concerning products for home appliances markets, the sales of various LSI devices for thin TV panels grew steadily in the market of components for digital audio/visual equipment, and the sales of lens controller and driver LSI devices^{*2} and system power supplies for digital still cameras and digital video cameras remained favorable, as did the sales of LSI devices for gaming machines. The conventional audio/visual equipment market continued to be severe. Concerning the mobile-phone market, the employment of TFT-LCD driver LSI devices and analog front-end LSI devices^{*3} became increasingly common, while a production adjustment occurred in the domestic mobile-phone market, negatively influencing ROHM's sales.

Concerning production systems, ROHM continued its efforts to increase in-house production of components such as 300-mm wafers, lead frames, and photomasks. ROHM also committed itself to increasing the capacity of 300-mm-wafer production process in the front-end process and to improving production efficiency by adopting automatic conveyor facilities. To be prepared for future demand increase, ROHM acquired land in Chikugo-shi, Fukuoka to build a 300-mm-wafer process production plant. Concerning the back-end process, ROHM made continued efforts to strengthen overseas production systems, and committed itself to enriching its compact, thin package lineup and increasing the capacity of production.

In module products, the sales of communication modules compatible with IrDA (Infrared Data Association) standards for use in mobile phones and custom modules for on-vehicle use remained firm, but the sales of power modules for use in portable equipment were sluggish. ROHM proceeded with the shift of production to China as part of efforts to realize efficient production systems.

*2 Lens controller and driver LSI devices

LSI devices that focus the camera lens and control the functions such as zooming and the correction of image blurred by hand movement.

*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.

<Discrete semiconductor devices>

ROHM's sales of discrete semiconductor devices for the fiscal year ended March 31, 2007 were ¥156,536 million, 3.9% up over the previous year.

Regarding transistors and diodes, the market was in an adjustment phase during the summer and thereafter, but the sales of power MOSFETs*4 were strong mainly for thin TVs, and the sales of ultra-small diodes for the mobile-phone market and power diodes for on-vehicle use increased. The sales of light-emitting diodes (LEDs) suffered severe conditions, chiefly because the price competition of blue and white LEDs intensified. For laser diodes, the sales of single-wavelength laser diodes for reading CDs showed signs of recovery, and high-power double-wavelength laser diodes for reading and writing CDs and DVDs remained favorable. The sales of high-power single-wavelength laser diodes for CD-R and CD-RW were sluggish.

Regarding production systems and as a move concerning the front-end process, ROHM made continued efforts to increase production capacity of MOSFETs at ROHM Tsukuba Co., Ltd. a group member Company. For the back-end sequence, ROHM proceeded with the transfer of production to overseas, mainly to China (Tianjin) and Thailand, and with the streamlining of manufacturing processes, to become more cost competitive.

*4 MOSFET

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

<Passive components>

ROHM's sales of passive components for the fiscal year ended March 31, 2007 were ¥24,735 million, 1.1% down from the previous year.

Though price competition continued to be intense in the resistor market, the sales of low ohmic resistors and multiple-chip compound products increased for use in mobile phones and gaming machines. Regarding the capacitors category, the sales of compact, large-capacitance tantalum capacitors of the face-down type for use in mobile phones remained firm.

Regarding production systems, ROHM committed itself to the reinforcement of the supply system in overseas markets and to cost reduction, mainly by shifting the production of tantalum capacitors to Thailand.

ROHM's Multi-layer Ceramic Capacitor business was transferred to Murata Manufacturing Co., Ltd. in January 2007, streamlining the corporate operations.

<Displays>

ROHM's sales of displays for the fiscal year ended March 31, 2007 were ¥40,369 million, 4.0% down from the previous year.

Concerning printheads, the sales of printheads for miniaturized printers, typically used with point-of-sale (POS) systems, remained healthy. The sales of LED displays were firm, principally because the sales of numeric displays increased briskly. The sales of LCD modules were severe owing to adverse factors such as intensified price competition in the market of products for mobile phones,

although ROHM made efforts to increase the sales of custom LCD modules for use in industrial equipment.

2. Financial Status Analysis

Analysis of assets, debts, net assets and cash flow:

As of March 31, 2007, total assets amounted to ¥962,603 million, up ¥11,161 million over March 31, 2006.

Debts decreased to ¥144,785 million, down ¥19,139 million from March 31, 2006.

Net assets amounted to ¥817,818 million.

As a result of these changes, the shareholders' equity ratio increased to 84.9 % from 82.7 % as of March 31, 2006.

The cash flow status for the fiscal year ended March 31, 2007 is as follows:

Cash flow from operating activities increased ¥9,381 million over the previous year, due mainly to an increase of ¥18,999 million resulting from changes in inventories, an increase of ¥5,983 million resulting from changes in the total amount of notes and accounts receivables, a decrease of ¥10,309 million resulting from changes in the amount of notes and accounts payables and a decrease of ¥8,657 million resulting from an increase in income taxes.

Cash flow from investing activities increased ¥45,191 million from the previous year. This is attributed chiefly to an increase of ¥27,806 million due to changes in the amount of short-term investment and investment securities an increase of ¥16,599 million due to changes in the balance of purchases and sales of property, plant and equipment.

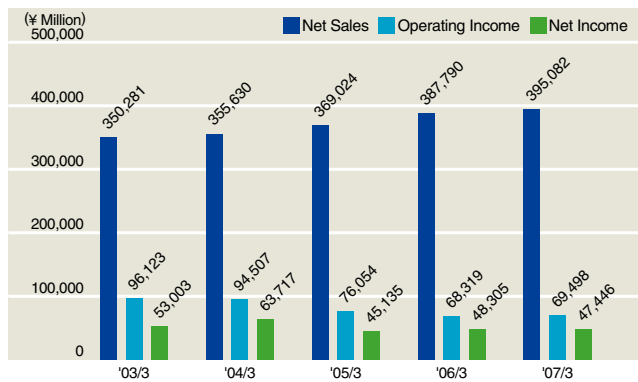
The cash flows from financial activities decreased ¥2,056 million from the previous year mainly because the expenses concerned with the purchase of treasury stocks increased ¥1,902 million.

As a result of these increases and decreases, the total amount of cash and cash equivalents increased ¥31,713 million, bringing the balance as of March 31, 2007 to ¥312,178 million.

Five-Year Summary

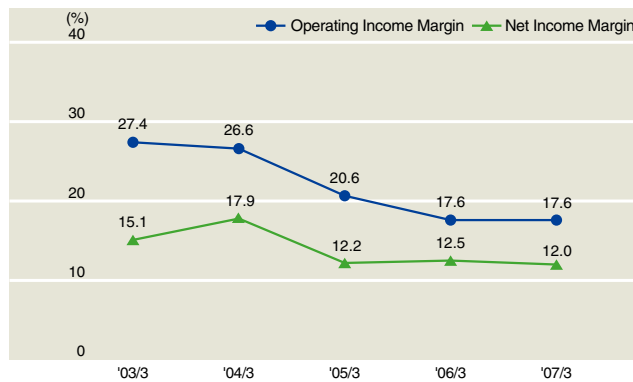
Results of Operations

1. Results of Operations



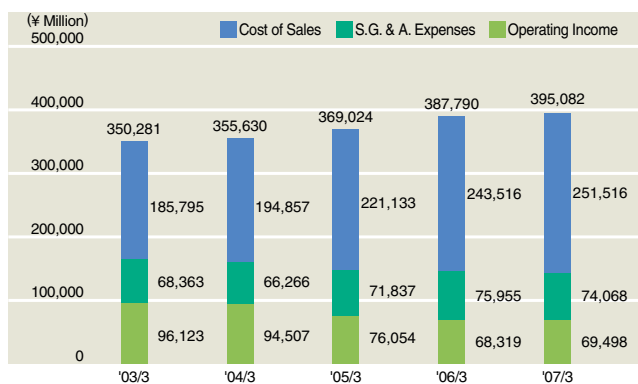
Market demand remained strong, mainly in the areas of digital audio/visual equipment (such as flat-screen TVs), automotive equipment, and mobile phones for emerging countries, although market growth slowed down in the latter half of the year. Net income was affected by a rise in fixed costs including depreciation/amortization, as well as by foreign currency exchange losses.

2. Income Margin

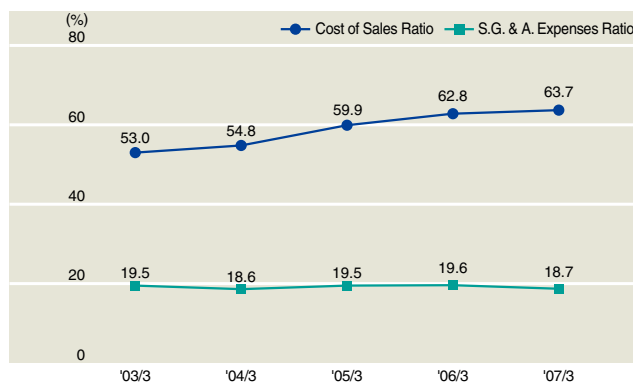


Cost of Sales, Selling, General and Administrative Expenses, and Operating Income

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

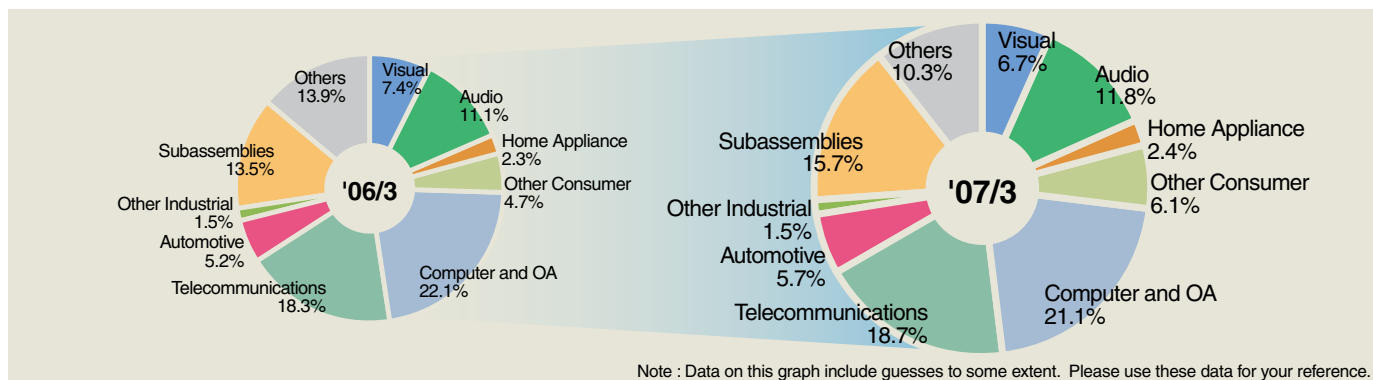


2. Cost of Sales and Selling, General and Administrative Expenses to Net Sales



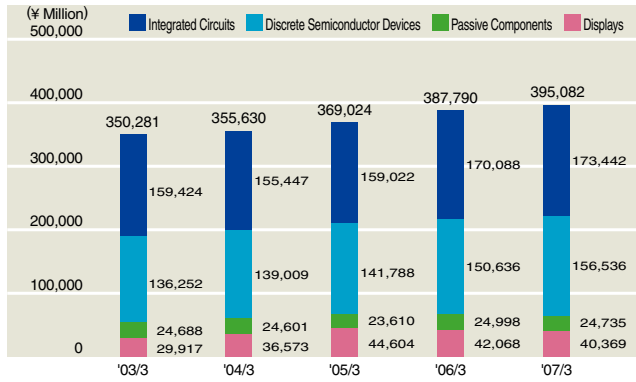
Cost of sales to net sales showed an increase mainly due to a rise in depreciation/amortization resulting from investment in 300 mm wafer process technology. Selling, general and administrative expenses exhibited a decrease due to such factors as a decrease in donations.

