



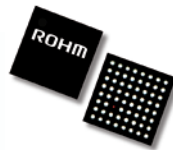
## Annual Report 2011

For the Year Ended  
March 31, 2011

# *Actualizing Aspiration*

Since the Heian Period, the village that sprawls on the western bank of the Katsuragawa River flowing west of Kyoto has been known as “Katsura of the Moon” and has been famous as a splendid location to view the moon. It was the beginning of the 17th century when an elegant castle was built on this location —one worthy of appreciating the beauty of a full moon.

One of Japan’s finest pieces of architecture was constructed when Prince Toshihito of the Hachijonomiya dynasty and two subsequent generations built Katsura Imperial Villa and two subsequent generations built Katsura Imperial Villa over approximately 50 years using the finest materials and utilizing the creativity and sophisticated skills required to make the most of those materials. Their intense passion for fine craftsmanship still emanates eternal brilliance in the same way a full moon does.



# 2011

Annual Report

## To Our Shareholders and Friends

On behalf of all ROHM employees, I wish to extend our heartfelt sympathies to those who were struck by the recent Tohoku Pacific Coast Earthquake. We wish a fast recovery for all affected by this tragedy. Our prayers will always be with them.

ROHM celebrated its 50th anniversary in 2008, and since then, has been organizing a company-wide effort for a successful "NEXT 50" program.

The ROHM Group's achievements are primarily owed to the relentless support of customers, employees, local communities, and most of all, to you, our shareholders, to whom we are extremely grateful.

In order to launch world-leading products suited to market needs in a timely fashion, ROHM aims to cultivate and create new markets by assimilating individual technologies of each company across the entire ROHM Group. Furthermore, throughout our overseas entities, ROHM will permeate corporate objectives from our DNA, as we set goals to be a true global company.

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

June 2011

*Satoshi Sawamura*

President

**Satoshi Sawamura**



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# Overall Review of Business Results

The global economy is gradually recovering from an unprecedented recession while many new possibilities in the electronic market are opening up toward future growth. Looking at medium- to long-term market needs, ROHM is focusing on developing new technologies and continually predicting future trends.

Innovative thinking in product design and development remain vital to a wide array of technology segments; ranging from digital home appliances (as typified by flat-screen TVs) to information and telecommunication applications (smart phones and PCs), environmental electronics (hybrid /electric cars and solar power generators), and medical and healthcare equipment.

In order to stay ahead of the needs, ROHM is committed to developing eco-devices, introducing new materials such as SiC <sup>(\*)</sup> and exploring new markets, while assessing new directions such as bioelectronics and sensor technology.

## *Actualizing Aspiration*

### Katsura Imperial Villa

Katsura Imperial Villa is a cloistered garden in which numerous main residences and tea houses are arranged around a pond in the center.

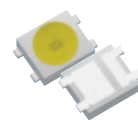
The architecture, crafted with great skill, conveys a simple and pure ambience. The flagstone pathways, rock lanterns and stone water basins prepared in various colors and shapes blend spectacularly with the garden, enchanting people into a deep and enigmatic realm.

It took approximately fifty years to complete this intricate garden. This obscure beauty has inspired many – including the famous German architect, Bruno Taut, to say, “It’s so beautiful; it brings tears to my eyes.”

The dream detached palace, built by the spirit of creativity, enterprise and exceptional skill, transcends time and borders and continues to be praised today as “the ultimate in Japanese beauty.”

ROHM has strived for improvements in technology and quality over more than half a century and now is looking at the path of next fifty years with the aim of creating new values inspired by such craftsmanship as Katsura Imperial Villa.

In Katsura Imperial Villa, a culmination of world-famous Japanese architecture by people who contrived new designs while carrying the techniques of the ancestors, we at ROHM have found our ideal motif.



## Development of New Technologies and Products, Research and Development for the Future

While electronics products, including digital home appliances and information and telecommunication products, continue to expand globally, highly efficient and accurate ASSPs <sup>(2)</sup> that optimized ROHM's digital, analog, and combined digital/analog technologies remain in demand. To respond to new demands, ROHM, will develop and combine core technologies in a wide range of areas, such as new materials, MEMS <sup>(3)</sup>, biotechnology and optical technology, while seeking technological innovation beyond the boundaries of conventional thinking.

As a new accomplishment for this fiscal year, ROHM started mass-production of Schottky barrier diodes using SiC wafers, which offer high promise as next-generation power devices of low loss and high resistance. In addition, in December, ROHM was the first in the world to start mass-production of SiC transistors. The company will further expand and mass-produce lineups of SiC related products by strengthening current lines of high resistance and high current products. Also, in partnership with Oki Semiconductor Co., Ltd. of the ROHM Group, we started mass-production of three IC chip sets that are necessary for composing systems using Intel's® "Atom™ Processor E6xx series" which was newly developed for embedded Intel processors, thus providing one-stop solutions to customers worldwide.

Following its 50 year anniversary, ROHM is positioning for the "NEXT 50," pursuing four strategies that will serve as "growth

engines" in the future.

The first growth engine is a synergy strategy. By assimilating its existing technology with supplementary technology from outside of the company, ROHM will create new added-value and vigorously cultivate new markets.

The second growth engine is an LED strategy that revolves around an axis of the new business field of LED lighting. Since ROHM possesses diverse individual technologies related not only to LED device but also circuitry, power devices, and sensing, the company could use these comprehensive strengths to develop system solutions for LED lighting.

The third growth engine is a power device strategy. By developing "eco devices" that contribute to energy conservation, ROHM will cultivate new markets. ROHM will target power sources, inverter air conditioning, and solar power conditioning, and the automotive market by expanding the lineup of power devices that fully capitalize on the superiority of SiC components.

The fourth growth engine is a sensor strategy that elevates the product lineup to a top rank manufacturer, as Kionix Inc.'s MEM acceleration sensors were incorporated to our existing wealth of sensor products. The needs for sensors are mounting in various fields beyond electronics. An example is the area of medical applications. In order to flexibly cater to diversified needs, ROHM will expand solutions by vigorously utilizing the results of its research and development.

ROHM is focused on offering innovative products on the core of these four growth engines.



### Shokintei

"Shokintei," which overlooks the pond from the east, north and west, is said to be the most prestigious tea house at Katsura Imperial Villa. Ichinoma [first room] is a gambrel structure, and ninoma [second room] has canopies that hang far out to block sunlight in the summer and provide a warm, sunny spot in the winter. In contrast to the thatching on ichinoma and ninoma, the tea house has shingled roofing and the preparation area and kitchen have sangawarabuki tile roofs and thus a variety of styles has been used for the roofs as well. While the external appearance is remarkable, even more attractive are the bold interior designs. The sliding doors with Japanese indigo and white checkerboard patterns and persimmon red frames (which provide a striking contrast) and the matching interior decor are often considered the epitome of the modern design at Katsura Imperial Villa.

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## Production Technology and Systems

ROHM implements measures to continuously evolve as an integrated device manufacturer (IDM)<sup>(\*)4</sup> with a strong competitive edge over the long term. ROHM enforces integrated quality controls in all divisions from material procurement to the final processing stages. This provides ROHM's products with overwhelming superiority in terms of quality and reliability. At the same time, ROHM has made improvements that enable stable production of same-high-quality products at production sites worldwide through a self-developed production system, and established a system that enables a steady supply of its products to customers around the world.

ROHM has multiple production bases for each product in order to respond to various risks. A system is in place to maintain stable supplies to customers in the event of any imperilment.

Although ROHM Tsukuba Co., Ltd. and OKI Semiconductor Miyagi Co., Ltd. were affected by the Tohoku Pacific Coast Earthquake in March, ROHM Group companies in Western Japan took over production and assisted in restoring the two companies, thus being able to maintain stable supplies.

Next, in regards to production technology, ROHM strived to establish highly efficient production lines that can respond to growing demands and stable supply flows at existing production sites. In addition, ROHM has promoted sharing of manufacturing lines with OKI Semiconductor Co., Ltd., which the company acquired

in October 2008, and improved systems so as to produce highly functional products within the ROHM Group by utilizing the advantages of OKI Semiconductor in technology segments of low power consumption, high voltage resistance, mixed digital/analog circuits, and small packages. Furthermore, in 2009, ROHM purchased SiCrystal AG, a German SiC wafer manufacturer, in order to establish a full-scale manufacturing system for SiC wafer devices. The company also purchased Kionix, Inc. in the US, which possesses production technology of high performance MEMs accelerating sensors, whose market is rapidly expanding for mobile equipment such as mobile phones and notebook PCs, as well as game consoles. The company also partnered with existing ROHM group companies, and made utmost efforts to enhance business synergy.

### \*1 SiC (silicon carbide)

A compound semiconductor with outstanding physical properties in that the band gap is about 3 times that of silicon, breakdown field strength about 10 times, and thermal conductivity about 3 times, respectively. With these characteristics, SiC is expected to be a key material for power devices.

### \*2 ASSP (Application Specific Standard Product)

A standard IC exclusive to specific applications. One type of ASIC to be sold to multiple users.

### \*3 MEMS (Micro Electro-Mechanical System)

Generic name of micro electro-mechanical systems, including mobile products, which are fabricated by the use of fine processing technology cultivated in the silicon wafer process.

### \*4 Integrated Device Manufacturer (IDM)

A form of integrated semiconductor company that has its own facilities and designs, manufacturers, markets, and delivers support internally.



## Shoin

"Shoin," made up of the "Koshoin," "Chushoin" and "Shingoten," were built and added throughout approximately a fifty-year span, and yet they have an overall harmony as though they were designed by one individual architect. While the shape and height of the roofs, the types of fittings, and the height of the floors are different, the Shoin appear to be a single work. This is because of the common principles of the dimensions that make up the buildings as a whole, known as "kiwari," and because the same materials were used for pillars, beams, plaster, colored clay walls, and shingled roofs. While pursuing new ways of design, a sense of unity was brought out with materials and colors. The beauty of the Shoin could be attributed to the architectural skills inherited from ancestors and the "spirit of progression" characterized by the intent to breathe new life into the architecture.

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## Sales System and Customer Support

ROHM is committed to the timely development of products that satisfy the needs of customers around the world who are globalizing their reach and to being among the first to provide them with the best technologies and services, as we promote the “ROHM Semiconductor” brand as a global manufacturer of superior semiconductors.

ROHM especially strengthened the customer support system outside of Japan, substantially increased the number of circuit design engineers and FAEs <sup>(\*)</sup> in key global design centers to expand the customer support system. This effort not only enhanced local resources for customer response but also improved planning and proposal abilities, as well as design capabilities at local levels.

ROHM’s sales entities are located close to customer development bases, allowing ROHM to carry out customer-centered sales activities. Outside Japan, ROHM not only augmented personnel at its key global R&D bases but also substantially reinforced the sales and marketing system.

To further develop emerging markets; China in particular, ROHM has established sales bases in inland China in Chungking, Wuhan, and Jilin, following sales offices in Chengdu and Xian, which ROHM set up last summer.

Furthermore, ROHM founded a sales company in Chennai, India, to enhance the global sales network by conducting activities in India via sales stations in Delhi and Pune.

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## Social Responsibility

With the belief that our social responsibility for sustainable development as a corporate citizen is the top priority of business management, each of us at ROHM has the responsibility as a ROHM representative to conduct business activities under the motto of “Quality First”. We at ROHM are spearheading efforts toward establishing a fair and transparent management system in areas such as corporate governance, corporate ethics, and the observance of statutes.

ROHM is striving to ensure employees fully understand and observe the “ROHM Group Business Conduct Guidelines” in an effort to enlighten and educate employees. Moreover, ROHM is enhancing its internal control system by establishing committees, each focusing on a specific subject such as risk management, compliance, and information disclosure. Furthermore, in 2008, ROHM established a Corporate Social Responsibility promotion committee and launched efforts to enhance communications concerning CSR in and outside the company.

As part of its activities to contribute to local communities and society in general, ROHM has donated the “ROHM Plaza” research facilities to Ritsumeikan, Doshisha and Kyoto Universities, where sizeable educational programs and joint industrial training projects are being implemented for the technological advancement of Japan. Likewise, ROHM is committed to its social responsibilities from a global perspective and, as a part of that initiative, donated the “Tsinghua-ROHM Electronic Engineering Hall” to Tsinghua University, Beijing, China.

As a responsible enterprise, ROHM is also constructively participating in various activities involving local communities and supporting their welfare, educational, and cultural activities. ROHM is also contributing to the development of local communities together with its employees by participating in the social and community affairs overseas.

### \*5 FAE (Field Application Engineer)

An engineer and technological sales person who accurately understands customer needs and has technological capabilities for proposing optimal solutions.



## Shokatei

“Shokatei” is built at the top of a small hill on the middle island—the largest of the three islands in the pond. The steep ascending slope leading up to Shokatei seems almost like a mountainous pass, but it actually has a height difference of only around six meters. However, passing along the winding trail, the middle island and bridge, which one can catch glimpses of through the trees; appear to be particularly distant and low. This is by design, and visitors experience the illusion of having ventured deep into the mountains. From this design, where the limited space presents the appearance of grandeur, we can get a glimpse of a sharp perspective that has illustrated the true nature of the perspective, as well as exceptional technical capabilities.