Sales by Application



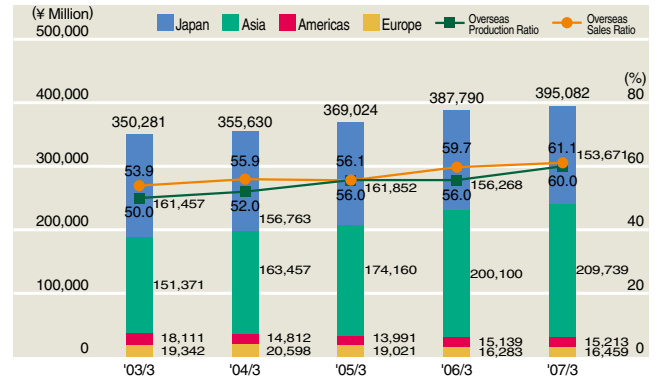
Sales

1. Sales by Product Category



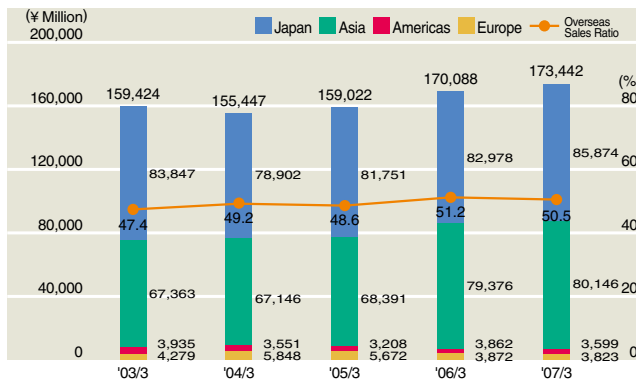
With the increasing application of LSI circuits and power discrete devices to digital audio/visual equipment (such as flat-screen TVs) and video game equipment, sales remained strong in the categories of integrated circuits and discrete semiconductor devices. In the passive components and displays categories, however, sales were slow due to sluggish sales of ceramic capacitors, LCD modules and camera modules.

2. Sales by Geographical Region and Overseas Production Ratio

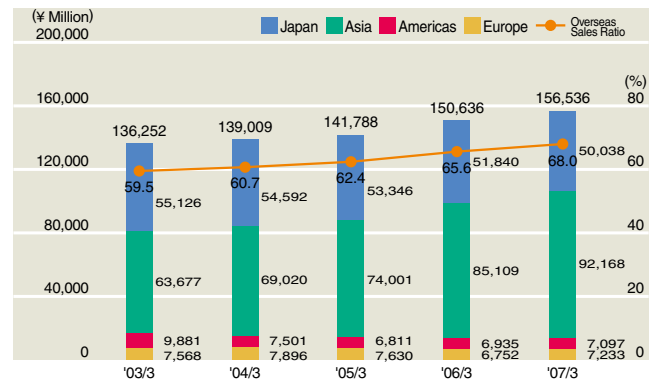


Sales increased in Asia due to the continued shift of production to Asia from other parts of the world.

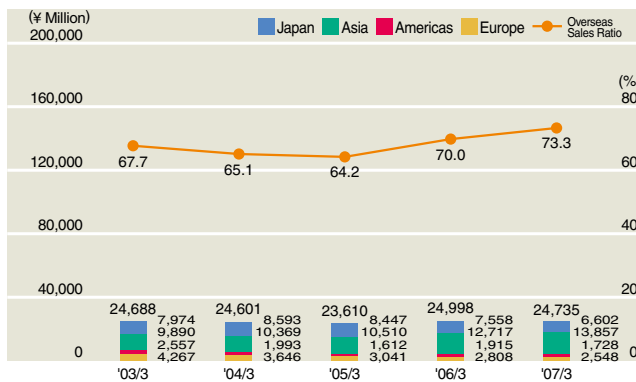
3. Integrated Circuits Sales by Geographical Region



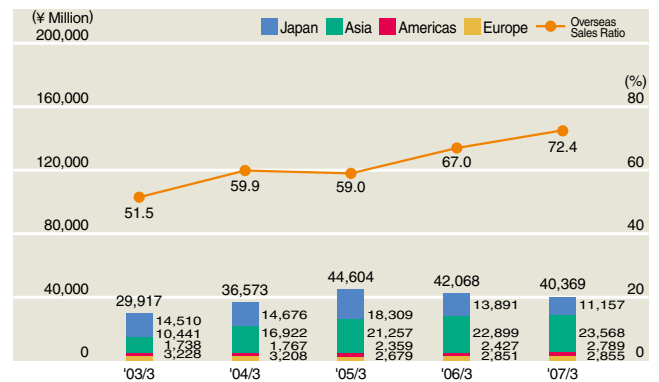
4. Discrete Semiconductor Devices Sales by Geographical Region



5. Passive Components Sales by Geographical Region



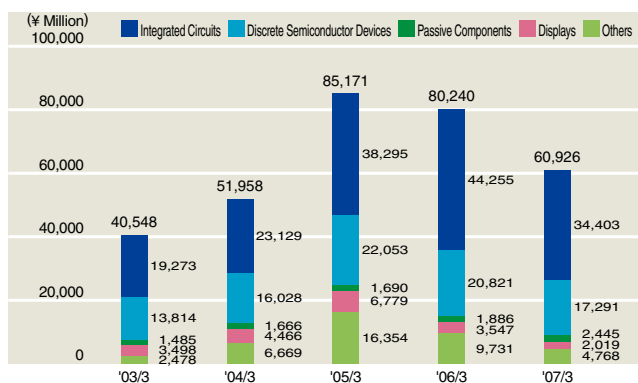
6. Displays Sales by Geographical Region



Five-Year Summary

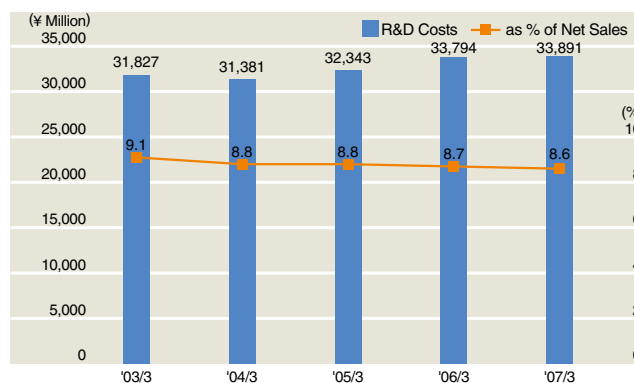
Capital Expenditures and Research and Development Costs

1. Capital Expenditures



In response to a growth in semiconductor demand, ROHM made active capital investment, including construction of an additional LSI wafer process plant at ROHM HAMAMATSU CO., LTD. and construction of new plants in Thailand, the Philippines and China (Tianjin).

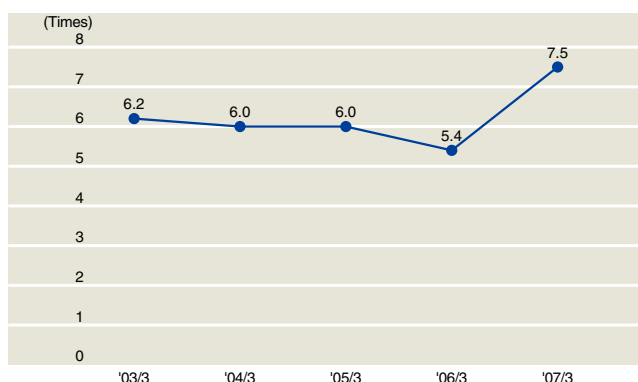
2. Research and Development Costs



As part of R&D efforts, ROHM is committed to the development of new products and device processes intended mainly for markets for digital audio/visual equipment (such as flat-screen TVs), mobile phones, and automotive equipment. The Company is also devoting its resources to R&D on next-generation semiconductor devices, optical devices, and bioelectronics and other technologies, so as to meet future needs.

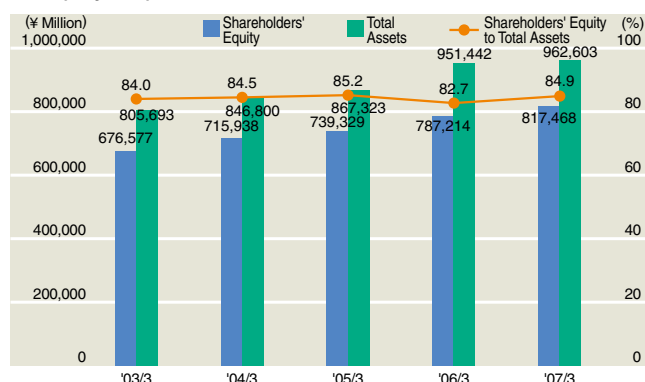
Financial Position

1. Current Ratio



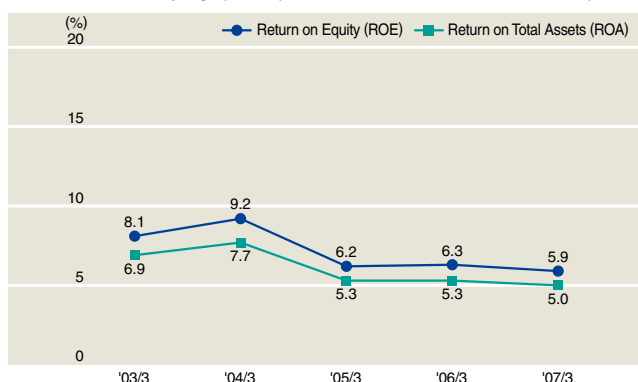
Current liabilities decreased mainly due to decreases in accrued income taxes and other accrued expenses, while current assets, including cash, deposits and securities, increased, resulting in a current ratio of 7.5 to 1.

2. Equity Capital and Total Assets



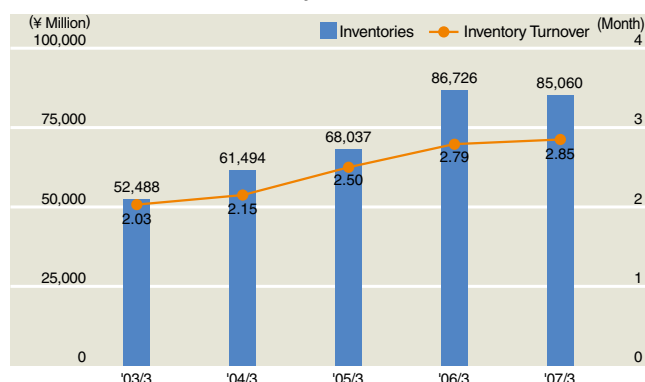
Equity to total assets showed a rise due to an increase in retained earnings, despite treasury stock purchases amounting to ¥17 billion.

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



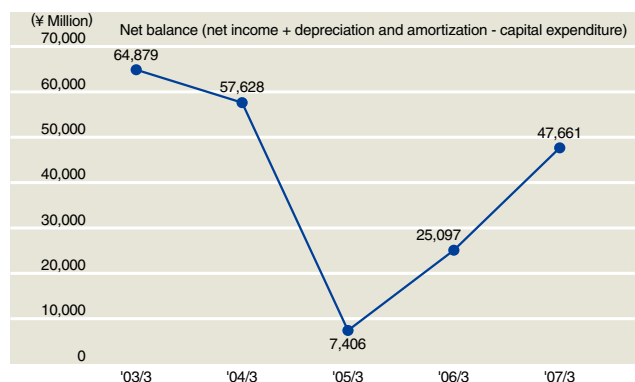
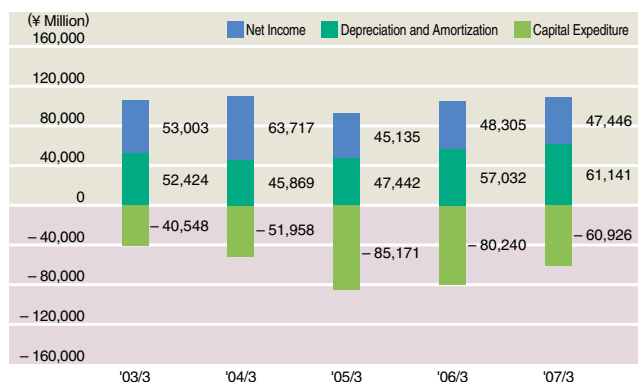
Return on equity (ROE) and return on total assets (ROA) declined due to equity capital increase and net income decrease.

4. Inventories and Inventory Turnover



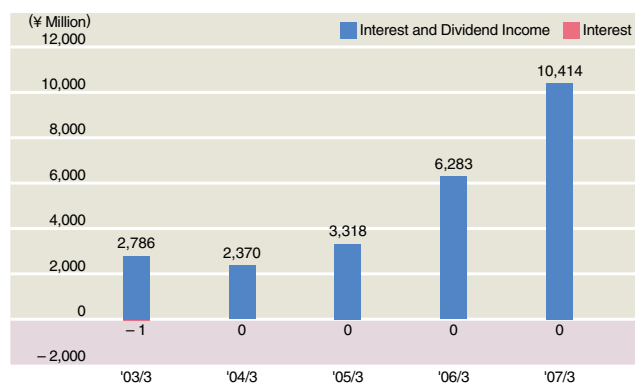
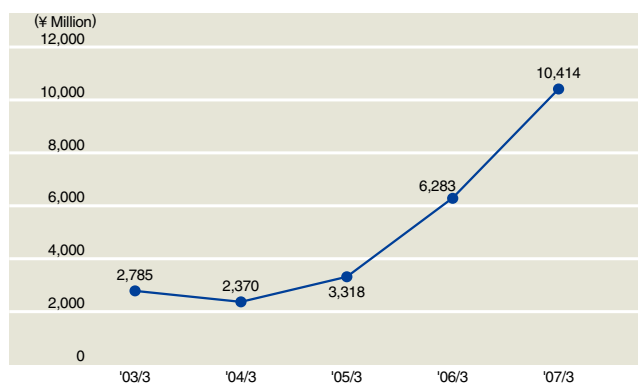
Inventories decreased, while inventory turnover period lengthened due to sluggish sales in the fourth quarter of the year.

Net income, Depreciation, and Capital Expenditure



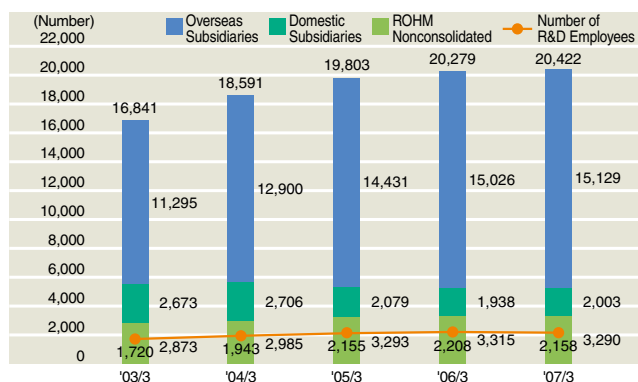
Net balance increased as a result of a rise in depreciation/amortization and decreases in net income and capital expenditure.

Net Financial Revenue



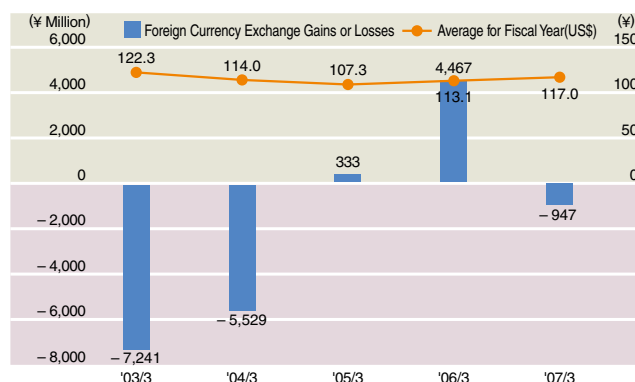
In fund management, ROHM places top priority on safety. Net financial revenue improved considerably in the year ended March 31, 2007, due mainly to interest income increase resulting from rises in the U.S. dollar and other interest rates.

Number of Employees



With the continued shift to overseas production, the number of employees increased at overseas production bases.

Exchange Rate and Foreign Currency Exchange Gains or Losses

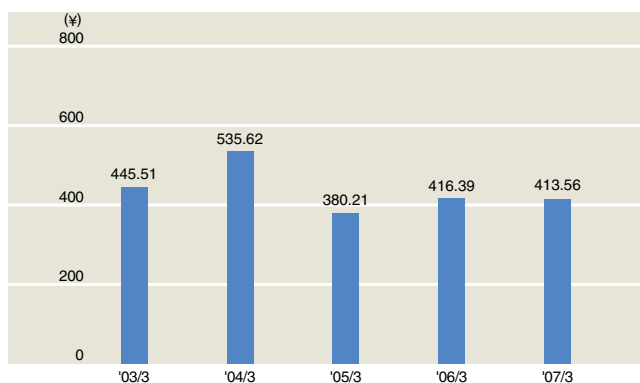


ROHM incurred foreign currency exchange losses due mainly to the appreciation of Asian currencies.

Five-Year Summary

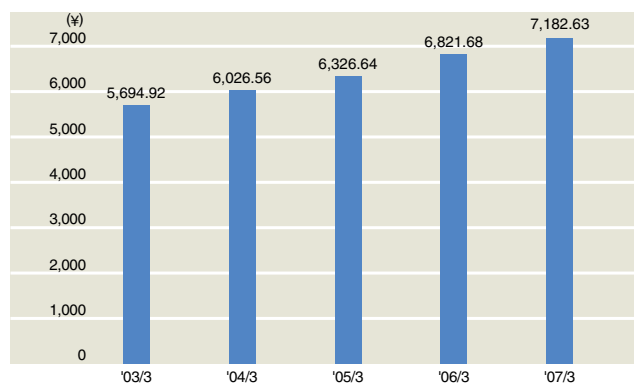
Share-related Information

1. Net Income per Share



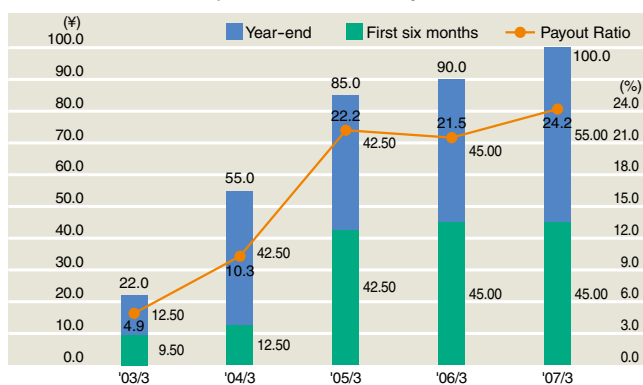
In the year ended March 31, 2007, net income per share decreased as the Company's net income declined, despite a decrease in the average number of shares of common stock outstanding during the year resulting from treasury stock purchases.

2. Net Assets per Share



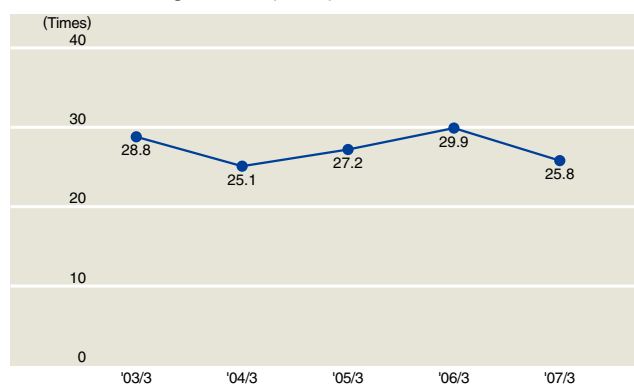
Net assets per share increased due to an increase in net assets and treasury stock purchases.

3. Cash Dividends per Share and Payout Ratio

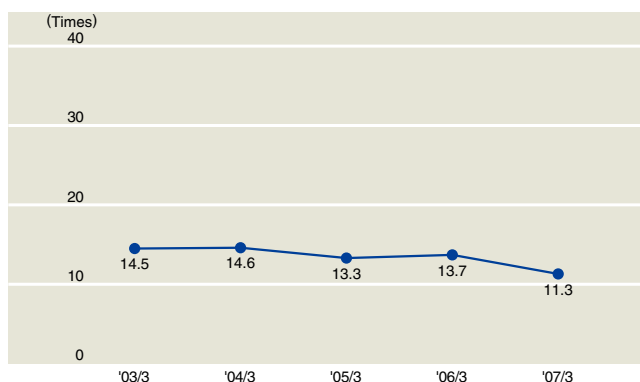


ROHM increased the annual dividends to ¥100.00 per share as an effort to increase returns to shareholders, in light of the Company's business performance, expected demand for funds, and other factors.

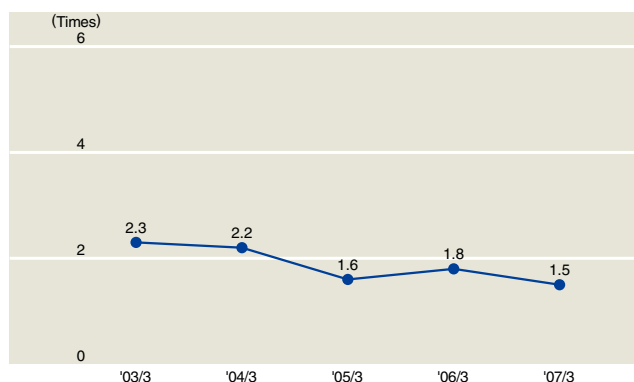
4. Price-earnings Ratio (PER)



5. Price Cash Flow Ratio (PCFR)

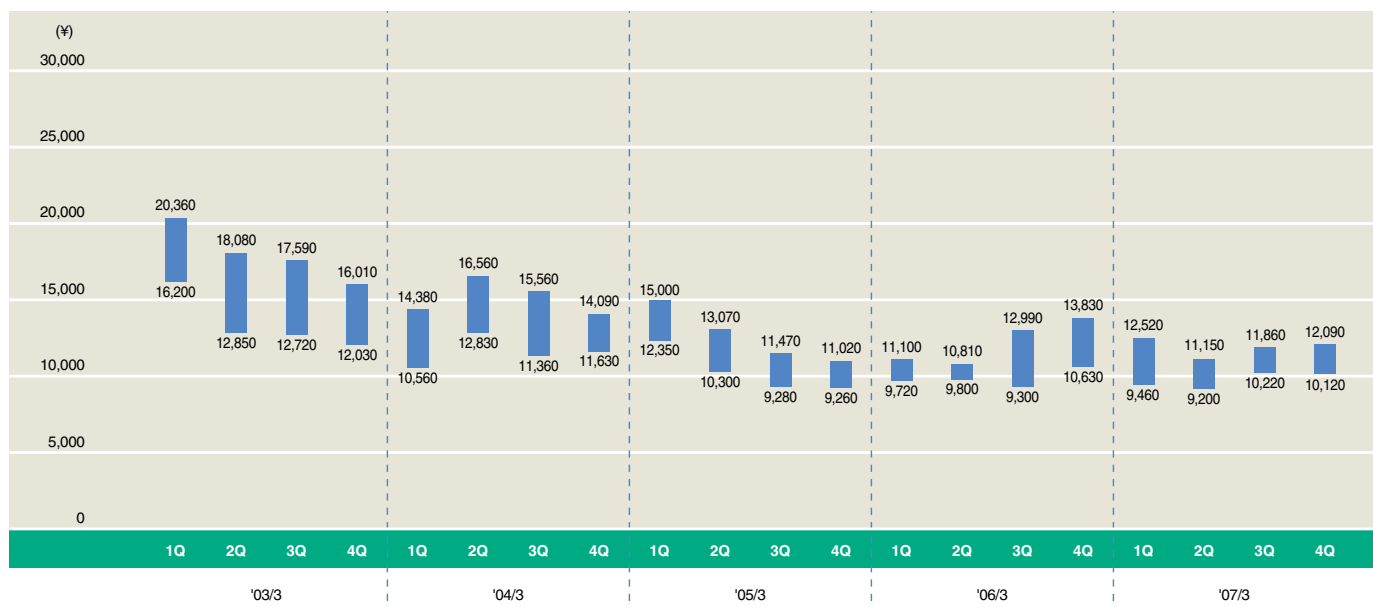


6. Price Book-value Ratio (PBR)



Stock Data

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



Stock Information (as of March 31, 2007)