Occupational health and safety is another focal area for ROHM as it has introduced risk assessment measures and continues group-wide efforts to diffuse these measures on a company-wide basis. At the Headquarters, ROHM achieved sixteen consecutive years of zero accidents of the type that would normally cause employee leave of absence from work, demonstrating its consistently high performance in terms of occupational health and safety.

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## Corporate Philosophy

Through its business functions, ROHM is providing creative assistance to cultural activities parallel to its social contributions. ROHM provides continuous support to ROHM Music Foundation established in 1991, aiming to contribute to the advancement of music as a cultural activity by supporting and sponsoring concerts. Besides, ROHM has also provided support for the annual “Kyoto International Music Students Festival”, “ROHM Music Foundation Music Seminar” and the “Seiji Ozawa Music Academy Opera Project Series” to assist aspiring young musicians.

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## Environmental Conservation

In its environmental policy ROHM clearly states “Care for the global environment and contribute to the healthy survival of the human race and eternal prosperity of the company.” Through these activities, which are shared across all business levels of the ROHM Group, ROHM leads the industry in environmental conservation.

ROHM has obtained a single ISO 14001 certification covering all domestic and overseas group companies.

As an environmental activity promotion system, ROHM is constructively engaged in various affairs, with such entities as the “Environmental Conservation Committee,” and its umbrella specialty sectional committees. Through these activities, ROHM has produced successful results. Examples include zero waste emissions achieved promptly at all production bases of the group in Japan, consideration for aquatic environments by a closed wastewater treatment system, the development of “eco-device” products that help save energy and resources, reduction of environmental load by reusing packaging material, the non-use of substances of environmental concerns, and green procurement.

As part of its activities to deal with the effects of climate change and global warming, ROHM is cutting power consumption by installing energy-saving advanced “LED lighting,” as well as cutting the volume of greenhouse gas emissions. In addition, ROHM has conducted a large-scale reforestation project named the “ROHM Forest” in Southern Australia, which is the first such endeavor of a Japanese semiconductor manufacturer.

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## Distribution of Profits to Shareholders

In order to increase shareholder value, ROHM will give top priority to the enhancement of business performance while introducing measures such as M&A as needed, and enhance shareholder value by improving its business performance via concerted efforts of the entire ROHM group. In regards to profit distribution to shareholders, ROHM ensures thorough consideration of all factors, including business performance, financial position, and expected demand for funds for business investment aimed at improving corporate value, in order to live up to shareholder expectations.



# Corporate Governance

## Basic Policy concerning Corporate Governance

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

## Matters related to functions such as performance of business operation, audits, supervision.

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

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

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

Corporate Auditors, the Internal Audit Department, and Accounting Auditors regularly hold reporting sessions; consistently maintain close cooperation and coordination, and proactively exchange information and opinions. Sharing information obtained through individual audits enhances the accuracy of the audits and allows for constant improvement of the operation process.

ROHM is under contract with Deloitte Touche Tohmatsu LLC for its accounting audits and internal control audits related to financial reporting and abides by both the Japanese Corporation Law and the Financial Instruments and Exchange Law. ROHM has an established environment where the auditing organization can perform audits from a fair, unbiased position as an independent third party.

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

Designated CPAs (employees in charge of performing the audits) of Deloitte Touche Tohmatsu:

Yasuhiro Onishi (5 years), Tomoyuki Suzuki (3 years), Hiroyasu Kawai (1 year)

Major assistants in the audits

6 CPAs, 15 assistant CPAs and clerical officers, and 16 others

## Updates on the Implementation of Actions Intended for Shareholders and Other Stakeholders

### (1) Efforts to Energize General Shareholders' Meetings and Facilitate the Process of Exercising Voting Rights

ROHM sends out notices of general shareholders meetings four weeks prior to each meeting, and has enabled its shareholders to exercise their voting rights via the Internet from PCs and mobile phones. Based on the findings of surveys on shareholders, ROHM takes various actions including the promotion of investor relations activities, facilitation of the process to exercise voting rights and preparing an English version of notices of general shareholders meetings. Furthermore, ROHM posts related information on its website.

### (2) Investor Relations Activities

ROHM strives to positively disclose information in order to enhance fairness and transparency of our business operations, and holds financial results briefings given by two or more Directors are held twice a year to provide domestic securities analysts and corporate investors with information on business results, forecasts and strategies. For overseas investors, regular briefings are held twice a year in the US and Europe. Furthermore, ROHM has an investor relations section on its website ([www.rohm.com/financial/index.html/](http://www.rohm.com/financial/index.html/)) that provides a wealth of information including legally stipulated disclosure documents such as financial reports, voluntary information including annual reports, materials for financial results briefings, performance trend charts and long-term financial data, an IR calendar and information on paperwork for shareholders.

### (3) Efforts to Ensure Respect for Stakeholders

ROHM is aware that it is unable to conduct its business activities without the reliance and cooperation of all stakeholders including customers, business partners, shareholders, local communities and employees. ROHM respects its valued stakeholders by recognizing them through the publication of its annual CSR (Corporate Social Responsibility) report. ROHM also enlightens and educates its employees by distributing the 'Guidelines for Ethics in the Business of the ROHM Group'. ROHM has also introduced an environmental management system applicable to all ROHM Group companies based on ISO 14001 to continuously contribute to environmental conservation. As for CSR activities, ROHM also promotes business operations based on the idea that sustainable development as a corporate citizen fulfills its social corporate responsibility. Specifically, ROHM makes constant efforts to build up and maintain favorable relations with stakeholders through various activities by CSR Promotion committee and other organizations from a global viewpoint including promotion of risk management, such as compliance and BCM (Business Continuity Management), involvement in activities for supporting local communities, and realization of ideal working workshops. ROHM's policies on information disclosure to stakeholders are outlined in the in-house rules on information disclosure including the requirements for fairness and legal compliance.

## Basic Policy on and Current Status of Internal Control System

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



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

- 1) Directors' noncompliance with the laws, regulations or Articles of Incorporation in performing their duties is deterred, based on the Guidelines for Ethics in the Business of the ROHM Group, Board of Directors Regulations, and other relevant rules.
- 2) Directors with a thorough knowledge of their own area 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) An internal "Compliance Hotline" system for reporting compliance concerns and issues has been established and is used to find any violation by Director of the laws, regulations or in-house rules and to take preventive measures against any recurrence.
- 5) In addition to two external board members, five auditors— who are all appointed outside of ROHM— constantly monitor how the Directors are performing their duties in compliance with established laws, regulations, and Articles of Incorporation.
- 6) ROHM is contributing to society and communities in various ways. One such way is a CSR Promotion Committee that was created as a specific entity in order to continually fulfill our corporate social responsibilities required in daily business activities.

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

- 1) All materials related to the Directors' decision-making process as well as information regarding the execution of their duties are maintained in written form. This may include minutes and other materials pertaining to general shareholders meetings, materials pertaining to the Board of Directors, 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 ROHM Group companies or other relevant sectors are issued in e-mail or written form in principle, and are maintained in a manner that is accessible by Directors, Corporate Auditors and other relevant parties upon request.
- 3) Information pertaining to the execution of duties of Directors is properly retained and controlled by related units, while insider information is disclosed on a timely basis and properly through the corporate public relations units under the control of the Information Disclosure Committee.

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

- 1) ROHM has organized an in-house Risk Control Committee as an overall risk management function. The committee sets out risk management policies on the basis of the risk management regulations formulated by the committee. The Risk Management Committee extracts significant risks that could arise in the execution of operations, analyzes them, and determines countermeasures for them. The committee also manages and verifies progress of individual departments in charge of risk controls.
- 2) ROHM has established different in-house committees including the Central Health and Safety Committee, Fire Prevention Committee, and the Environmental Conservation Committee as well as subcommittees, and through daily activities of those committees, prevents risks and

addresses unavoidable risks in a proper and ethical manner.

- 3) The in-house Crisis Management Section of the General Administration Division cooperates and exchanges information with police departments and other external specialized institutions, and deploys and implements specific activities for eliminating antisocial forces. In-house rules are established for eliminating antisocial forces and employees are requested to strictly abide by the rules. In the 'Guidelines for Ethics in the Business of the ROHM Group distributed to all employees, it is stipulated that employees must deal with any antisocial force with a resolute attitude. Further efforts are made to enlighten employees through various types of in-house training.
- 4) In the event of a natural disaster, epidemic or any other situation that could inflict considerable damage not only to the company but also the community, the ROHM Group sets up a BCM project for taking preliminary action and making any necessary preparations, establishes a system for carrying over those actions, and reports on the situation to employees in a chronological manner, in order to confront the said situation with minimal damages.

**(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 the segregation of duties, executes his/her own specific duties.
- 3) ROHM forms an in-house project team for each matter that may have a significant effect on management in order to identify and analyze problems. ROHM also makes agile decisions via board meetings or internal memos as needed, in accordance with the corporate articles of association and regulations.
- 4) Documented company standards of risk management, information management and other in-house management procedures are strictly observed.
- 5) To strengthen the competitiveness of the ROHM Group and to secure appropriate profits, a profit plan is prepared annually for each Group company and operating division specifying the target profit for use in performance management.

**(5) System 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 the compliance activities of the Group as a whole. The responsible persons of the functions of each Group company are appointed as compliance leaders in order to make sure that everyone in the function is thoroughly conversant with awareness of compliance and legal compliance.
- 2) In an effort to ensure that efficient actions are taken regarding compliance matters inherent in different areas of management, various committees have been established, including the Compliance Committee, the Information Disclosure Committee, the Central Health and Safety Committee, and the Environmental Conservation Committee, to check the status of compliance and conduct enlightenment activities across the Group.
- 3) Under the control of the Information Disclosure Committee, each unit makes efforts to properly manage insider information, provide education

# Corporate Governance

and enlightenment to employees, and prevent insider trading.

- 4) Through addressing the system for evaluating and auditing internal control concerning financial reporting, the internal control system is being enhanced and the reliability of financial reporting is secured.
- 5) An internal "Compliance Hotline" system in the entire ROHM Group including overseas, for reporting compliance concerns and issues has been and is used to determine any developed violation by any employee of laws, regulations or in-house rules in the course of performing his/her duties and preventative measures against recurrence.
- 6) Internal audits are conducted to check employees' execution of duties, ensuring compliance with the established laws, regulations, Articles of Incorporation, and making necessary improvements for the 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 compliance system similar to that of ROHM is organized in subsidiaries for enhancing deployment and cooperation of compliance activities.
- 4) The operating system requires board approvals or consultation with ROHM Co., Ltd. via a circular sent around for managerial decisions so that each sector of ROHM exercises control across all the Group companies in the case of important matters or issues at the different subsidiary levels.
- 5) The internal control system is being improved and enhanced in order to cover not only ROHM, but also its major subsidiaries through addressing a system for ensuring sound and appropriate financial reporting, which includes procedures for auditing financial reporting.
- 6) ROHM'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 ROHM's business operations. Any personnel changes involving them shall require the prior approval of the Board of Corporate Auditors. In the personnel performance evaluation process, the views and opinions of the members of the Board of Corporate Auditors shall be taken into account.

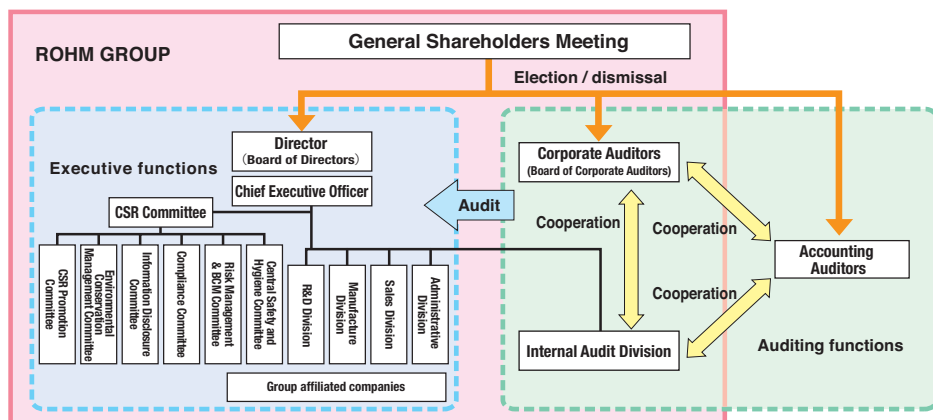
## (9) System for Directors and employees to make reports to Corporate Auditors and other system reports to Corporate Auditors

- 1) Every Director submits reports to Corporate Auditors, as required, regarding the violation of laws, regulations or in-house rules by Directors in the performance of his/her duties, breaches of duty by Directors, or any action that may cause material damage to ROHM.
- 2) Full-time auditors attend various committee meetings as observers including meetings of the Compliance Committee, Risk Management Committee and Information Disclosure Committee, and individual committees, such as the CSR Promotion Committee, report the details of activities through meeting minutes to auditors on a regular basis.
- 3) ROHM maintains a system in which the processes and results of execution of business operations are communicated to Corporate Auditors as deemed appropriate by presenting reports and circulars sent around for managerial decisions as well as by other means.