- Authorized Common Stock 300,000,000
- Issued Common Stock 118,801,388
- Number of Shareholders 25,384

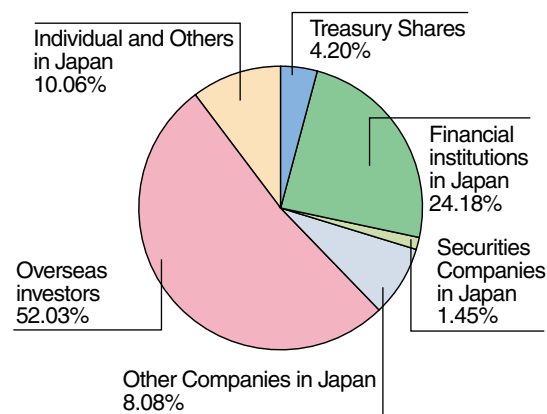
• Major Shareholders

| Name | Number of Shares Held (in thousands) | Voting Right Ratio (%) |
|--|--------------------------------------|------------------------|
| The Master Trust Bank of Japan, Ltd. | 8,014 | 7.04 |
| Rohm Music Foundation | 8,000 | 7.03 |
| Japan Trustee Service Bank, Ltd. | 7,350 | 6.46 |
| The Chase Manhattan Bank, N. A. LONDON | 6,845 | 6.01 |
| Investors Bank and Trust Company | 5,275 | 4.63 |
| State Street Bank & Trust Company | 4,604 | 4.04 |
| State Street Bank & Trust Company 505103 | 3,265 | 2.87 |
| Bank of Kyoto, Ltd. | 2,606 | 2.29 |
| Ken Sato | 2,405 | 2.11 |
| Mellon Bank, N. A. as Agent For Its Client Mellon Omnibus US Pension | 2,194 | 1.93 |

(Note) 1. The number of shares held, and the voting right ratios are rounded down to the nearest thousand and to two decimal places, respectively.

(Note) 2. In addition to the above, the company holds 4,989 thousand shares of treasury stock.

• Shareholder Mix



Notes (Computation)

- **Price-earnings ratio (PER)** = stock price (year-end closing price at Osaka Securities Exchange) / net income per share
- **Price cash flow ratio (PCFR)** = stock price (year-end closing price at Osaka Securities Exchange) / cash flow per share*
*Cash flow per share = (net income + depreciation and amortization) / the average number of shares of common stock
- **Price book-value ratio (PBR)** = stock price (year-end closing price at Osaka Securities Exchange) / net assets per share
- **Inventory turnover period** = {(inventories at the beginning of the year + inventories at the end of the year) / 2} / monthly average sales for the most recent three months
- **Payout ratio** = cash dividends per share / net income per share

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

The average number of shares of common stock used in the computation for the fiscal year 2007, 2006, 2005, 2004 and 2003 was 114,720 thousand, 115,768 thousand, 118,562 thousand, 118,784 thousand, 118,743 thousand, respectively.

Eleven-Year Summary

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

| | 1997 | 1998 | 1999 | 2000 |
|---|-----------|-----------|-----------|-----------|
| For the Year: | | | | |
| Net sales | ¥ 297,790 | ¥ 335,923 | ¥ 328,631 | ¥ 360,080 |
| Cost of sales | 165,436 | 163,060 | 185,175 | 179,380 |
| Selling, general and administrative expenses | 46,834 | 56,260 | 53,365 | 58,358 |
| Operating income | 85,520 | 116,603 | 90,091 | 122,342 |
| Income before income taxes and minority interests | 89,962 | 119,486 | 93,340 | 114,902 |
| Income taxes | 42,888 | 56,453 | 39,706 | 46,469 |
| Net income | 45,540 | 60,990 | 52,235 | 66,727 |
| Capital expenditures | 38,014 | 51,607 | 49,202 | 57,997 |
| Depreciation and amortization | 37,563 | 35,088 | 41,242 | 38,759 |

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

| | | | | |
|---------------------------------------|----------|----------|----------|----------|
| Basic net income | ¥ 393.56 | ¥ 521.71 | ¥ 443.14 | ¥ 562.97 |
| Diluted net income | 386.15 | 517.34 | 441.15 | 561.63 |
| Cash dividends applicable to the year | 19.00 | 19.00 | 19.00 | 19.00 |

At Year-End:

| | | | | |
|---------------------|-----------|-----------|-----------|-----------|
| Current assets | ¥ 299,795 | ¥ 345,045 | ¥ 341,076 | ¥ 407,524 |
| Current liabilities | 103,520 | 107,399 | 80,140 | 98,477 |
| Long-term debt | 12,259 | 5,064 | 1,172 | 678 |
| Equity | 338,541 | 401,861 | 452,961 | 509,718 |
| Total assets | 479,063 | 533,825 | 550,432 | 648,336 |
| Number of employees | 12,614 | 12,633 | 12,675 | 13,659 |

- Notes:
1. U.S. dollar amounts are provided solely for convenience at the rate of ¥118 to US\$1, the approximate exchange rate at March 31, 2007.
 2. Certain reclassifications of previously reported amounts have been made to conform with current classifications.
 3. Effective April 1, 1997, the Company and certain domestic subsidiaries changed their accounting policy for retirement benefits for directors and corporate auditors from the cash basis to the accrual basis. The cumulative effect on prior year of this change, amounting to ¥1,843 million, was amortized over a period of five years beginning with fiscal 1998.
 4. Effective April 1, 1999, the Company and its domestic subsidiaries changed their accounting method or adopted a new accounting standard as follows:
 - (1) changed their accounting method for employees' retirement plans. The annual provision for retirement benefits was calculated to state the liability for retirement benefits at the amount of the expected benefits at the retirement date, less the fair value of the plan assets. The cumulative effect of this change, amounting to ¥5,076 million, was charged to income and "Income before income taxes and minority interests" was decreased by ¥2,277 million for the year ended March 31, 2000.
 - (2) adopted a new accounting standard for research and development cost. The cumulative effect of this adoption, amounting to ¥2,146 million, was charged to income and "Operating Income" and "Income before income taxes and minority interests" were decreased by ¥2,193 million and ¥4,339 million, respectively for the year ended March 31, 2000.
 - (3) changed their accounting method for interperiod allocation of income taxes in accordance with new accounting standards which are based on the asset and liability method. The cumulative effect of the change on interperiod tax allocation in prior years in the amount of ¥8,136 million is included as an adjustment to retained earnings as of April 1, 1999. The effect of this change was to decrease "Net Income" by ¥3,021 million for the year ended March 31, 2000.
 5. Effective April 1, 2000, the Company and its domestic subsidiaries adopted (1) a new accounting standard for financial instruments, (2) a new accounting standard for employees' retirement benefits, and (3) a revised accounting standard for foreign currency transactions. The effect of these adoptions to the consolidated statement of income was immaterial for the year ended March 31, 2001.
 6. Effective April 1, 2002, the Company adopted a new accounting standard for earnings per share of common stock. Certain retroactive adjustments of previously reported per share information have been made to conform with current method. Diluted net income per share for 2007, 2006, 2005 and 2004 are not disclosed because there is no outstanding potentially dilutive securities.
 7. Effective April 1, 2005, the Group adopted a new accounting standard for impairment of fixed assets. There is no effect of this adoption to the consolidated statement of income for the year ended March 31, 2006.
 8. Effective April 1, 2005, the Group changed consolidation policy relating some foreign subsidiaries, whose fiscal year end is December 31, which differs from the Company's fiscal year end, March 31. In the past, the Company had consolidated these subsidiaries using their December 31 financial statements. From the year ended March 31, 2006, the Company consolidated such subsidiaries using their hard close as of March 31. The effect of this change to the consolidated statement of income was immaterial for the year ended March 31, 2006.
 9. Effective April 1, 2006, the Group adopted new accounting standards for presentation of equity and bonuses to directors and corporate auditors. The effect of these adoptions to the consolidated financial statements was immaterial for the year ended March 31, 2007.

| Millions of yen | | | | | | | Thousands of U.S. dollars |
|-----------------|-----------|-----------|-----------|-----------|-----------|------------------|---------------------------|
| 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2007 |
| ¥ 409,335 | ¥ 321,265 | ¥ 350,281 | ¥ 355,630 | ¥ 369,024 | ¥ 387,790 | ¥ 395,082 | \$ 3,348,153 |
| 215,366 | 198,631 | 185,795 | 194,857 | 221,133 | 243,516 | 251,516 | 2,131,492 |
| 56,226 | 56,176 | 68,363 | 66,266 | 71,837 | 75,955 | 74,068 | 627,695 |
| 137,743 | 66,458 | 96,123 | 94,507 | 76,054 | 68,319 | 69,498 | 588,966 |
| 147,059 | 68,129 | 90,476 | 101,070 | 70,842 | 73,858 | 77,874 | 659,949 |
| 60,581 | 28,829 | 37,479 | 37,268 | 25,667 | 25,490 | 30,400 | 257,627 |
| 86,165 | 39,274 | 53,003 | 63,717 | 45,135 | 48,305 | 47,446 | 402,085 |
| 125,020 | 43,326 | 40,548 | 51,958 | 85,171 | 80,240 | 60,926 | 516,322 |
| 53,082 | 52,377 | 52,424 | 45,869 | 47,442 | 57,032 | 61,141 | 518,144 |
| ¥ 722.68 | ¥ 328.24 | ¥ 445.51 | ¥ 535.62 | ¥ 380.21 | ¥ 416.39 | ¥ 413.56 | \$ 3.50 |
| 721.47 | 327.89 | 445.30 | | | | | |
| 19.00 | 19.00 | 22.00 | 55.00 | 85.00 | 90.00 | 100.00 | 0.85 |
| ¥ 449,684 | ¥ 445,094 | ¥ 519,996 | ¥ 530,121 | ¥ 512,990 | ¥ 568,112 | ¥ 602,705 | \$ 5,107,670 |
| 136,765 | 58,579 | 83,681 | 88,321 | 85,964 | 105,779 | 80,383 | 681,212 |
| 579 | | | | | | | |
| 591,409 | 639,210 | 676,577 | 715,938 | 739,329 | 787,214 | 817,818 | 6,930,661 |
| 764,495 | 740,627 | 805,693 | 846,800 | 867,323 | 951,442 | 962,603 | 8,157,653 |
| 15,316 | 15,174 | 16,841 | 18,591 | 19,803 | 20,279 | 20,422 | |

Consolidated Balance Sheets

ROHM CO., LTD. and Subsidiaries
March 31, 2007 and 2006

| ASSETS | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|--------------------|------------------|--|
| | 2007 | 2006 | 2007 |
| Current Assets: | | | |
| Cash and cash equivalents (Note 3) | ¥ 312,178 | ¥ 280,465 | \$ 2,645,576 |
| Short-term investments (Note 3) | 74,483 | 69,617 | 631,212 |
| Notes and accounts receivable: | | | |
| Trade | 102,420 | 102,049 | 867,966 |
| Other | 1,070 | 1,232 | 9,068 |
| Allowance for doubtful notes and accounts | (579) | (718) | (4,907) |
| Inventories (Note 4) | 85,060 | 86,726 | 720,848 |
| Deferred tax assets (Note 8) | 11,758 | 17,788 | 99,644 |
| Prepaid pension cost (Note 5) | 4,418 | 3,895 | 37,441 |
| Refundable income taxes | 1,174 | 1,032 | 9,949 |
| Prepaid expenses and other | 10,723 | 6,026 | 90,873 |
| Total current assets | <u>602,705</u> | <u>568,112</u> | <u>5,107,670</u> |
| Property, Plant and Equipment: | | | |
| Land | 61,618 | 67,542 | 522,186 |
| Buildings and structures | 196,506 | 173,012 | 1,665,305 |
| Machinery and equipment (Note 10) | 496,822 | 467,109 | 4,210,356 |
| Construction in progress | 17,994 | 21,909 | 152,492 |
| Total | <u>772,940</u> | <u>729,572</u> | <u>6,550,339</u> |
| Accumulated depreciation | (497,732) | (446,109) | (4,218,068) |
| Net property, plant and equipment | <u>275,208</u> | <u>283,463</u> | <u>2,332,271</u> |
| Investments and Other Assets: | | | |
| Investment securities (Note 3) | 69,763 | 87,526 | 591,212 |
| Deferred tax assets (Note 8) | 10,365 | 8,056 | 87,839 |
| Other | 4,562 | 4,285 | 38,661 |
| Total investments and other assets | <u>84,690</u> | <u>99,867</u> | <u>717,712</u> |
| Total | <u>¥ 962,603</u> | <u>¥ 951,442</u> | <u>\$ 8,157,653</u> |

See notes to consolidated financial statements.

LIABILITIES AND EQUITY

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|--------------------|------------------|--|
| | 2007 | 2006 | 2007 |
| Current Liabilities: | | | |
| Notes and accounts payable: | | | |
| Trade | ¥ 23,649 | ¥ 27,623 | \$ 200,415 |
| Construction and other | 34,181 | 48,333 | 289,670 |
| Accrued income taxes | 8,079 | 16,012 | 68,466 |
| Deferred tax liabilities (Note 8) | 781 | 539 | 6,619 |
| Accrued expenses and other | 13,693 | 13,272 | 116,042 |
| Total current liabilities | <u>80,383</u> | <u>105,779</u> | <u>681,212</u> |
| Long-term Liabilities: | | | |
| Liability for retirement benefits (Note 5) | 3,117 | 3,059 | 26,415 |
| Deferred tax liabilities (Note 8) | 61,245 | 55,041 | 519,026 |
| Other | 40 | 45 | 339 |
| Total long-term liabilities | <u>64,402</u> | <u>58,145</u> | <u>545,780</u> |
| Minority Interests | | 304 | |
| Equity (Notes 6 and 11): | | | |
| Common stock - authorized, 300,000,000 shares; issued, 118,801,388 shares | 86,969 | 86,969 | 737,025 |
| Capital surplus | 102,404 | 102,404 | 867,831 |
| Retained earnings | 676,750 | 639,761 | 5,735,169 |
| Net unrealized gain on available-for-sale securities (Note 3) | 3,615 | 6,525 | 30,636 |
| Foreign currency translation adjustments | 131 | (13,075) | 1,110 |
| Treasury stock-at cost 4,989,889 shares in 2007 and 3,417,119 shares in 2006. | (52,401) | (35,370) | (444,076) |
| Total | 817,468 | 787,214 | 6,927,695 |
| Minority Interests | 350 | | 2,966 |
| Total equity | <u>817,818</u> | <u>787,214</u> | <u>6,930,661</u> |
| Total | <u>¥ 962,603</u> | <u>¥ 951,442</u> | <u>\$ 8,157,653</u> |

Consolidated Statements of Income

ROHM CO., LTD. and Subsidiaries
Years ended March 31, 2007, 2006 and 2005

| | Millions of yen | | | Thousands of U.S. dollars (Note 1) |
|---|------------------|-----------|-----------|------------------------------------|
| | 2007 | 2006 | 2005 | 2007 |
| Net Sales | ¥ 395,082 | ¥ 387,790 | ¥ 369,024 | \$ 3,348,153 |
| Operating Cost and Expenses : | | | | |
| Cost of sales | 251,516 | 243,516 | 221,133 | 2,131,492 |
| Selling, general and administrative expenses (Note 2(k) and 7) | 74,068 | 75,955 | 71,837 | 627,695 |
| Total operating cost and expenses | 325,584 | 319,471 | 292,970 | 2,759,187 |
| Operating Income | 69,498 | 68,319 | 76,054 | 588,966 |
| Other Income (Expenses): | | | | |
| Interest and dividend income | 10,414 | 6,283 | 3,318 | 88,254 |
| Foreign currency exchange gains (losses) - net | (947) | 4,467 | 333 | (8,025) |
| Loss on early retirement (Note 5) | | (1,931) | (7,934) | |
| Gain on sale of property, plant and equipment | 2,150 | 248 | 22 | 18,220 |
| Loss on sale and disposal of property, plant and equipment | (1,951) | (2,897) | (566) | (16,534) |
| Other - net | (1,290) | (631) | (385) | (10,932) |
| Total other income (expenses) - net | 8,376 | 5,539 | (5,212) | 70,983 |
| Income before Income Taxes and Minority Interests | 77,874 | 73,858 | 70,842 | 659,949 |
| Income Taxes (Note 8): | | | | |
| Current | 17,902 | 25,297 | 20,975 | 151,712 |
| Deferred | 12,498 | 193 | 4,692 | 105,915 |
| Total income taxes | 30,400 | 25,490 | 25,667 | 257,627 |
| Minority Interests | (28) | (63) | (40) | (237) |
| Net Income | ¥ 47,446 | ¥ 48,305 | ¥ 45,135 | \$ 402,085 |
| Per Share Information (Note 2 (p)): | | | | |
| | | Yen | | U.S. dollars |
| Basic net income | ¥ 413.56 | ¥ 416.39 | ¥ 380.21 | \$ 3.50 |
| Cash dividends applicable to the year | 100.00 | 90.00 | 85.00 | 0.85 |

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

ROHM CO., LTD. and Subsidiaries
Years ended March 31, 2007, 2006 and 2005

| | Outstanding number of shares of common stock | Millions of yen | | | | | | | | |
|---|--|-----------------|--------------------|----------------------|--|---|-------------------|-----------|-----------------------|-----------------|
| | | Common stock | Capital surplus | Retained earnings | Net unrealized gain on available- for-sale securities | Foreign currency translation adjustments | Treasury stock | Total | Minority Interests | Total Equity |
| Balance at April 1, 2004 | 118,781,637 | ¥ 86,969 | ¥ 102,404 | ¥ 566,750 | ¥ 2,673 | ¥ 42,557 | ¥ (301) | ¥ 715,938 | | ¥ 715,938 |
| Net income | | | | 45,135 | | | | 45,135 | | 45,135 |
| Reserve for employees' welfare fund | | | | (8) | | | | (8) | | (8) |
| Cash dividends, ¥85.00 per share | | | | (10,096) | | | | (10,096) | | (10,096) |
| Bonuses to directors | | | | (92) | | | | (92) | | (92) |
| Net unrealized gain on available-for-sale securities | | | | | (103) | | | (103) | | (103) |
| Foreign currency translation adjustments | | | | | | 8,495 | | 8,495 | | 8,495 |
| Purchase of treasury stock | (1,930,802) | | | | | | (19,940) | (19,940) | | (19,940) |
| Balance at March 31, 2005 | 116,850,835 | 86,969 | 102,404 | 601,689 | 2,570 | (34,062) | (20,241) | 739,329 | | 739,329 |
| Net income | | | | 48,305 | | | | 48,305 | | 48,305 |
| Reserve for employees' welfare fund | | | | (1) | | | | (1) | | (1) |
| Cash dividends, ¥87.50 per share | | | | (10,181) | | | | (10,181) | | (10,181) |
| Bonuses to directors | | | | (51) | | | | (51) | | (51) |
| Net unrealized gain on available-for-sale securities | | | | | 3,955 | | | 3,955 | | 3,955 |
| Foreign currency translation adjustments | | | | | | 20,987 | | 20,987 | | 20,987 |
| Purchase of treasury stock | (1,466,566) | | | | | | (15,129) | (15,129) | | (15,129) |
| Balance at March 31, 2006 | 115,384,269 | 86,969 | 102,404 | 639,761 | 6,525 | (13,075) | (35,370) | 787,214 | | 787,214 |
| Reclassification as of March 31, 2006 (Note 2 (h)) | | | | | | | | | ¥ 304 | 304 |
| Net income | | | | 47,446 | | | | 47,446 | | 47,446 |
| Reserve for employees' welfare fund | | | | (26) | | | | (26) | | (26) |
| Cash dividends, ¥90.00 per share | | | | (10,335) | | | | (10,335) | | (10,335) |
| Bonuses to directors | | | | (96) | | | | (96) | | (96) |
| Purchase of treasury stock | (1,572,770) | | | | | | (17,031) | (17,031) | | (17,031) |
| Net change in the year | | | | | (2,910) | 13,206 | | 10,296 | 46 | 10,342 |
| Balance at March 31, 2007 | 113,811,499 | ¥ 86,969 | ¥ 102,404 | ¥ 676,750 | ¥ 3,615 | ¥ 131 | ¥ (52,401) | ¥ 817,468 | ¥ 350 | ¥ 817,818 |

| | Thousands of U.S. dollars (Note 1) | | | | | | | | |
|--|------------------------------------|--------------------|----------------------|--|---|-------------------|--------------|-----------------------|-----------------|
| | Common stock | Capital surplus | Retained earnings | Net unrealized gain on available- for-sale securities | Foreign currency translation adjustments | Treasury stock | Total | Minority Interests | Total Equity |
| Balance at March 31, 2006 | \$ 737,025 | \$ 867,831 | \$ 5,421,703 | \$ 55,297 | \$ (110,805) | \$ (299,746) | \$ 6,671,305 | | \$ 6,671,305 |
| Reclassification as of March 31, 2006 (Note 2 (h)) | | | | | | | | \$ 2,576 | 2,576 |
| Net income | | | 402,085 | | | | 402,085 | | 402,085 |
| Reserve for employees' welfare fund | | | (220) | | | | (220) | | (220) |
| Cash dividends, \$0.76 per share | | | (87,585) | | | | (87,585) | | (87,585) |
| Bonuses to directors | | | (814) | | | | (814) | | (814) |
| Purchase of treasury stock | | | | | | (144,330) | (144,330) | | (144,330) |
| Net change in the year | | | | (24,661) | 111,915 | | 87,254 | 390 | 87,644 |
| Balance at March 31, 2007 | \$ 737,025 | \$ 867,831 | \$ 5,735,169 | \$ 30,636 | \$ 1,110 | \$ (444,076) | \$ 6,927,695 | \$ 2,966 | \$ 6,930,661 |

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

ROHM CO., LTD. and Subsidiaries
Years ended March 31, 2007, 2006 and 2005

| | Millions of yen | | | Thousands of U.S. dollars (Note 1) |
|---|------------------|------------------|------------------|------------------------------------|
| | 2007 | 2006 | 2005 | 2007 |
| Operating Activities: | | | | |
| Income before income taxes and minority interests | ¥ 77,874 | ¥ 73,858 | ¥ 70,842 | \$ 659,949 |
| Adjustments for: | | | | |
| Depreciation and amortization | 61,141 | 57,032 | 47,442 | 518,144 |
| Interest and dividends income | (10,414) | (6,283) | (3,318) | (88,254) |
| Foreign currency exchange losses (gains) - net | (1,967) | (8,997) | (1,321) | (16,669) |
| Increase (decrease) in net liability for retirement benefits | (598) | (107) | (6,000) | (5,068) |
| Write-down of investment securities | 32 | 8 | 284 | 271 |
| Changes in assets and liabilities: | | | | |
| Decrease (increase) in notes and accounts receivables - trade | 562 | (5,421) | 716 | 4,762 |
| Decrease (increase) in inventories | 4,725 | (14,274) | (5,253) | 40,042 |
| Increase (decrease) in notes and accounts payables - trade | (5,237) | 5,072 | (1,630) | (44,381) |
| Other - net | (6,602) | 4,454 | 5,704 | (55,949) |
| Sub-total | 119,516 | 105,342 | 107,466 | 1,012,847 |
| Interest and dividends - received | 10,517 | 6,653 | 3,510 | 89,127 |
| Compensation for expropriation - received | | | 1,384 | |
| Income taxes - paid | (26,104) | (17,447) | (20,441) | (221,220) |
| Net cash provided by operating activities | 103,929 | 94,548 | 91,919 | 880,754 |
| Investing Activities: | | | | |
| Decrease (increase) in short-term investments and investment securities - net | 8,271 | (19,535) | (8,656) | 70,093 |
| Purchases of property, plant and equipment | (68,986) | (76,068) | (78,754) | (584,627) |
| Proceeds from sale of property, plant and equipment | 11,290 | 1,773 | 137 | 95,678 |
| Other - net | (717) | (1,503) | (156) | (6,076) |
| Net cash used in investing activities | (50,142) | (95,333) | (87,429) | (424,932) |
| Financing Activities: | | | | |
| Purchase of treasury stock | (17,031) | (15,129) | (19,940) | (144,331) |
| Dividends paid | (10,335) | (10,181) | (10,096) | (87,585) |
| Other - net | (1) | (1) | (1) | (8) |
| Net cash used in financing activities | (27,367) | (25,311) | (30,037) | (231,924) |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | 5,293 | 17,586 | 3,944 | 44,856 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 31,713 | (8,510) | (21,603) | 268,754 |
| Cash and Cash Equivalents at Beginning of Year | 280,465 | 288,975 | 310,578 | 2,376,822 |
| Cash and Cash Equivalents at End of Year | ¥ 312,178 | ¥ 280,465 | ¥ 288,975 | \$ 2,645,576 |

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.