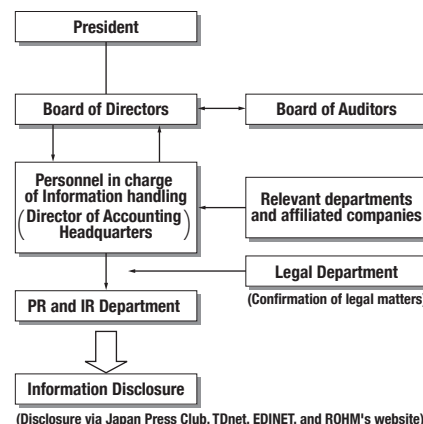
## (10) Other systems to ensure effective audits by Corporate Auditors

- 1) Directors submit reports on the current status of the internal control system at the request of the Board of Corporate Auditors.
- 2) The Internal Audit Department is expanded, and its cooperation with Corporate Auditors is enhanced.
- 3) All Corporate Auditors are appointed from facilities other than ROHM and include legal experts, accounting experts, and those from financial circles to establish a sophisticated audit system with a high degree of independence.

### <ROHM Group Corporate Governance System>



### <Summary of internal system for timely disclosure> (Attachment to written oath pertaining to timely disclosure)



## **Basic policy against antisocial forces and current status of its implementation**

As one of the most important policies, ROHM strictly prohibits its association with antisocial forces such as organized crimes, corporate extortionists, antisocial political groups, and social activist groups and individuals.

ROHM has set up a Crisis Management Department in the General Administration Division as an internal system for eliminating antisocial forces in order to promote cooperation and information exchange with external specialized agencies such as the police, thereby upholding and implementing their elimination.

ROHM has included the provisions on how to respond to such forces in in-house rules and requested company employees to observe them. The 'ROHM Group Business Conduct Guidelines', which is distributed to all employees, also states that employees take a firm stand against antisocial forces. In addition to the above, ROHM strives to enlighten its employees on the elimination of antisocial forces via various in-house education and training programs.

## **Risk Management**

The following are risks that may have a significant impact on the financial status and operating results of the ROHM Group. Meanwhile, the items regarding the future in the following text were judged by the ROHM Group for the end of the year ended March 31, 2010.

### **(1) Risks Associated with Market Changes**

The semiconductor industry and electronics component industry are subject to sharp, abrupt changes in market conditions, due to factors such as the tendency of end-set manufacturers in adjusting production according to the sales status of electronic products, as well as competition in prices and technology development. Prices are especially susceptible to sudden drops according to the supply-demand relationship, while competition from emerging Southeast Asian manufacturers tends to cause instability with regard to maintaining and increasing sales and procuring profits.

### **(2) Exchange Risks**

The ROHM Group has expanded its stronghold in global development, production, and sales; meaning the financial statements prepared in each local currency are converted into the Japanese yen in order to prepare consolidated financial statements. Accordingly, even if the values in local currencies remain the same, the profits and losses on the consolidated financial statement may be affected because of the exchange rates at the time of conversion.

The ROHM Group, while conducting production activities in Japan and Asian countries, sells its products in Japan, Asia, the U.S., and Europe. This means different currencies are used between production and sales bases and consequently exchange rate fluctuations exert a continual influence on ROHM. Generally, a strong Japanese yen conversion adversely affects our business performance, while a weak yen conversion has a favorable impact.

### **(3) Risks of Product Defects**

The ROHM Group places top priority on quality, as stated in the Company Mission, and produces products subject to stringent quality control standards. However, this does not guarantee that it never produces defective products or that it will never be liable to compensate buyers for product defects. If a buyer should make a claim for defects with regard to ROHM products, company performance might be adversely affected.

### **(4) Legal Risks**

In order to manufacture products distinguished from those of other companies, ROHM develops various new technologies and know-how, and produces and sells products worldwide based on these proprietary technologies. ROHM has a division that specializes in the strict supervision of in-house activities so as to ensure that the technologies and know-how used by the Group do not infringe on the intellectual property rights of other companies such as patent rights. In addition, in all business fields in which the ROHM Group is involved, the Group complies with all relevant laws and regulations with respect to the utilization and handling of exhaust air, drainage, and harmful materials, waste treatment, surveys on soil/underground water pollution, and protection of the environment, health, and safety. However, the Group may incur legal responsibilities in this respect due to unexpected events, possibly having an adverse influence on business results.

### **(5) Natural Disasters and Geopolitical Risks**

The ROHM Group performs development, manufacturing, and sales activities not only in Japan, but also worldwide. To diversify the risks, the Group locates production lines at different bases as a countermeasure. However, these production bases may be damaged due to earthquake, typhoon, flooding, and other natural disasters, or political uncertainty or international conflicts. If these events prevent product supply to consumers, ROHM's business results may be adversely affected.

### **(6) Mergers and Acquisitions Risks**

The ROHM Group, taking into account future business prospects, considers it necessary to investigate and implement mergers and acquisitions worldwide with a focus on entering new fields that are relevant to our existing business, and to always make utmost efforts to improve corporate value and broaden the size of business. In conducting mergers and acquisitions, we thoroughly study, review, and discuss before any acquisitions are made. Nonetheless, due to unexpected circumstances or significant changes in market forces after an acquisition, an acquired business may not progress as expected and we may suffer loss in some cases as a result.

### **(7) Other Risks and Corporate Risk Management System**

In addition to the above-mentioned risks, there are various other risks that may influence the financial condition and business performance during business activities, such as risks related to logistics, material procurement, and information systems. The ROHM Group set up a "Risk Management / BCM Committee" as a lower branch of CSR Committee. For the purpose of strengthening our risk management structure.

## **Other Information**

### **Defense against Takeover**

The ROHM Group believes the best defense against takeover attempts is to build a relationship of trust with shareholders by delivering higher stock prices via enhanced corporate value, accountability via proactive IR activities, and regular dialog with shareholders. If a proposal for acquisition is made to our company, we believe that the final decision whether to accept or reject the offer should be left to the current shareholders at the time, and that the board directors should not make selfish decisions intended to protect their own personal interests. In addition, in the event of an acquisition proposal, we believe that it is indispensable for ensuring and increasing ROHM's corporate value and the common interests of shareholders that shareholders can make an "informed judgment," meaning they would be able to make the best decision based on ample information and a sufficient amount of time.

# Ushering in the next 50 years through product innovations and technological synergies

The acquisition of OKI SEMICONDUCTOR in 2008, followed by Kionix and SiCrystal in 2009, brought key technologies and allowed ROHM to leverage the expertise and resources of each company to develop innovative new products and open up new markets.

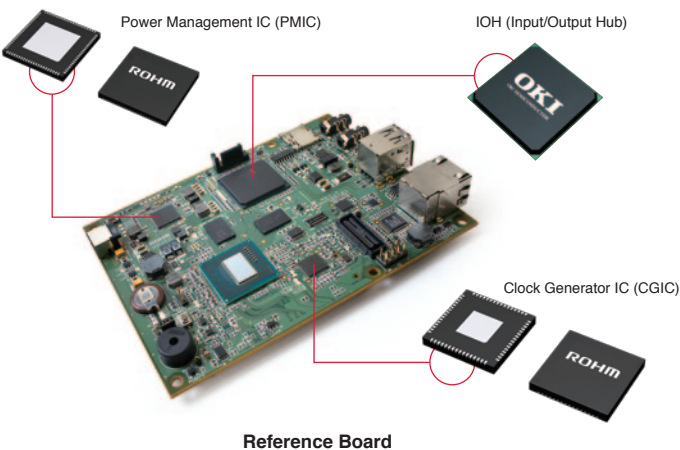
Joint development between ROHM and OKI SEMICONDUCTOR

## Chipset and Reference Board for Intel® Atom™ Processor E600 Series

ROHM and OKI SEMICONDUCTOR (a ROHM Group company) have co-developed a dedicated chipset and reference board for Intel® Atom™ Processor E600 Series by taking advantage of their respective strengths. The chipset consists of a power management IC (PMIC), a clock generator IC (CGIC), and an input/output hub (IOH).

Intel® Atom™ Processor E600 Series is a CISC processor developed specifically for embedded applications, including CPU boards, industrial equipment, in-vehicle infotainment (IVI) systems, web-enabled IP media phones, and more.

ROHM offers a wide variety of power management ICs, signal processing ICs, and linear control ICs optimized for a broad range of applications such as automotive systems, mobile phones, and digital AV devices, by utilizing leading-edge digital/analog circuit technologies. Similarly, OKI SEMICONDUCTOR is leveraging its expertise to develop optimized logic devices in communication and automotive applications. This synergistic collaboration is centered at ROHM's Yokohama Technology Center, where their disparate IPs can be shared and strengthened in order to realize complete system solutions. The current lineup of chipsets for automotive systems and mobile phones will be broadened to include greater number of applications, from industrial (i.e. robots) and POS systems to consumer devices such as AV equipment and gaming hardware.



Breakthrough ON resistance and high speed operation

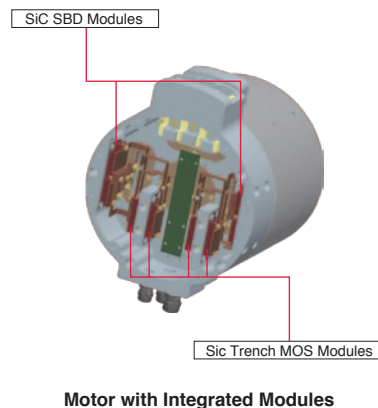
## The Industry's First Mass-Produced SiC Transistors (DMOSFETs)

ROHM's pioneering R&D efforts in SiC devices yielded an SiC MOSFET prototype in 2004, followed shortly by power modules that integrate SiC elements for switching and rectification. In April 2010 ROHM debuted the first mass-produced SiC Schottky Barrier Diodes in Japan, then SiC transistors (DMOSFETs) in December, featuring 5x faster switching times compared with low ON-resistance silicon IGBTs. This provides an unprecedented combination of high speed operation with low loss and minimizes mounting area while reducing costs in converters/inverters and high-frequency designs. In addition, the increase in resistance during high temperature operation is suppressed, resulting in lower conduction losses at high output.

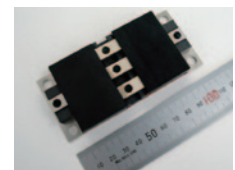
In the near future ROHM is expected to unveil ultra-compact SiC trench MOSFET and Schottky Barrier modules optimized for automotive motors, making it possible to reduce volume by 50% compared with conventional silicon modules while ensuring stable operation in high temperature environments.



SiC Transistors (DMOSFET)



600V/450A SiC Trench MOSFET Module



600V/450A 6-Element Diode Module

Expanded lineup of LED driver ICs for automotive systems

## LED Driver ICs for Automotive Headlamps and Rear Lamps

Automakers are increasingly switching to LED lighting for automotive headlamps and rear lamps due to the advantages of LEDs, including higher efficiency and longer life. ROHM's new BD8381EFV-M, designed for headlamps and DRLs (Daytime Running Lamps), integrates an oscillator circuit that enables PWM dimming without a microcontroller. The series also includes a variety of protection functions (i.e. lamp fault detection) and incorporates multiple components on a single chip, improving reliability while reducing mounting area. For automotive rear lamps ROHM offers the BD8372HFP-M that provides high current - 200mA - far exceeding the 120mA required for rear lamps.

High output accuracy ( $\pm 3\%$ ) is also ensured, preventing brightness fluctuations.

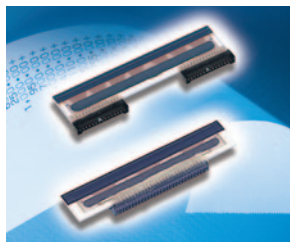


Improved abrasion resistance for longer life

## Thermal Printheads with High Durability Protective Coating

The compact printer market is experiencing rapid growth due to the proliferation of POS/EFT systems and CAT terminals, which is expected to drive demand for thermal printheads. However, with this comes an increasing trend towards using lower-cost thermal media with poor surface characteristics that can lead to abnormal wear, scratching, and galvanic corrosion - prematurely reducing printhead life.

Optimization of film material and composition allowed ROHM to dramatically improve wear resistance, providing 3 times the durability of previous models (150km vs. 50km). Thermal conductivity is also increased, improving printing efficiency by 15% and resulting in better print quality. In addition, the printheads utilize the same form factor as the previous models, eliminating the need to change printer designs. This makes replacement easy in existing devices.