On December 27, 2005, the Accounting Standards Board of Japan (the "ASBJ") published a new accounting standard for the statement of changes in equity, which is effective for fiscal years ending on or after May 1, 2006. The consolidated statement of shareholders' equity, which was previously voluntarily prepared in line with the international accounting practices, is now required under generally accepted accounting principles in Japan ("Japanese GAAP") and has been renamed "the consolidated statement of changes in equity" in the current fiscal year.

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 ¥118 to \$1, the approximate rate of exchange at March 31, 2007. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

(a) Consolidation

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

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

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

All significant intercompany balances and transactions have been eliminated in consolidation.

All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

Effective April 1, 2005, the Group changed consolidation policy relating ROHM SEMICONDUCTOR CHINA CO., LTD. and four other foreign subsidiaries, whose fiscal year end is December 31, which differs from the Company's fiscal year end, March 31. In the past, the Company had consolidated these subsidiaries using their December 31 financial statements. From the year ended March 31, 2006, the Company consolidated such subsidiaries using their hard close as of March 31. The effect of this change to the consolidated statement of income was immaterial for the year ended March 31, 2006.

(b) Cash equivalents

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

Cash equivalents include time deposits and certificates of deposit 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 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 and structures 3 to 50 years

Machinery and equipment 2 to 10 years

(f) Long-lived assets

In August 2002, the Business Accounting Council (the "BAC") issued a "Statement of Opinion, Accounting for Impairment of Fixed Assets", and in October 2003 the ASBJ issued ASBJ 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.

Effective April 1, 2005, the Group adopted the new accounting standard for impairment of fixed assets.

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

The adoption of this new accounting standard did not affect the consolidated statement of income for the year ended March 31, 2006.

(g) Liability for retirement benefits

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

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

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

(h) Presentation of Equity

On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ending on or after May 1, 2006. The consolidated balance sheet as of March 31, 2007 is presented in line with this new accounting standard.

(i) Research and development costs

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

(j) Leases

All leases of the Company and its domestic subsidiaries are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that 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.

(k) Bonuses to directors and corporate auditors

Prior to the fiscal year ended March 31, 2005, bonuses to directors and corporate auditors were accounted for as a reduction of retained earnings in the fiscal year following approval at the general shareholders meeting. The ASBJ issued ASBJ Practical Issues Task Force (PITF) No.13, "Accounting Treatment for Bonuses to Directors and Corporate Auditors", which encouraged companies to record bonuses to directors and corporate auditors on the accrual basis with a related charge to income, but still permitted the direct reduction of such bonuses from retained earnings after approval of the appropriation of retained earnings.

The ASBJ replaced the above accounting pronouncement by issuing a new accounting standard for bonuses to directors and corporate auditors on November 29, 2005. Under the new accounting standard, bonuses to directors and corporate auditors must be expensed and are no longer allowed to be directly charged to retained earnings. This accounting

standard is effective for fiscal years ending on or after May 1, 2006. The companies must accrue bonuses to directors and corporate auditors at the year end to which such bonuses are attributable.

The Group adopted the new accounting standard for bonuses to directors and corporate auditors from the year ended March 31, 2007. The effect of adoption of this accounting standard was to decrease income before income taxes and minority interests for the year ended March 31, 2007 by ¥ 113 million (\$ 958 thousand).

(l) Income taxes

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

(m) Foreign currency transactions

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

(n) Foreign currency financial statements

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

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

(o) Derivatives and hedging activities

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange. Foreign exchange forward contracts are utilized by the Group to reduce foreign currency exchange 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.

(p) Per share information

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

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

The average number of shares used to compute basic net income per share for the years ended March 31, 2007, 2006 and 2005 were 114,720 thousand shares, 115,768 thousand shares and 118,562 thousand shares, respectively.

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

**(q) New Accounting Pronouncements
Measurement of Inventories**

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

Notes to Consolidated Financial Statements

ROHM CO., LTD. and Subsidiaries

Lease Accounting

On March 30, 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the existing accounting standard for lease transactions issued on June 17, 1993.

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements.

The revised accounting standard requires that all finance lease transactions should be capitalized. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

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

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

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

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

3. Debt and equity securities

Debt and equity securities held by the Group as of March 31, 2007 and 2006 were classified and included in the following accounts:

| Securities classified as: | Millions of yen | | Thousands of U.S. dollars |
|-------------------------------------|------------------|------------------|---------------------------|
| | 2007 | 2006 | 2007 |
| Available-for-sale: | | | |
| Cash and cash equivalents | ¥ 1,859 | ¥ 3,172 | \$ 15,754 |
| Short-term investments | 48,679 | 36,002 | 412,534 |
| Investment securities | 69,762 | 87,513 | 591,204 |
| Total | <u>¥ 120,300</u> | <u>¥ 126,687</u> | <u>\$ 1,019,492</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, 2007 and 2006 were as follows:

| Securities classified as: | Millions of yen | | | |
|--|------------------|------------------|-------------------|------------------|
| | 2007 | | | |
| | Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| Available-for-sale: | | | | |
| Equity securities | ¥ 8,916 | ¥ 7,653 | ¥ (1,428) | ¥ 15,141 |
| Government and corporate bonds | 100,793 | 46 | (376) | 100,463 |
| Other | 999 | | (0) | 999 |
| Total | <u>¥ 110,708</u> | <u>¥ 7,699</u> | <u>¥ (1,804)</u> | <u>¥ 116,603</u> |

| Securities classified as: | Millions of yen | | | |
|--|------------------|------------------|-------------------|------------------|
| | 2006 | | | |
| | Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| Available-for-sale: | | | | |
| Equity securities | ¥ 8,914 | ¥ 11,715 | ¥ (45) | ¥ 20,584 |
| Government and corporate bonds | 101,772 | 8 | (759) | 101,021 |
| Total | <u>¥ 110,686</u> | <u>¥ 11,723</u> | <u>¥ (804)</u> | <u>¥ 121,605</u> |

| Securities classified as: | Thousands of U.S. dollars | | | |
|--|---------------------------|------------------|--------------------|-------------------|
| | 2007 | | | |
| | Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| Available-for-sale: | | | | |
| Equity securities | \$ 75,559 | \$ 64,856 | \$ (12,101) | \$ 128,314 |
| Government and corporate bonds | 854,178 | 390 | (3,187) | 851,381 |
| Other | 8,466 | | (0) | 8,466 |
| Total | <u>\$ 938,203</u> | <u>\$ 65,246</u> | <u>\$ (15,288)</u> | <u>\$ 988,161</u> |

Notes to Consolidated Financial Statements

ROHM CO., LTD. and Subsidiaries

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, 2007 and 2006 were as follows:

| | Carrying values | | |
|-----------------------------------|-----------------|----------------|---------------------------|
| | Millions of yen | | Thousands of U.S. dollars |
| | 2007 | 2006 | 2007 |
| Equity securities | ¥ 893 | ¥ 1,053 | \$ 7,568 |
| Corporate bonds | 944 | 857 | 8,000 |
| Certificates of deposit | 1,860 | 3,172 | 15,763 |
| Total | <u>¥ 3,697</u> | <u>¥ 5,082</u> | <u>\$ 31,331</u> |

Proceeds from sales of available-for-sale securities were ¥1 million (\$8 thousand) and ¥22,893 million for the years ended March 31, 2007 and 2006, respectively. Gross realized gains on these sales, computed on the moving average basis, were ¥1 million (\$8 thousand) for the year ended March 31, 2007. Gross realized gains and losses on these sales were ¥37 million and ¥150 million, for the year ended March 31, 2006, respectively.

The aggregate maturities of securities classified as available-for-sale at March 31, 2007 and 2006 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|------------------------------------|-----------------------------------|------------------|---------------------------|
| | 2007 | 2006 | 2007 |
| | Due in one year or less | ¥ 50,518 | ¥ 39,134 |
| Due in one to five years | 50,627 | 64,210 | 429,042 |
| Due in five to ten years | 3,124 | 2,033 | 26,475 |
| Total | <u>¥ 104,269</u> | <u>¥ 105,377</u> | <u>\$ 883,636</u> |

4. Inventories

Inventories at March 31, 2007 and 2006 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------------------|-----------------|---------------------------|
| | 2007 | 2006 | 2007 |
| | Finished products | ¥ 26,288 | ¥ 26,844 |
| Semi-finished products and work in process | 27,776 | 30,986 | 235,390 |
| Raw materials and supplies | 30,996 | 28,896 | 262,678 |
| Total | <u>¥ 85,060</u> | <u>¥ 86,726</u> | <u>\$ 720,848</u> |

5. Retirement Plans

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

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

“Liability for retirement benefits” includes retirement benefits for directors of ¥2,159 million (\$18,296 thousand) and ¥2,069 million at March 31, 2007 and 2006, respectively.

The net liability for employees’ retirement benefits at March 31, 2007 and 2006 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|----------|---------------------------|
| | 2007 | 2006 | 2007 |
| Projected benefit obligation | ¥ 18,180 | ¥ 17,131 | \$ 154,068 |
| Fair value of plan assets | (24,298) | (22,399) | (205,915) |
| Unrecognized actuarial gain | 2,658 | 2,363 | 22,525 |
| Net asset | (3,460) | (2,905) | (29,322) |
| Prepaid pension cost | 4,418 | 3,895 | 37,441 |
| Liability for retirement benefits | ¥ 958 | ¥ 990 | \$ 8,119 |

The components of net periodic pension costs for the years ended March 31, 2007, 2006 and 2005 were as follows:

| | Millions of yen | | | Thousands of U.S. dollars |
|--|-----------------|---------|---------|---------------------------|
| | 2007 | 2006 | 2005 | 2007 |
| Service cost | ¥ 1,602 | ¥ 1,641 | ¥ 1,974 | \$ 13,576 |
| Interest cost | 375 | 346 | 545 | 3,178 |
| Expected return on plan assets | (492) | (372) | (429) | (4,169) |
| Recognized actuarial loss (gain) | (7) | 317 | 757 | (59) |
| Other | 340 | 428 | 89 | 2,881 |
| Net periodic benefit costs | ¥ 1,818 | ¥ 2,360 | ¥ 2,936 | \$ 15,407 |

Besides the above costs, the Group recognized ¥1,931 million and ¥7,934 million as “Loss on early retirement” in the consolidated statements of income for the years ended March 31, 2006 and 2005, respectively.

Assumptions used for the years ended March 31, 2007, 2006 and 2005 were as follows:

| | 2007 | 2006 | 2005 |
|---|---|--|--|
| Discount rate | 2.0% | 2.0% | 2.0% |
| Expected rate of return on plan assets | 2.0% | 2.0% | 2.0% |
| Allocation method of the retirement benefits expected to be paid at the retirement date | Straight-line method based on years of service | Straight-line method based on years of service | Straight-line method based on years of service |
| Amortization period of prior service credit | 10 years | 10 years | 10 years |
| Recognition period of actuarial gain / loss | 10 years | 10 years | 10 years |

Notes to Consolidated Financial Statements

ROHM CO., LTD. and Subsidiaries

6. Equity

On and after May 1, 2006, Japanese companies are subject to a new corporate law of Japan (the “Corporate Law”), which reformed and replaced the Commercial Code of Japan with various revisions that are, for the most part, applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. The significant changes in the Corporate Law that affect financial and accounting matters are summarized below:

(a) Dividends

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

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

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

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

(c) Treasury stock and treasury stock acquisition rights

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

7. Research and Development Costs

Research and development costs charged to income were ¥33,891 million (\$287,212 thousand), ¥33,794 million and ¥32,343 million for the years ended March 31, 2007, 2006 and 2005, respectively.

8. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 40.6% for fiscal 2007, 2006 and 2005. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities at March 31, 2007 and 2006 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-------------------|-------------------|---------------------------|
| | 2007 | 2006 | 2007 |
| Deferred tax assets: | | | |
| Inventories | ¥ 7,273 | ¥ 8,686 | \$ 61,636 |
| Depreciation | 12,439 | 11,564 | 105,415 |
| Tax loss carryforwards | 3,702 | 3,211 | 31,373 |
| Accrued expenses | 1,905 | 1,998 | 16,144 |
| Foreign tax credit | 2,934 | 6,525 | 24,864 |
| Other | 5,212 | 4,690 | 44,169 |
| Valuation Allowance | (2,436) | (1,469) | (20,643) |
| Total | <u>31,029</u> | <u>35,205</u> | <u>262,958</u> |
| Deferred tax liabilities: | | | |
| Undistributed earnings of foreign subsidiaries | (66,446) | (58,690) | (563,102) |
| Prepaid pension cost | (1,540) | (1,512) | (13,051) |
| Other | (2,946) | (4,739) | (24,967) |
| Total | <u>(70,932)</u> | <u>(64,941)</u> | <u>(601,120)</u> |
| Net deferred tax liabilities | <u>¥ (39,903)</u> | <u>¥ (29,736)</u> | <u>\$ (338,162)</u> |

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

| | Millions of yen | | Thousands of U.S. dollars |
|--|-------------------|-------------------|---------------------------|
| | 2007 | 2006 | 2007 |
| Current Assets - Deferred tax assets | ¥ 11,758 | ¥ 17,788 | \$ 99,644 |
| Investments and Other Assets - Deferred tax assets | 10,365 | 8,056 | 87,839 |
| Current Liabilities - Deferred tax liabilities | (781) | (539) | (6,619) |
| Long-term Liabilities - Deferred tax liabilities | (61,245) | (55,041) | (519,026) |
| Net deferred tax liabilities | <u>¥ (39,903)</u> | <u>¥ (29,736)</u> | <u>\$ (338,162)</u> |

Notes to Consolidated Financial Statements

ROHM CO., LTD. and Subsidiaries

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2006 and 2005 were as follows:

| | 2006 | 2005 |
|--|--------------|--------------|
| Normal effective tax rate | 40.6% | 40.6% |
| Lower income tax rates applicable to income | | |
| in certain foreign countries | (3.0) | (3.0) |
| Tax credit for research and development expenses | (2.7) | (2.5) |
| Other-net | (0.4) | 1.1 |
| Actual effective tax rate | <u>34.5%</u> | <u>36.2%</u> |

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

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, 2007 and 2006 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, 2007, 2006 and 2005 were ¥15 million (\$127 thousand), ¥17 million and ¥20 million, respectively.

Pro forma information at March 31, 2007 and 2006, on an "as if capitalized" basis for finance leases that do not transfer ownership of the leased property to the lessee were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--------------------------------|----------------------------|-------------|------------------------------|
| | Machinery and equipment | | Machinery and equipment |
| | 2007 | 2006 | 2007 |
| Acquisition cost | ¥ 48 | ¥ 44 | \$ 407 |
| Accumulated depreciation | 29 | 25 | 246 |
| Net leased property | <u>¥ 19</u> | <u>¥ 19</u> | <u>\$ 161</u> |

Pro forma obligations under finance leases on an “as if capitalized” basis at March 31, 2007 and 2006 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---------------------------|-----------------|-------------|---------------------------|
| | 2007 | 2006 | 2007 |
| Due within one year | ¥ 9 | ¥ 13 | \$ 76 |
| Due after one year | 10 | 6 | 85 |
| Total | <u>¥ 19</u> | <u>¥ 19</u> | <u>\$ 161</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 ¥15 million (\$127 thousand), ¥17 million and ¥20 million for the years ended March 31, 2007, 2006 and 2005, respectively.

Notes to Consolidated Financial Statements

ROHM CO., LTD. and Subsidiaries

11. Subsequent Events

(a) Purchase of treasury stock

The Company purchased 462 thousand shares of common stock at an aggregate cost of ¥5,000 million (\$42,373 thousand) from April 1 to 10, 2007 with resolution of the Company's Board of Directors meeting held on March 9, 2007.

(b) Appropriation of retained earnings

The following appropriation of retained earnings as of March 31, 2007 was approved at the Company's general shareholders meeting held on June 28, 2007.

| | Millions of yen | Thousands of U.S. dollars |
|---|--------------------|------------------------------|
| Year-end cash dividends, ¥55.00 (\$0.47) per share. | ¥ 6,260 | \$ 53,051 |

12. Segment Information

Information about industry segments, geographical segments and sales to foreign customers of the Group for the years ended March 31, 2007, 2006 and 2005 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, 2007, 2006 and 2005 were summarized as follows:

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

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

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

Notes to Consolidated Financial Statements

ROHM CO., LTD. and Subsidiaries

Thousands of U.S. dollars

| | 2007 | | | | | |
|-------------------------|--------------|--------------|------------|------------|----------------------------|--------------|
| | Japan | Asia | Americas | Europe | Eliminations/ Corporate | Consolidated |
| Sales to customers | \$ 1,305,085 | \$ 1,769,627 | \$ 119,822 | \$ 153,619 | | \$ 3,348,153 |
| Interarea transfer | 1,440,932 | 1,634,966 | 1,992 | 415 | \$(3,078,305) | |
| Total sales | 2,746,017 | 3,404,593 | 121,814 | 154,034 | (3,078,305) | 3,348,153 |
| Operating expenses | 2,441,975 | 3,034,186 | 124,771 | 161,619 | (3,003,364) | 2,759,187 |
| Operating income (loss) | \$ 304,042 | \$ 370,407 | \$ (2,957) | \$ (7,585) | \$ (74,941) | \$ 588,966 |
| Total assets | \$ 3,732,746 | \$ 3,092,864 | \$ 113,636 | \$ 153,229 | \$ 1,065,178 | \$ 8,157,653 |

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, 2007, 2006 and 2005 consisted of the following:

| | Millions of yen | | | Thousands of U.S. dollars |
|----------------------------------|--------------------|-----------|-----------|------------------------------|
| | 2007 | 2006 | 2005 | 2007 |
| Asia | ¥ 209,739 | ¥ 200,100 | ¥ 174,160 | \$ 1,777,449 |
| Americas | 15,213 | 15,139 | 13,990 | 128,924 |
| Europe | 16,459 | 16,283 | 19,021 | 139,483 |
| Total sales to foreign customers | ¥ 241,411 | ¥ 231,522 | ¥ 207,171 | \$ 2,045,856 |

Deloitte.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of ROHM CO., LTD. and subsidiaries as of March 31, 2007 and 2006, and the related consolidated statements of income, changes in equity, and cash flows for each of the three years in the period ended March 31, 2007, 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, 2007 and 2006, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2007, in conformity with accounting principles generally accepted in Japan.

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

Deloitte Touche Tohmatsu

June 28, 2007

Member of
Deloitte Touche Tohmatsu

Principal Subsidiaries (Domestic)

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

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

(As of March 31, 2007)

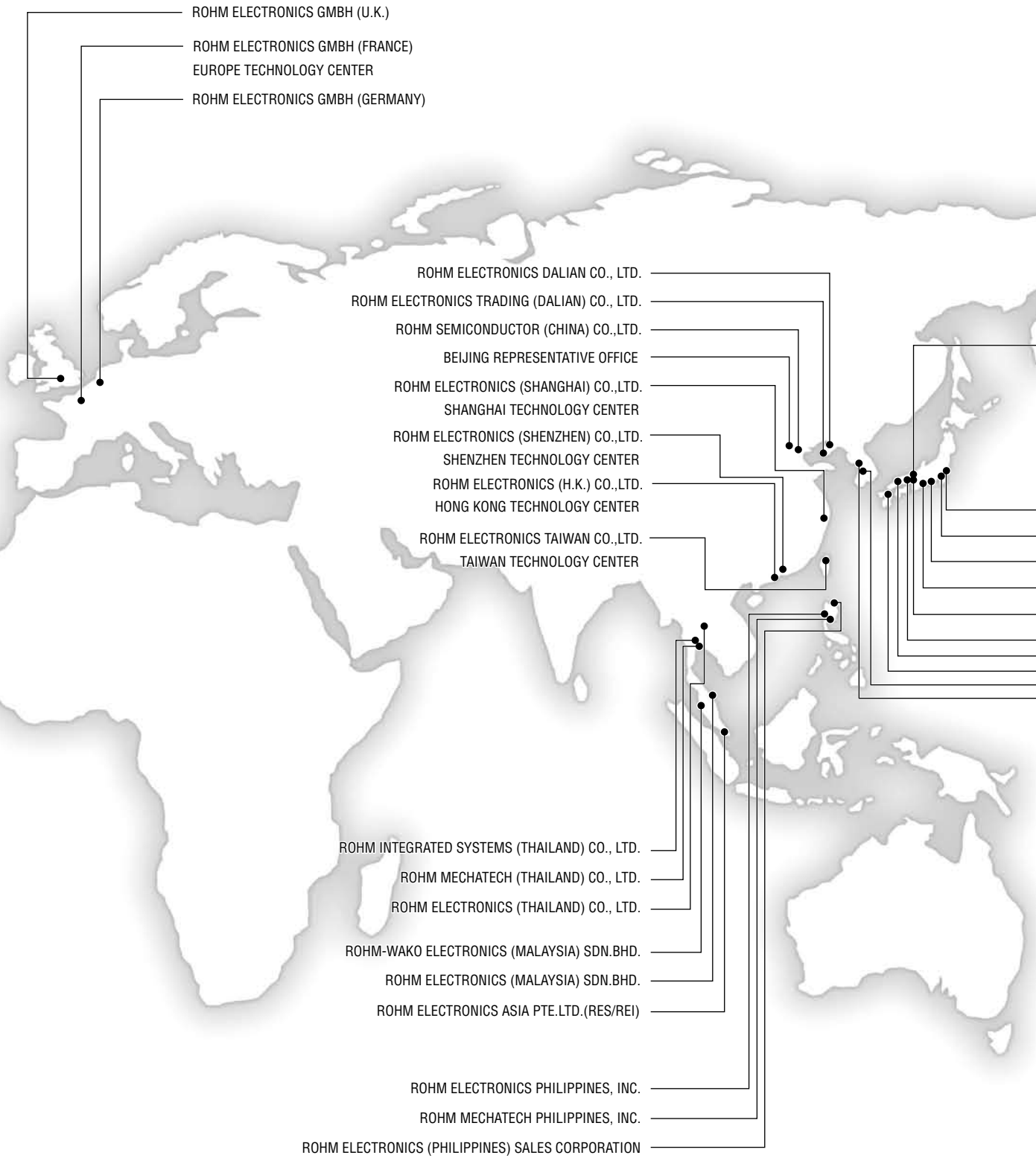
Principal Subsidiaries (Oversras)