Integrated configuration contributes to space-saving designs

## Step-Down 3-Pin DC/DC Converter Modules

Currently, multiple LDOs, switching regulators, and numerous other electrical components are normally used to provide stable electrical power to internal circuits. However, the significant amount of heat generated by each component requires separate heat sinks or additional substrates to facilitate heat dissipation, making miniaturization difficult.

In response to this ROHM developed the BP5275 series, which integrates a proprietary high frequency (1.5MHz) switching regulator IC for efficient operation. Additional features include a high heat dissipation package that enables direct thermal dissipation from the element to the aluminum heat sink, reducing mounting area by 16 times, along with a synchronous rectification system that provides high conversion efficiency - up to 93% (for power conversion from 6V to 5V).

The series is offered in a compact 3-pin package that ensures compatibility with existing systems, making it possible to improve efficiency without significant design changes.



3D configuration provides ensures wide light distribution

## High Efficiency LED Light Bulbs

The increased attention towards LEDs, with their longer life and greater efficiency, has opened up new opportunities in the lighting sector. However, one major obstacle to market acceptance has been their inherent directionality, making it difficult to diffuse light over a wide area.

ROHM overcomes this problem by adopting a 3D LED configuration that provides broad light distribution, similar to conventional incandescent bulbs. In addition, high efficiency power management modules using in-house semiconductors are integrated for high luminous efficiency (80 lm/W for 8W products). ROHM is continually expanding its lineup of LED light bulbs with brighter, more efficient designs.



## CSR Activities

### As an environmentally advanced company, ROHM continues on the path of innovations that serve the world's transformation to a sustainable society, and ROHM's long-term growth.

The foundation of CSR management of ROHM Group is to disseminate and exercise Company Mission and Basic Management Policy. For this purpose, ROHM Group Basic CSR Policy stipulates approaches to the road ahead for each stakeholder. ROHM consistently develops global activities in line with ROHM Group Basic CSR Policy.

In addition, through two-way communications via CSR reports, stakeholder dialogues and so forth, ROHM incorporates the views of customers, business partners, employees, shareholders and investors, and local communities into its activities, reflects priorities in corporate strategies, and makes continuous efforts through the PDCA cycle.

ROHM Group enhances corporate value and continues creating innovations that can satisfy both the "world's transformation to a sustainable society" and "ROHM's long-term growth," by globally conducting activities based on Company Mission and Basic Management Policy.

#### ROHM Group Basic CSR Policy

We wholeheartedly conduct our business activities from a global point of view in conformity with ROHM's Company Mission and Basic Management Policy in order to contribute to the sustainable development of society. We also establish good relationships with the below stakeholders, work for the trust of society, and aim at sustainable growth of the company.

##### Customers:

ROHM seeks to obtain their satisfaction and confidence by continued supply of high quality products and services in a timely and appropriate manner. ROHM is also open to customers' views and suggestions, and will evaluate them internally. ROHM places the highest priority on the safety of its products and strives to disclose relevant information as necessary.

##### Business Partners:

ROHM selects its business partners according to equitable and rational criteria. ROHM values the relationship with its business partners and conducts equal and fair transactions for mutual prosperity.

##### Employees:

ROHM strives to ensure a safe and pleasant working environment, respect human values and individuality, and create a fair and appropriate workplace where each employee may demonstrate individual initiative.

##### Shareholders and Investors:

ROHM aims at continuously improving the corporate value and securing appropriate profits, thereby providing a steady return to both shareholders and investors. ROHM offers financial information in order to keep shareholders and investors actively informed.

##### Local Societies and Communities:

ROHM will deepen the exchange with each country and local community, respect their culture and history, and implement and support social contribution activities as well as cultural and art activities. ROHM also takes the initiative to preserve the global environment throughout its daily business activities.

#### Environmental Policy

ROHM's everlasting conscientiousness to preserve the global environment contributes to the healthy existence of humanity and to the continued prosperity of the company.

- ① Conserve energy by initiating innovative methods in all corporate activities.
- ② Develop environment-conscious products that minimize the environmental burden by employing responsible processes throughout the life cycle of each product.
- ③ Give priority to the procurement of materials and products that have the least levels of adverse impact on the environment.
- ④ Comply with international and national environmental laws and regional agreements.
- ⑤ Endeavor to train employees and encourage our constituents to actively care for their surroundings and the global environment.
- ⑥ Develop positive relationships with the community through contributions to the local environment and the proper disclosure of environmental data.

#### Reinforcing the CSR system to quickly respond to changes.

In December 2007, ROHM located the CSR Affairs Department within the Environmental Management Division as an expert organization to promote CSR. Because CSR requires quick decision-making to manage long-term prospects, immediate problems and requests from a broad range of stakeholders, it was decided to newly establish a CSR Committee under the direct control of the President. Strengthening the management system is an important measure for the long-term growth of business, beyond the bounds of merely responding to social responsibilities.

#### ROHM supports the United Nations Global Compact and adopt it as a global action principle of all employees.

In May 2011, ROHM officially declared its support of the "Ten Principles of the United Nations Global Compact (UNGC)" that the United Nations advocates. To date, ROHM has communicated the CSR concept to its employees via Company Mission, Basic Management Policy, and ROHM Group Business Conduct Guidelines based on them. In the future, ROHM will develop daily business activities in line with this UNGC.

The reason why we declared our support of the UNGC is that ROHM expects not only all employees of the Group but also suppliers, vendors and stakeholders to understand the social responsibilities shared throughout the world. In many regions beyond our borders, there exist social problems that ROHM finds difficult to solve them on its own. Moving forward, ROHM wants to work in cohort with stakeholders in addressing resolutions.

#### Evaluation of socially responsible investment

In terms of socially responsible investment (SRI) in which corporate social, environmental, and ethical aspects are weighed in investment decisions, ROHM has achieved high evaluations from SRI-related survey institutions and been selected for listing on SRI indices.

##### ● Main SRI indices in which ROHM is included



FTSE4Good Index Series



Morningstar Socially Responsible Investment (as of May 31, 2011)



Ethibel Sustainability Index

# 2011

## Management Policies and Financial Data

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## Management Policies

### (1) ROHM's Basic Management Policy

ROHM believes that, in creating and improving perpetual and overall corporate value, added-values created by the company's business activities should be allocated to all constituents, including shareholders, employees, and stakeholders in local communities in appropriate proportions, while retained earnings should be allotted to business investment and efforts to increase its competitive strength. To pursue this objective, it is also essential to obtain the understanding and cooperation of all those with a stake in the company's performance. Making ROHM shares more attractive to investors has been one of the highest priorities of company management.

With these perspectives, ROHM has committed itself to developing market-leading products by focusing on high value-added system ICs for digital information technologies, mobile electronic equipment, automotive components, power devices and optical devices, where we can expect mid- to long term market expansions. As a fundamental policy, ROHM pursues a stable supply of high quality, cost-competitive products in high volume through optimal utilization of its distinctive production technologies, and will consequently maintain a leading position in the global electronic component market.

### (2) Referenced Corporate Performance Indices

ROHM is moving forward with various efforts, including the development of new products, while reinforcing sales operations to ensure profits. ROHM uses indices representing the rate of return, such as EBITDA<sup>(\*)</sup>, as well as asset turnover ratio and plant and equipment investment efficiency. In addition, we are also striving to improve the net income per share (EPS) and the rate of return on equity (ROE), in order to enhance shareholder value.

**\* EBITDA (earnings before interest, taxes, depreciation, and amortization)**

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

### (3) Mid- to Long-term Corporate Strategies

Amidst anticipated expansion in the electronics industry over the medium to long term, and parallel to further progress of informatization, global competition is expected to intensify, due mainly to broader demand fluctuations, ultimately mandating a realignment of the industry and an elimination of noncompetitive businesses.

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

ROHM puts top priority on consistent development and production systems and the significance of quality, and devotes ceaseless effort to achieve these values.

As concrete measures, ROHM will enhance digital, analog, and integrated digital/analog technologies via a continuous increase in R&D personnel. For this purpose, ROHM is reinforcing customer support and the in-house R&D system for further future growth with the development bases of the "IC Development Center", "Yokohama Technology Center", "Optical Device Research Center", and "IC Test Technology Center" at the core of technologi-

cal enhancement. Furthermore, the ROHM Group is working to strengthen sales structures to non-Japanese customers by increasing overseas sales bases including those in inland China, India, and Brazil, and by strengthening FAEs, as an organizational enhancement to promptly respond to changes in the global market.

ROHM is actively involved in a wide range of joint projects with a multitude of domestic and foreign universities regarding next-generation R&D, including comprehensive industrial-academic collaboration alliances with Kyoto University and Tsinghua University in China; joint efforts with the Semiconductor Industry Research Institute of Japan—a think-tank of the Japanese semiconductor industry; and participation in other Japanese national leading-edge R&D projects that integrate industry-government-academia expertise. ROHM is also promoting partnerships with other companies whenever necessary to complement its technologies and consequently improve the efficiency of its R&D activities. Furthermore, ROHM is advancing with research and development for the next generation by moving forward with the development of power devices using silicon carbide substrates, which are expected to be far superior in terms of voltage endurance, high electric current, and low-loss to semiconductor devices made with conventional silicon substrates, and will proceed with the introduction of these devices to the market. At the same time, ROHM will move into new fields and technologies including bio-related business for medical related fields. In addition, the company is expanding into new fields and technologies by enhancing the lineups of biochips for the medical equipment industry and developing non-volatile logic ICs that nullify power consumption when on standby. ROHM makes the utmost efforts to build partnerships with SiCrystal AG, a SiC wafers manufacturer in Germany, and Kionix, Inc. in the US, a supplier of MEMS acceleration sensors, which we purchased two years ago, as well as to strengthen lineups of sensor related products via internal development. In addition, ROHM will enrich its product lineup for LED lighting, which is expected to be the next-generation energy-saving solution that will contribute to the reduction of CO<sub>2</sub>, and LED products for flat screen TVs. Both markets are rapidly expanding. We will further strengthen supply systems with multiple resources in order to maintain stable supplies to our overseas customers in the event of unpredictable risks such as earthquakes.

At production bases, ROHM is responding to global competition in the industry by enhancing its cost competitiveness and supply system to achieve global success. As concrete schemes, in the front-end process centered around domestic group factories, ROHM is advancing with the enlargement and miniaturization of wafers, while in the back-end process - focused on overseas group factories, ROHM is working to improve production efficiency and establish a prompt supply system of new high quality products globally.

By focusing first and foremost on quality not only in the manufacturing division but also in the field of technological development including IC design and manufacturing technologies development, ROHM will extend its company-wide effort to enhance its product reliability. ROHM will also continue to produce components such as wafers, photomasks, and lead frames in-house, develop products that exceed competitor products in terms of quality and reliability, and reduce lead times, ultimately improving its global competitiveness.

In addition, with a view to expanding the company's share in growing overseas markets, ROHM not only consolidates networks of Technology Centers in Europe, the U.S., and Asia, but also strengthens sales, technology, and quality support systems for customers worldwide by increasing local design personnel and FAEs at its overseas design centers. To respond to increasing global needs for digitalization and standardization, the company makes the



utmost efforts to reinforce the lineup of ASSPs (application-specific standard products). At the same time, ROHM is dedicated to restructuring and integrating corporate organizations both in and outside Japan, in order to continue improving its business efficiency and accelerate the decision-making process.

In the area of environmental conservation, the ROHM Group will continue to establish and implement environmental management systems based on "ISO 14001" as well as develop new products that contribute to energy conservation such as low-power-consumption products. ROHM is committed at both domestic and overseas production bases to attaining zero-emission goals by promoting the recycling of waste and continuing to support "green" procurement and supply. In Australia, ROHM has promoted a tree-planting project as part of its efforts against global warming. Furthermore, ROHM swiftly responded to the RoHS Directive, the European environmental regulations, and imposed analyses of toxic substances by acquiring accreditation of the "ISO/IEC 17025" laboratory and undertaking business activities in consideration of global environmental protection.

#### **(4) Priority Issues**

The world economy gradually moved toward recovery from the abrupt economic slowdown triggered by the financial crisis in the US in 2008. However, because tough employment environments in individual regions remain, the overall economy has not yet reached full-fledged recovery.

The electronics industry is expected to grow in the mid- to long-term due to increasing demand for digital home information equipment and more sophisticated automotive electronic control systems. However, worldwide economic deterioration, technological competition and price wars are expected to continuously intensify. These factors mandate the increasing necessity of a constant supply of internationally competitive, innovative and high quality products and technologies with sustained efforts toward comprehensive cost reduction efforts.

Under these circumstances, the ROHM Group will make utmost efforts in developing new products and technologies such as SiC related products including SBD, DMOSFET, and IPM and new technologies, chip sets for next-generation embedded processor by Intel in the US - through cooperation with OKI Semiconductor, and LED lighting products. Such efforts, will promote the development and expansion of sales of eco-friendly products targeted at improving power conversion efficiency and power-saving devices in a variety of markets including automotive, flat-panel TVs, information and telecommunication, and mobile equipment markets.

ROHM expanded its sensor business through acquisition of Kionix, Inc. in the US, in 2009. The company also increased sales of LED lighting by way of cultivating new sales channels, thus strengthening efforts to develop new markets that will respond to business needs in the near future.

Furthermore, ROHM will take vigorous steps to enter new market segments such as bio-sensing business through enhanced micro-fabrication technology it has cultivated, thus exerting company-wide efforts to synergize business resources to the fullest extent in order to further increase stock value and corporate value.

On the other hand, in order to keep up with rapid changes in the electronic components markets of the world and Asia, and increase market share, ROHM will not only develop and diffuse new products but also continue to proceed with enhancing sales structures for non-Japanese customers by increasing sales bases in inland China and FAEs, and strengthening FAE operations and engineers.

In addition, ROHM will strengthen its management structure to ensure continued business activities in the event of a natural disaster,

by enhancing countermeasures for disaster risks such as earthquakes.

### **(5) Basic Policy for Profit Distribution**

#### **[1] Basic Policy for Profit Distribution**

In profit distribution to shareholders, ROHM is implementing actions in order to meet shareholders' expectations for improving future value of the Company, by thoroughly considering the Company's business results, financial status, and funding demands for business investment.

Under the global-scale restructuring and shakeout of the semiconductor industries, ROHM aggressively infuses funds to necessary capital investments and M&A to win out over competition, and strives to improve business performance from a long-term perspective, in order to live up to the expectations of shareholders.

On the other hand, from the long-term viewpoint of making continuous improvements to corporate value and ensuring stable and continuous payment of dividends, ROHM will make utmost efforts to stably pay dividends and maintain business performance and cash flow.

The world economy is expected to remain unstable for a while. In the electronics industries, market conditions should be considerably sluggish due to the effects of the Tohoku Pacific Coast Earthquake. In the semiconductor industries, market growth in the mid- to long-term can be expected alongside further development of informatization despite such negative effects. However, global competition will intensify. The group is conducting company-wide efforts to enhance its corporate value through investment in cash reserves and generated cash flows both carefully and effectively, and ensure its manufacturing facilities are equipped with the proper equipment required to enhance its developmental and technological expertise. ROHM's competitiveness is based on its expertise in technology, which leads to joint ventures and company acquisitions that ensure attractive returns. This allows ROHM to improve its net income per share (EPS) and return on equity (ROE).

#### **[2] Retirement of Treasury Stock**

The ROHM Group considers the maximum treasury stock holdings to be 5 percent of the total outstanding shares, and, in principle, any amount beyond this limit shall be retired at the end of every fiscal year. Under this policy, of the shares owned at the end of March 2011, 1,900,000 shares, or approximately 1.65 percent of total issued stocks were retired on May 31, 2011. The group continuously possesses treasury stocks on hand in order to secure management flexibility by utilizing them for merger and acquisition activity and other needs as required.

## **Business Results**

### **(1) Analysis of Business Results**

#### **Business results for the year ended March 31, 2011**

##### **Overall condition of business performance**

The world economy continued on a recovery trend from the economic slowdown of 2008, but the overall economy remained in a volatile condition as the unemployment rate in most regions remained at a high level. By individual regions, in the US, despite recovery in personal consumption and a strong industrial turnaround, the housing market remained sluggish. In addition, the unemployment rate did not change, and the overall economy lacked strength in recovering. In Europe, driven by strong exports mainly to Asian countries, the individual economies of major countries

including Germany were on a recovery trend. However, Ireland and countries in South Europe including Greece, Portugal, Spain, and Italy, still suffered from lingering volatile economic conditions triggered by financial problems. Regarding the overall economy of Europe, personal consumption has gradually recovered and exports have increased. Although these could be considered as elements of a trend to recovery, but the unemployment rate has remained high and volatile. In Asian countries, although concern over inflation was mounting in China, personal consumption remained strong, exports recovered, and the Chinese economy stayed in a healthy state. Other Asian regions also enjoyed robust economies as their exports to China increased. However, due to deteriorating exports to developed countries, the pace at which exports were moving towards favorable economic conditions slowed down. In Japan, exports showed signs of recovery, but personal consumption was weak as the number of new cars sold decreased after the government's purchase promoting plan ended in autumn. Furthermore, although the number of new housing starts recovered, the unemployment rate did not improve, while the serious appreciation of the yen and deflation continued. In addition, Tohoku Pacific Coast Earthquake brought extensive damage to the Tohoku region and other areas in March.

Within the electronics industries, in the first half, mobile phones, mainly smart phones, enjoyed robust sales, and sales of flat-screen TVs remained favorable thanks to the continuation of measures to encourage consumer spending by individual governments. Sales of personal computers increased due to growing markets of emerging countries and the boom in sales of tablet PCs. Furthermore, the automotive market steadily continued to expand, with the overall electronics market recording strong sales. But after summer, the markets went through an adjustment period except for the markets for smart phones and tablet PCs.

In the electronic components industry, demand was strong as well, driven by robust production of end products in the first half. But this segment was pushed into seasonal adjustments after the summer as well.

In individual regions, beginning in Japan, the sales of automobile and flat-screen TVs were strong in the first half, but after the summer, automobile sales drastically decreased due to progressive appreciation of the yen and the discontinuation of purchase assisting measures by the government. The uptrend in the smart phone market continued while other mobile phones went through an adjustment period. Tohoku Pacific Coast Earthquake in addition to damaging production sites related to automotive and electronics, strained power supplies, greatly affecting the global electronics industries. In other Asian countries, in the first half, the sales of flat-screen TVs etc. were strong due to high demand from emerging countries, including China; and the recovery in the US market. But in the second half of the year, the market went through an adjustment period due to the effects of production adjustments that accompanied increasing inventories. The uptrend in the smart phone market continued while other mobile phones went through an adjustment period. In the US, the market picked up in the first half mainly due to the favorable sales of personal computers, flat-screen TVs, and smart phones, but sales slowed down during the second half. In Europe, exports to countries outside the euro-region remained robust, influenced by the depreciation within the European markets, but the markets within the European markets remained sluggish.

Under these circumstances, the ROHM Group proceeded with plans to enhance production lineups in the fields related to automotive electronic components, flat-screen TVs, information and telecommunication, and mobile equipment. Along with these enhancements, ROHM continued, to strengthen sales structures to non-Japanese customers by increasing overseas sales bases including in key

locations in inland China and adding Field Application Engineers (FAE)s<sup>(\*)</sup>, as part of the effort to enrich organizational structure. These organizational enhancements are aimed at providing prompt responses to changes in the global market.

The ROHM Group continued to develop eco-devices as a way of contributing to a better global environment, and started mass-production of Schottky barrier diodes in April and the world's first DMOSFET transistor<sup>(\*\*)</sup> in December for the SiC field, which is anticipated to yield the next generation of high-efficiency devices. Furthermore, the group focused on increasing sales of LED-related devices and LED lighting, which has been expanding as a next-generation lighting that offers substantial energy-savings.

Along with these efforts, through cooperation with OKI Semiconductor, acquired by ROHM in 2008, ROHM also developed a chip set for the next-generation embedded processor developed Intel in the US—thus successfully entering the embedded equipment market. The ROHM Group exerted itself to strengthen a synergistic effect with existing group business by constructing partnerships with SiCrystal AG, a SiC wafer manufacturer in Germany, and Kionix, Inc., a supplier of MEMS acceleration sensors<sup>(\*\*\*)</sup> in the US., which we purchased in 2009.

In this situation, net sales of the year ended March 31, 2011 recorded 341,886 million yen (an increase of 1.9 Percent from the previous fiscal year) and operating income marked 32,737 million yen (an increase of 74.0 Percent from the previous fiscal year).

Net income of the year ended March 31, 2011 was 9,633 million yen (an increase of 35.0 Percent from the previous fiscal year).

#### \*1.FAE (Field Applications Engineer)

Engineers and technicians who provide technical support and proposals including technical information to customers.

#### \*\*2.DMOSFET transistor (Double-Diffusion Metal-Oxide-Semiconductor Field Effect Transistor)

With a power-device structure which is suitable to switching devices with high current and high voltage requirements

#### \*\*3.MEMS acceleration sensors

Electronic device having a micro-electromechanical structure that mounts a sensor for measuring changes in speed on a silicon chip by means of semiconductor micro fabrication technology

### Overview of performance in each segment

#### <ICs>

Net sales for the year ended March 31, 2011 were 176,673 million yen (a decrease of 3.0 Percent from the year ended March 31, 2010)

In the field of digital audio and visual equipment for flat-screen TVs, although the sales of class D speaker amplifiers continued to record robust sales, the sales of power management ICs slowed down after the new year. The sales of lens driver ICs for digital still camera and power management ICs were strong. For mobile phones, sales of LCD driver ICs and Analog front-end ICs<sup>(\*\*\*)</sup> were sluggish. Sales of LED driver ICs, which enjoyed robust sales in the first half, also slowed down after autumn. For game consoles, sales of voice generation ADPCM decoder ICs<sup>(\*\*\*)</sup> decreased. In the personal computers segment, motor driver ICs for fan motors and optical disks registered steady sales, but the market changed to an adjustment trend in the second half. In the automotive field, sales of various types of power supply ICs and motor driver ICs for optical disks increased. For general-purpose equipment, sales of EEPROMs, LDO regulators<sup>(\*\*\*)</sup>, and DC/DC converters were strong.

At OKI Semiconductor Co., Ltd., although sales of P2ROMs<sup>(\*\*\*)</sup> for gaming equipment and LCD driver ICs slowed in the first half of the year, sales were on a recovery trend after the new year.

#### \*\*4.Analog front-end IC for mobile phone

IC that converts analog signals received with an antenna into digital

signals that can be processed within a mobile phone.

**\*5.Voice Generation ADPCM (Adaptive Differential Pulse Code Modulation) Decoder IC**

An IC for demodulating voice-compressed data in the form of ADPCM (one of the systems for converting voice into digital data, which, by digitalizing the difference with the data that was most recently digitalized, besides digitalizing voices at regular time intervals, reduces amount of data without losing sound quality) and for reproducing audio via speakers.

**\*6.LDO (Low Drop Out) regulator**

A circuit for outputting a desired constant voltage from a certain input voltage. LDO stands for Low Drop Out type, which suffers minimal loss in conversion.

**\*7.P2ROM (Production Programmed ROM)**

OKI Semiconductor's unique non-volatile memory, on which customer programs and data are written at the factory before shipment. It is used for game consoles and can be shipped in a shorter amount of time compared to general-use mask ROMs.

<Discrete semiconductor devices>

Net sales for the year ended March 31, 2011 were 113,544 million yen (an increase of 4.8 Percent from the year ended March 31, 2010)

In the diode and transistor product group, switching diodes, rectifier diodes and power transistors enjoyed brisk sales in the first half of year, driven by robust sales of digital audio and visual equipment, personal computers and automobile components markets. However, in the latter half of the year, although sales of power transistors continued strongly, sales of other products were sluggish due to seasonal adjustments as well as appreciation of the yen.

In the LED (light emitting diode) area, red and green LEDs experienced favorable increases in sales in the first half of the year, but ran into seasonal adjustments and sluggish results during the second half.

In the area of laser diodes, although the sales of dual wavelength lasers for CD/DVD increased in the first half of the year, they were sluggish in the second half.

Furthermore, ROHM started mass-production of SiC Schottky barrier diodes and DMOSFET transistors (\*2), developed as next-generation high efficiency devices.

As for production systems, ROHM continued improved production efficiency at the Group's overseas plants in Thailand, the Philippines, and Tianjin, China, and enhanced abilities to respond to cost concerns.

<Others>

Net sales for the year ended March 31, 2011 were 51,669 million yen (an increase of 14.4 Percent from the year ended March 31, 2010)

In the resistor product family, although sales of resistors for mobile phones remained in a severe state, the overall market recorded robust sales mainly on automobile component markets in the first half of the year. However, after the new year, sales slowed down due to the appreciation of the yen.

As for Printhead products, sales of image sensor heads for multi-functional printers were sluggish, but overall sales, mainly in small-size thermal Printheads for miniaturized printers, stayed on the positive side in the first half of the year. However, after the start of 2011, overall sales slowed down due to appreciation of the yen as well as price increases for raw materials.

Regarding LED display, sales of LED display modules such as eight-character numeric displays dot matrix-type LED display modules and, which had been stagnant, remained sluggish.

With our tantalum capacitors, sales remained favorable mainly due to mobile phone production in China.

As for module products, surface-mount IR sensors for smart

phones experienced increased sales considerably.

Sales figures for lighting products (LED lightings), which are expected to be an energy-saving next generation light source and a major contributor to CO<sub>2</sub> reduction, were on the increase as commercial facilities and office buildings started to adopt this illumination system. ROHM also newly started to develop and sell LED light bulbs with wide light distribution feature.

Concurrent with all these efforts ROHM continued to reinforce production management of the Group's plants in Thailand and Dalian, China, emphasizing on improving production efficiency and reducing costs.