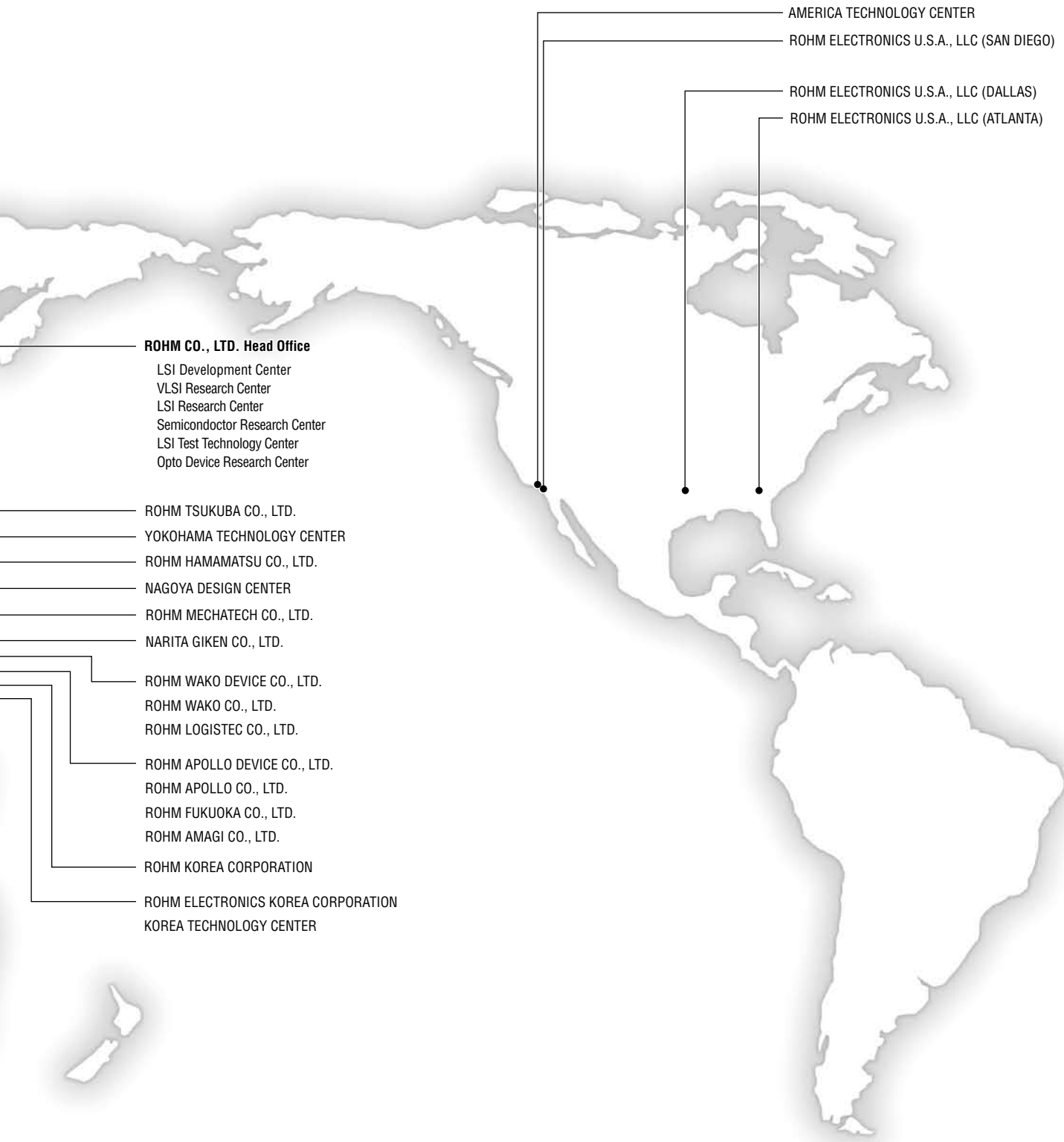
| Corporate name | Location | Principal business | Capital % owned by ROHM CO., LTD. |
|---|-------------------------------|---|---|
| ROHM KOREA CORPORATION | Seoul, Korea | Manufacture of ROHM products (monolithic ICs, transistors, diodes, LEDs, sensors, resistors and LED displays) | Won 9,654 million 0% (100.0%) |
| ROHM ELECTRONICS PHILIPPINES, INC. | Cavite, Philippines | Manufacture of ROHM products (monolithic ICs, transistors, diodes and resistors) | P 1,221,564 thousand 0% (100.0%) |
| ROHM INTEGRATED SYSTEMS (THAILAND) CO., LTD. | Pathumthani, Thailand | Manufacture of ROHM products (monolithic ICs, resistors, capacitors, transistors and diodes) | B 1,115,500 thousand 0% (100.0%) |
| ROHM SEMICONDUCTOR (CHINA) CO., LTD. | Tianjin, China | Manufacture of ROHM products (transistors, diodes, LEDs, laser diodes, LED displays, sensors and resistors) | ¥ 10,290 million 0% (100.0%) |
| ROHM ELECTRONICS DALIAN CO., LTD. | Dalian, China | Manufacture of ROHM products (power modules, LCDs, thermal heads, image sensor heads and photo link modules) | ¥ 7,967 million 0% (100.0%) |
| ROHM-WAKO ELECTRONICS (MALAYSIA) SDN. BHD. | Kelantan, Malaysia | Manufacture of ROHM products (diodes and LEDs) | M\$ 53,400 thousand 0% (100.0%) |
| ROHM MECHATECH PHILIPPINES, INC. | Cavite, Philippines | Manufacture of molding dies and lead frames | P 150,000 thousand 25.0% (100.0%) |
| ROHM MECHATECH (THAILAND) CO., LTD. | Pathumthani, Thailand | Manufacture of molding dies and lead frames | B 100,000 thousand 0% (100.0%) |
| ROHM ELECTRONICS U.S.A., LLC | California, U. S. A. | Sales of ROHM products | US\$ 27,906 thousand 0% (100.0%) |
| (SAN DIEGO SALES OFFICE) | California, U. S. A. | Sales of ROHM products | |
| (ATLANTA SALES OFFICE) | Georgia, U. S. A. | Sales of ROHM products | |
| (DALLAS SALES OFFICE) | Texas, U. S. A. | Sales of ROHM products | |
| ROHM ELECTRONICS GMBH | Willich-Munchheide, Germany | Sales of ROHM products | EURO 512 thousand 0% (100.0%) |
| (GERMANY SALES DIVISION) | Willich-Munchheide, Germany | Sales of ROHM products | |
| (FRANCE SALES DIVISION) | Paris, France | Sales of ROHM products | |
| (UK SALES DIVISION) | Milton Keynes, United Kingdom | Sales of ROHM products | |
| ROHM ELECTRONICS KOREA CORPORATION | Seoul, Korea | Sales of ROHM products | Won 1,000 million 0% (100.0%) |
| ROHM ELECTRONICS TRADING (DALIAN) CO., LTD. | Dalian, China | Sales of ROHM products | US\$ 200 thousand 0% (100.0%) |
| ROHM ELECTRONICS (SHANGHAI) CO., LTD. | Shanghai, China | Sales of ROHM products | US\$ 200 thousand 0% (100.0%) |
| ROHM ELECTRONICS (SHENZHEN) CO., LTD. | Shenzhen, China | Sales of ROHM products | US\$ 1,156 thousand 0% (100.0%) |
| ROHM ELECTRONICS (H.K.) CO., LTD. | Kowloon, Hong Kong | Sales of ROHM products | HK\$ 27,000 thousand 0% (100.0%) |
| ROHM ELECTRONICS TAIWAN CO., LTD. | Taiwan | Sales of ROHM products | NT\$ 140,500 thousand 0% (100.0%) |
| ROHM ELECTRONICS ASIA PTE. LTD. | Singapore | Administrative responsibility for subsidiaries in Asia Sales of ROHM products | S\$ 90,630 thousand 100.0% |
| ROHM ELECTRONICS (PHILIPPINES) SALES CORPORATION | Muntinlupa City, Philippines | Sales of ROHM products | P 13,250 thousand 0% (100.0%) |
| ROHM ELECTRONICS (THAILAND) CO., LTD. | Bangkok, Thailand | Sales of ROHM products | B 104,000 thousand 0% (100.0%) |
| ROHM ELECTRONICS (MALAYSIA) SDN. BHD. | Petaling Jaya, Malaysia | Sales of ROHM products | M\$ 700 thousand 0% (49.0%) |

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

(As of March 31, 2007)

The ROHM Group Overseas Branches





ROHM CO., LTD. Head Office

- LSI Development Center
- VLSI Research Center
- LSI Research Center
- Semiconductor Research Center
- LSI Test Technology Center
- Opto Device Research Center

ROHM TSUKUBA CO., LTD.

YOKOHAMA TECHNOLOGY CENTER

ROHM HAMAMATSU CO., LTD.

NAGOYA DESIGN CENTER

ROHM MECHATECH CO., LTD.

NARITA GIKEN CO., LTD.

ROHM WAKO DEVICE CO., LTD.

ROHM WAKO CO., LTD.

ROHM LOGISTEC CO., LTD.

ROHM APOLLO DEVICE CO., LTD.

ROHM APOLLO CO., LTD.

ROHM FUKUOKA CO., LTD.

ROHM AMAGI CO., LTD.

ROHM KOREA CORPORATION

ROHM ELECTRONICS KOREA CORPORATION

KOREA TECHNOLOGY CENTER

AMERICA TECHNOLOGY CENTER

ROHM ELECTRONICS U.S.A., LLC (SAN DIEGO)

ROHM ELECTRONICS U.S.A., LLC (DALLAS)

ROHM ELECTRONICS U.S.A., LLC (ATLANTA)

Board of Directors

President

Ken Sato

Managing Director

Junichi Hikita

Naotoshi Watanabe

Satoshi Sawamura

Directors

Toru Okada

Nobuo Hatta

Hidemi Takasu

Osamu Hattori

Eiichi Sasayama

Corporate Auditors

Yoshiaki Shibata

Yoshiaki Nakano

Yasuhito Tamaki

Shinya Murao

Haruo Kitamura

(As of June 29, 2007)

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

¥817,468 million

Common Stock

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

Number of Employees

20,422

Listing Stock Markets

Tokyo Stock Exchange
Osaka Securities Exchange

Stock Agent

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

Technology Centers / Design Centers

<Domestic>

LSI DEVELOPMENT CENTER

21, Saiin Mizosaki-cho, Ukyo-ku, Kyoto 615-8585 Japan

YOKOHAMA TECHNOLOGY CENTER

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

NAGOYA DESIGN CENTER

10 F, Dainagoya Building, 3-28-12, Meieki, Nakamura-ku, Nagoya, Aichi
450-0002 Japan

<Overseas>

AMERICA TECHNOLOGY CENTER

10145 Pacific Heights Blvd., Suite 1000, San Diego, CA 92121-4214 U.S.A.

EUROPE TECHNOLOGY CENTER

12 rue d'Oradour sur Glane, PARIS, F-75015 France

SHANGHAI TECHNOLOGY CENTER

2701, UNITED PLAZA, 1468 Nanjing Road West, Shanghai 200040 China

SHENZHEN TECHNOLOGY CENTER

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

HONG KONG TECHNOLOGY CENTER

Room 1205-12, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon,
Hong Kong

TAIWAN TECHNOLOGY CENTER

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

KOREA TECHNOLOGY CENTER

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

(As of March 31, 2007)

Excellence in Electronics



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