## (2)Financial Analysis

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

During the fiscal year ended March 31, 2011, total assets decreased by 47,351 million yen from the previous fiscal year and amounted to 759,989 million yen. The main factors behind the decrease are as follows: cash and cash equivalents decreased by 28,415 million yen, tangible fixed assets decreased by 8,481 million yen, amortization of good will decreased by 7,107 million yen, and respectively, while securities increased by 19,292 million yen.

Liabilities decreased by 8,411 million yen from the previous fiscal year and amounted to 91,210 million yen. The main cause was our accounts payable-facilities and others decreasing by 6,229 million yen.

Net assets decreased by 38,940 million yen from the previous fiscal year and amounted to 668,779 million yen. The main causes behind were a decrease in foreign currency translation adjustments by 21,810 million yen and a decrease in owners' equity by 14,626 million yen, respectively.

Consequently, equity ratio increased from the 87.4 percent from the previous fiscal year to 87.7 percent.

The cash flow status in the year ended March 31, 2011 is as follows.

Cash flow from operating activities recorded an increase of 11,558 million yen, which amounts to a plus of 63,557 million yen (a plus of 51,999 million yen in the year ended March 31, 2010). This is mainly attributable to the positive effects of a change in trade receivables from positive to negative, as well as an increase in income before taxes, and the negative effects of a decrease in depreciation expenses.

Cash flow from investment activities recorded a minus of 52,986 million yen (a minus of 35,431 million yen in the year ended March 31, 2010) by increase in expenses 17,555 million yen. This was caused by the negative impact of an increase in expenses from the acquisition of tangible fixed assets, a decrease in revenue from sales and redemptions of marketable securities and investment securities, as well as the positive effects of no expenses for the acquisition of subsidiary stocks that accompanied consolidation in the previous fiscal year.

Cash flow from financial activities decreased by 10,001 million yen (a minus of 14,434 million yen in the year ended March 31, 2010) and recorded a minus of 24,435 million yen in the year ended March 31, 2011. It was mainly due to the positive/negative effects of an increase in expenses due to the acquisition of own shares.

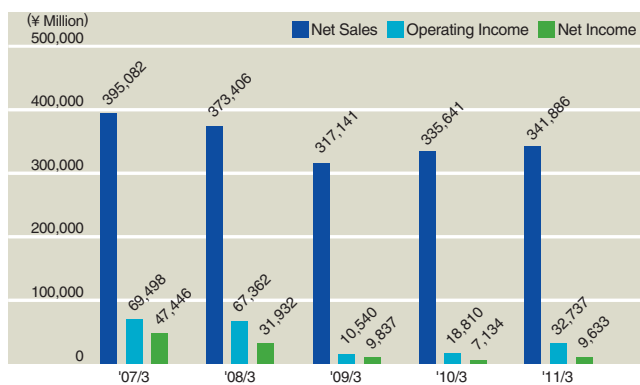
As a result of adding a decrease in exchange rate changes of 14,551 million yen, cash and cash equivalents decreased by 28,415 million yen from the previous fiscal year, and amounted to 230,721 million yen.

Plant and equipment investment of 64,000 million yen and depreciation of 43,000 million yen are scheduled as events with potential to significantly affect cash flow in the next fiscal year.

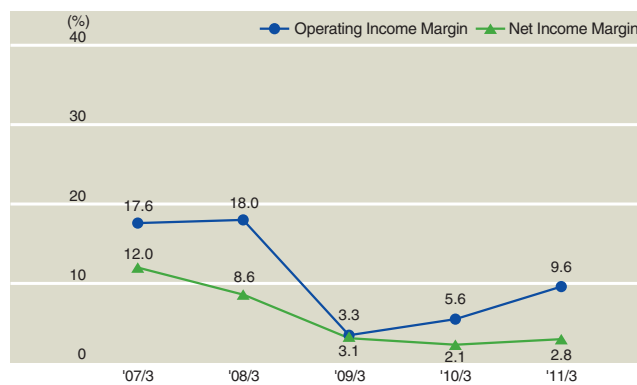
# Five-Year Summary

## Results of Operations

### 1. Results of Operations



### 2. Income Margin



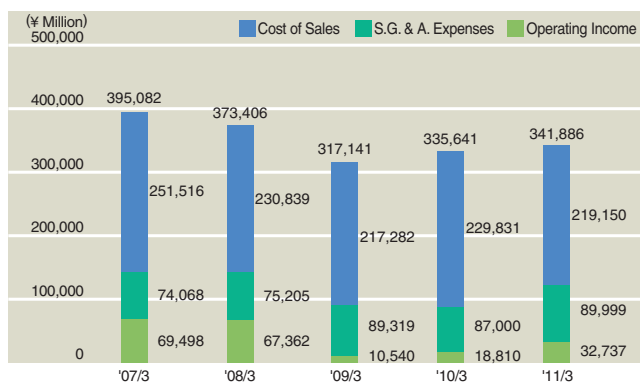
The world economy during the current term continued on a recovery trend following the recession in the fall of 2008. However, the business climate remains unstable due to the high levels of unemployment rate in each region.

In the electronics market, the automotive, flat-screen TV, and PC sectors enjoyed robust sales in early spring. However, after the summer, the electronics market slowed down due to market adjustments.

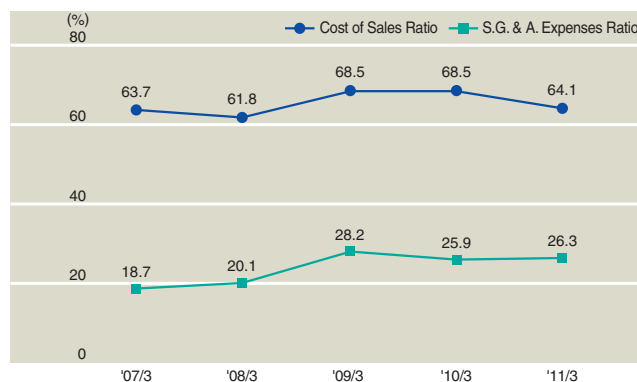
ROHM Group's cost-cutting efforts, combined with increased sales, resulted in an increase in operating profits.

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

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

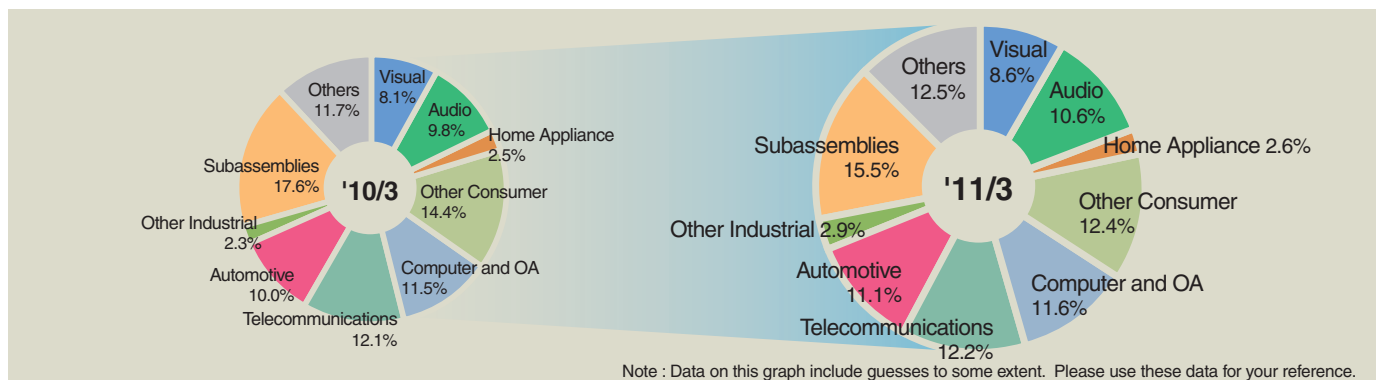


### 2. Cost of Sales and Selling, General and Administrative Expenses to Net Sales



The sales cost ratio improved from the previous year due to decreases in depreciation and material costs.

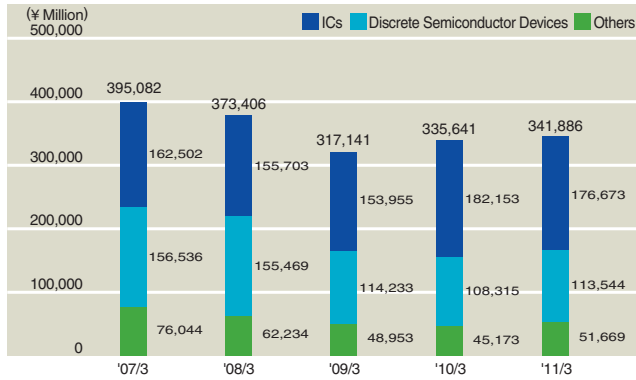
## Sales by Application



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

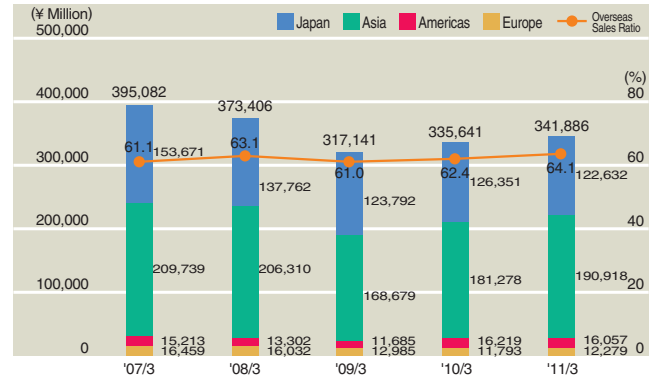
# Sales

## 1. Sales by Segment



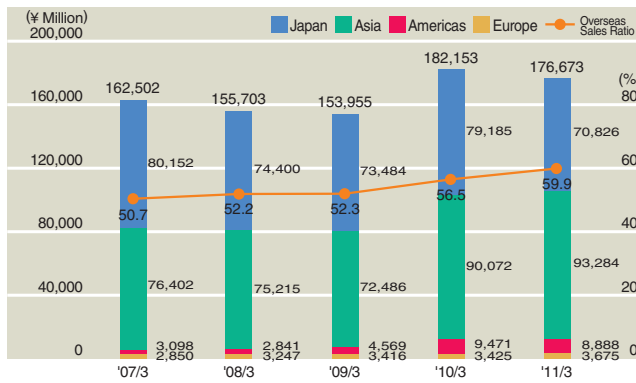
In the IC category, sales of ICs for mobile phones and game consoles were sluggish. However, sales for semiconductor devices and other categories increased.

## 2. Sales by Geographical Region and Overseas Sales Ratio

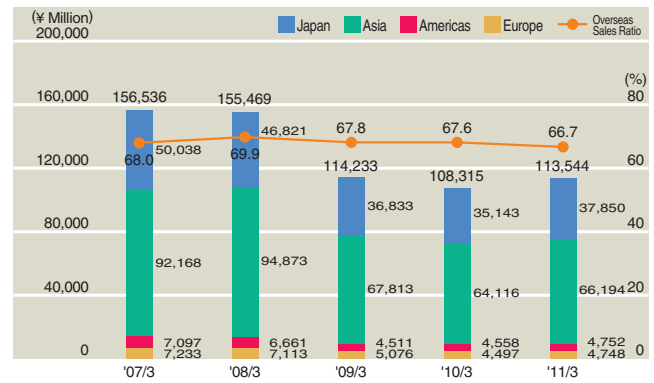


In the first half of the year, each region was on a recovery trend, but in the latter half of the year experienced a slowdown. The Japanese market in particular was hit hard due to the continued appreciation of the yen and the end of governmental purchasing promotion measures.

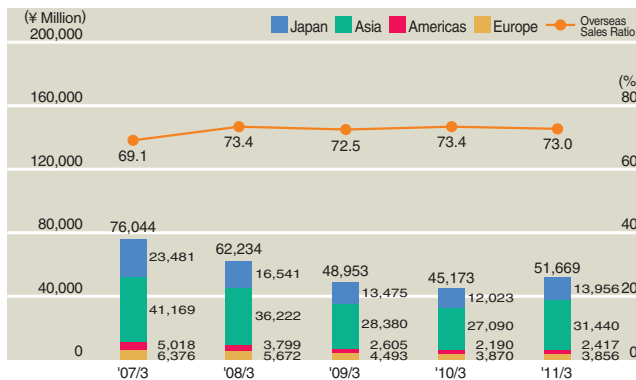
## 3. ICs Sales by Geographical Region



## 4. Discrete Semiconductor Devices Sales by Geographical Region



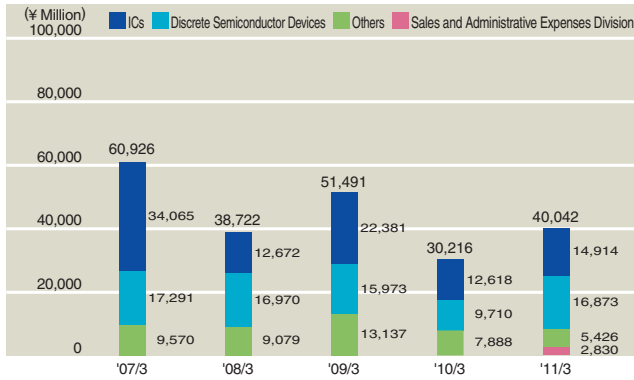
## 5. Others Sales by Geographical Region



# Five-Year Summary

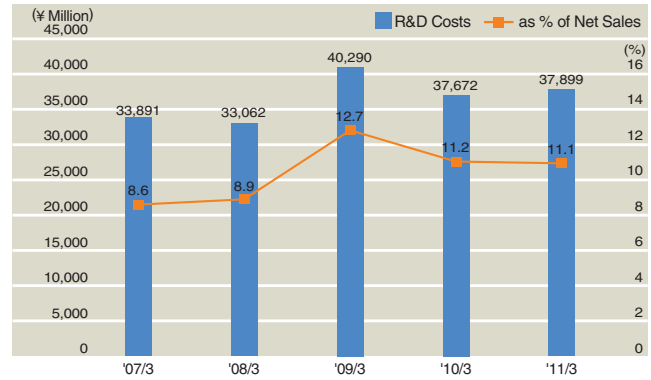
## Capital Expenditures and Research and Development Costs

### 1. Capital Expenditures



The ROHM Group, considering market trends, delayed some investments such as process improvements and facility expansion. However, capital expenditures increased from the previous fiscal year due to the startup of production lines for new products.

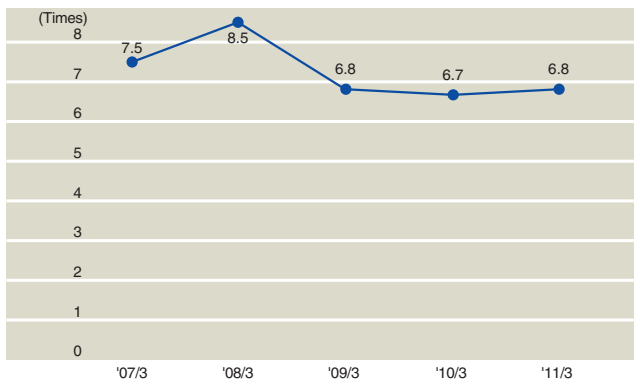
### 2. Research and Development Costs



ROHM Group is aggressively pursuing research and development activities for future growth, including the development of SiC devices, which are attracting attention as next-generation semiconductors.

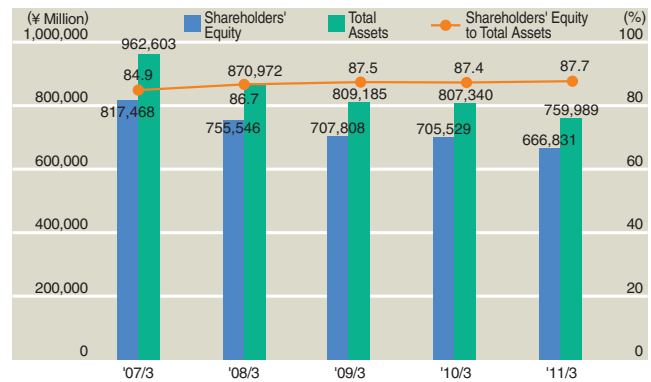
## Financial Position

### 1. Current Ratio



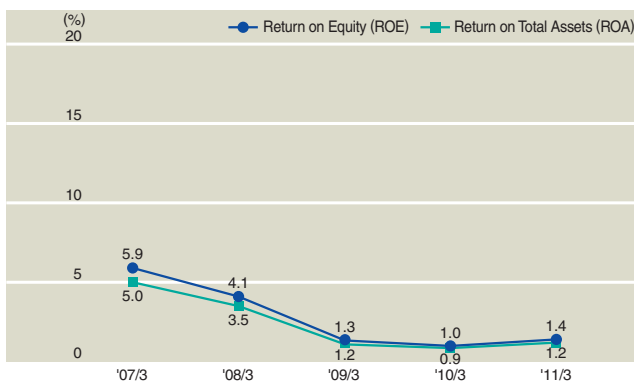
Although current assets such as cash and bank deposits decreased, current liabilities, including accounts payable, has also decreased, resulting in a level current ratio.

### 2. Equity Capital and Total Assets



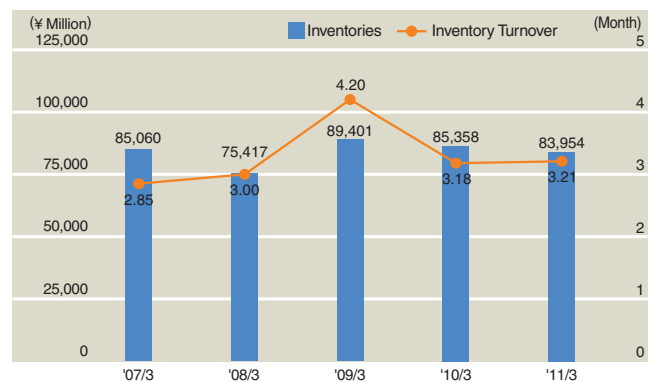
Shareholders equity decreased due to the acquisition of approximately 10 billion yen of own shares, payment of dividends and a change in currency adjustments, whereas capital adequacy ratio increased due to a decrease in total assets in addition to decreases in accounts payable and other liabilities.

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



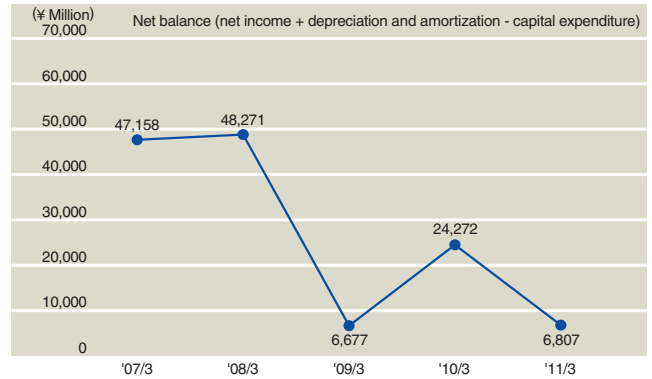
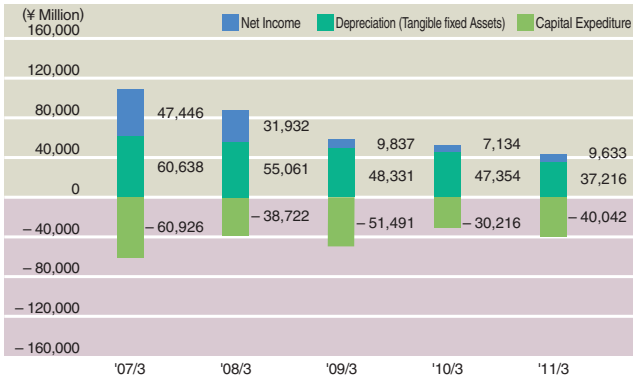
As net profits increased both the Return On Equity (ROE) and Return On Assets (ROA) increased.

### 4. Inventories and Inventory Turnover



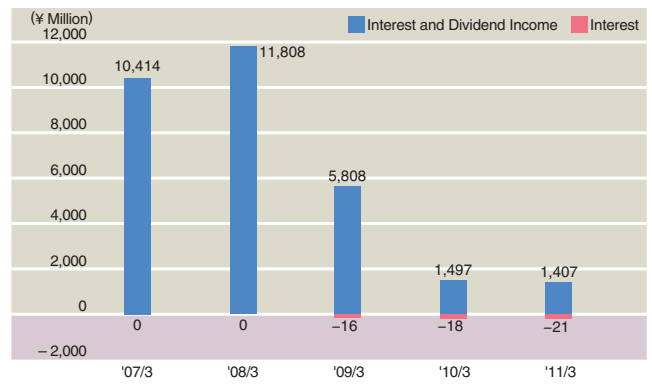
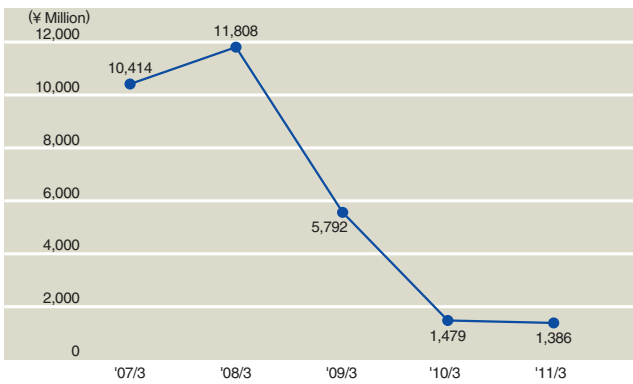
The number of inventory turnover months increased as inventory slightly increased and sales in the fourth quarter decreased from the previous year.

## Net income, Depreciation, and Capital Expenditure



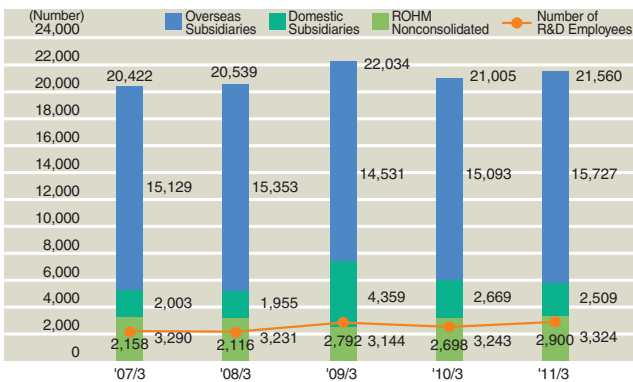
Net profits decreased considerably as depreciation decreased and capital investment increased, despite an increase in net income.

## Net Financial Revenue



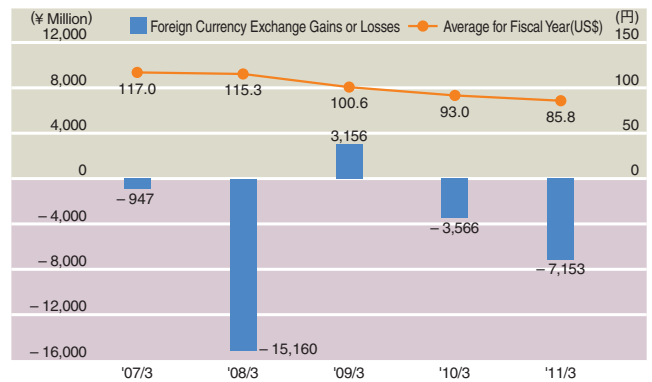
ROHM is managing funds with an emphasis on safety. In the current period interest earned decreased due to a decrease in investment yield and operational funds.

## Number of Employees



ROHM strengthened overseas sales and its customer support network, increasing the number of personnel at overseas affiliates.

## Exchange Rate and Foreign Currency Exchange Gains or Losses

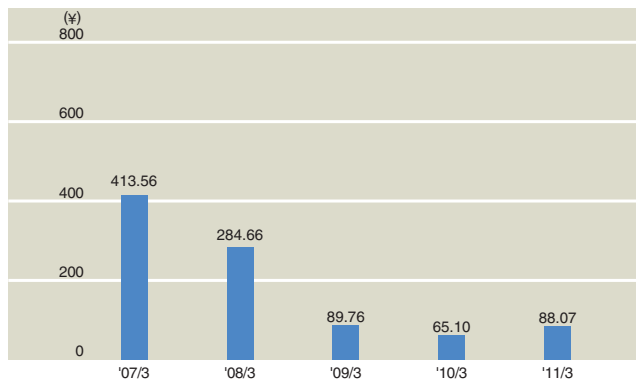


Foreign exchange rates transitioned with a strengthening yen, accruing foreign exchange losses.

# Five-Year Summary

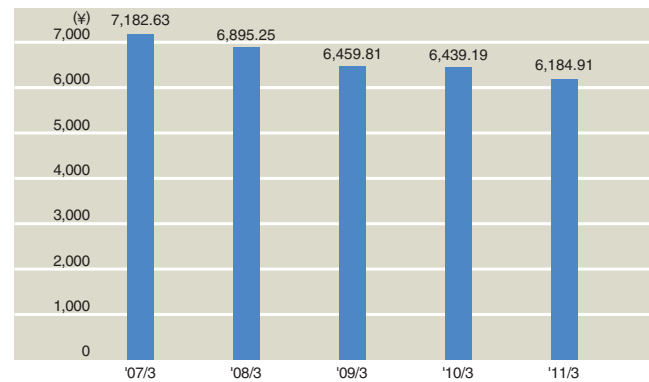
## Share-related Information

### 1. Net Income per Share



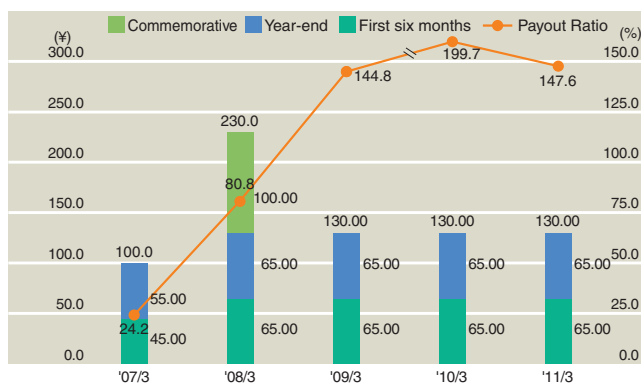
The net profit per share for the current term was 88.07 yen following an increase in net profits.

### 2. Net Assets per Share



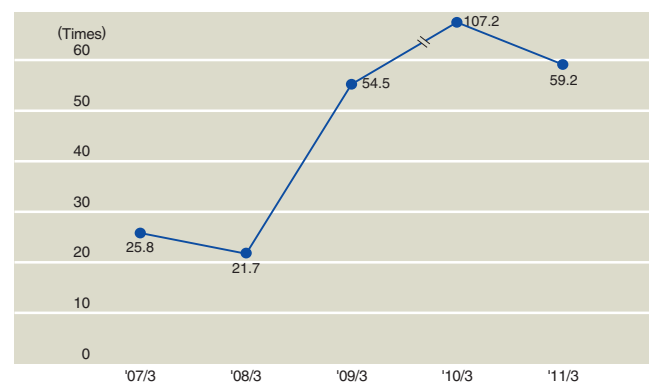
Assets per share decreased as net assets decreased due to the payment of dividends, share buyback, and changes in foreign exchange rate.

### 3. Cash Dividends per Share and Payout Ratio

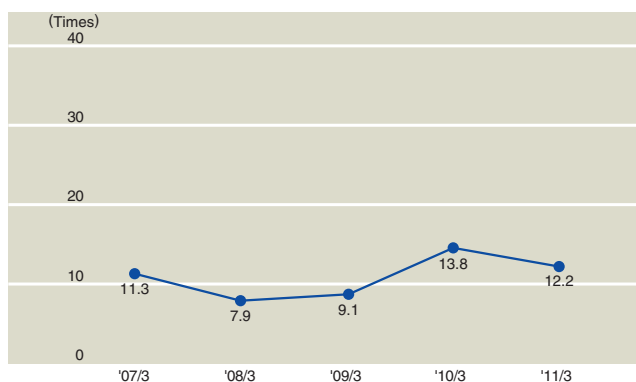


Taking into consideration providing a higher return for shareholders, business results, and future capital demands, the annual dividend per share was set a 130 yen.

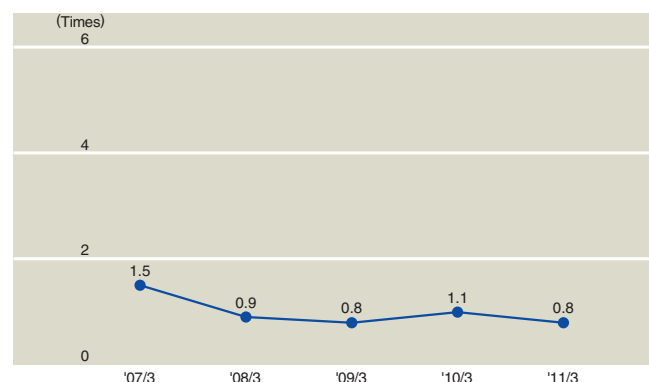
### 4. Price-earnings Ratio (PER)



### 5. Price Cash Flow Ratio (PCFR)



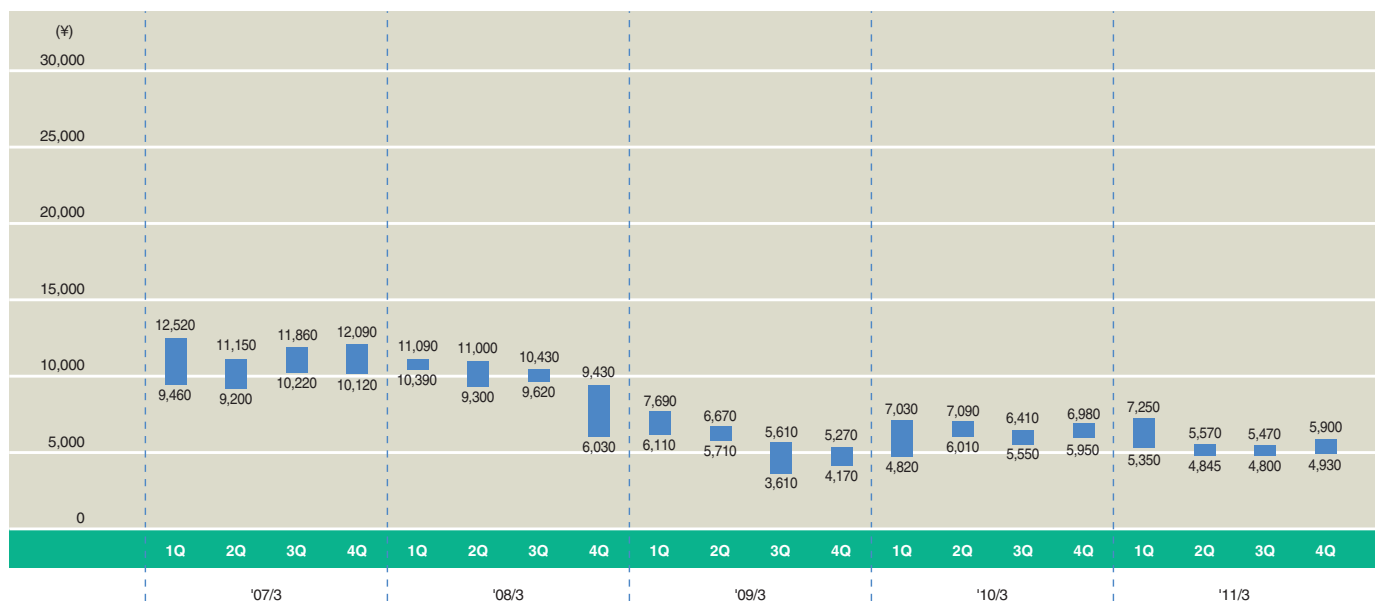
### 6. Price Book-value Ratio (PBR)





## Stock Prices

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



(Note) Stock price is stipulated on a closing price basis.

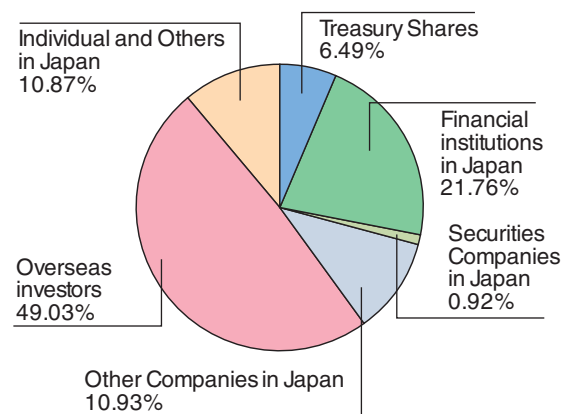
## Stock Information (as of March 31, 2011)

- Authorized Common Stock 300,000,000
- Issued Common Stock 115,300,000
- Number of Shareholders 28,577
- Major Shareholders

| Ranking | Name   | Number of Shares Held (in thousands) | Percentage (%) |
|---------|--|--------------------------------------|----------------|
| 1       | Rohm Music Foundation                                | 8,000                                | 7.42           |
| 2       | State Street Bank and Trust Company 505223           | 7,560                                | 7.01           |
| 3       | Japan Trustee Service Bank, Ltd. (Trust account)     | 6,511                                | 6.03           |
| 4       | The Master Trust Bank of Japan, Ltd. (Trust account) | 5,198                                | 4.82           |
| 5       | State Street Bank and Trust Company                  | 3,258                                | 3.02           |
| 6       | Bank of Kyoto, Ltd.                                  | 2,606                                | 2.41           |
| 7       | SSBT OD05 Omnibus Account-Treaty Clients             | 2,567                                | 2.38           |
| 8       | Ken Sato   | 2,405                                | 2.23           |
| 9       | Deutsche Bank Trust Company Americas                 | 2,285                                | 2.12           |
| 10      | State Street Bank and Trust Company 505225           | 1,554                                | 1.44           |
| Total   |  | 41,948                               | 38.90          |

- (Note) 1. Treasury stock (7,484,318) is excluded from the above list.  
 2. Percentage indicates ratio to issued common stock (107,815,682).  
 3. The percentages are rounded off the second decimal place.

### 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 2011, 2010, 2009, 2008, and 2007 was 109,357 thousand, 109,569 thousand, 109,572 thousand, 112,168 thousand, 114,720 thousand, respectively.

# Eleven-Year Summary

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

|  | 2001      | 2002      | 2003      | 2004      |
|--|-----------|-----------|-----------|-----------|
| <b>For the Year:</b>                                     |           |           |           |           |
| Net sales  | ¥ 409,335 | ¥ 321,265 | ¥ 350,281 | ¥ 355,630 |
| Cost of sales  | 215,366   | 198,631   | 185,795   | 194,857   |
| Selling, general and administrative expenses             | 56,226    | 56,176    | 68,363    | 66,266    |
| Operating income   | 137,743   | 66,458    | 96,123    | 94,507    |
| Income (loss) before income taxes and minority interests | 147,059   | 68,129    | 90,476    | 101,070   |
| Income taxes   | 60,581    | 28,829    | 37,479    | 37,268    |
| Net income   | 86,165    | 39,274    | 53,003    | 63,717    |
| Capital expenditures                                     | 125,020   | 43,326    | 40,548    | 51,958    |
| Depreciation and amortization                            | 53,082    | 52,377    | 52,424    | 45,869    |

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

|                                       |          |          |          |          |
|---------------------------------------|----------|----------|----------|----------|
| Basic net income                      | ¥ 722.68 | ¥ 328.24 | ¥ 445.51 | ¥ 535.62 |
| Diluted net income                    | 721.47   | 327.89   | 445.30   |          |
| Cash dividends applicable to the year | 19.00    | 19.00    | 22.00    | 55.00    |

## At Year-End:

|                     |           |           |           |           |
|---------------------|-----------|-----------|-----------|-----------|
| Current assets      | ¥ 449,684 | ¥ 445,094 | ¥ 519,996 | ¥ 530,121 |
| Current liabilities | 136,765   | 58,579    | 83,681    | 88,321    |
| Long-term debt      | 579       |           |           |           |
| Equity              | 591,409   | 639,210   | 676,577   | 715,938   |
| Total assets        | 764,495   | 740,627   | 805,693   | 846,800   |
| Number of employees | 15,316    | 15,174    | 16,841    | 18,591    |

- Notes:
1. U.S. dollar amounts are provided solely for convenience at the rate of ¥83 to US\$1, the approximate exchange rate at March 31, 2011.
  2. Certain reclassifications of previously reported amounts have been made to conform with current classifications.
  3. Diluted net income per share for 2011, 2010, 2009, 2008, 2007, 2006, 2005 and 2004 is not disclosed because there is no outstanding potentially dilutive securities.
  4. Effective April 1, 2008, ROHM CO., LTD and its consolidated subsidiaries applied new accounting standards as follows:
    - (1) applied a new accounting standard for measurement of inventories. The effect of this change was to decrease "Operating Income" by ¥3,184 million and to increase "Loss before income taxes and minority interests" by ¥3,184 million for the year ended March 31, 2009.
    - (2) applied a new accounting standard for lease transactions. The effect of this change to the consolidated financial statements was immaterial for the year ended March 31, 2009.
    - (3) applied a new accounting standard for unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements. The effect of this change to the consolidated financial statements was immaterial for the year ended March 31, 2009.

| Millions of yen |           |           |           |           |           |                  | Thousands of U.S. dollars |
|-----------------|-----------|-----------|-----------|-----------|-----------|------------------|---------------------------|
| 2005            | 2006      | 2007      | 2008      | 2009      | 2010      | 2011             | 2011                      |
| ¥ 369,024       | ¥ 387,790 | ¥ 395,082 | ¥ 373,406 | ¥ 317,141 | ¥ 335,641 | <b>¥ 341,886</b> | <b>\$ 4,119,109</b>       |
| 221,133         | 243,516   | 251,516   | 230,839   | 217,282   | 229,831   | <b>219,150</b>   | <b>2,640,362</b>          |
| 71,837          | 75,955    | 74,068    | 75,205    | 89,319    | 87,000    | <b>89,999</b>    | <b>1,084,325</b>          |
| 76,054          | 68,319    | 69,498    | 67,362    | 10,540    | 18,810    | <b>32,737</b>    | <b>394,422</b>            |
| 70,842          | 73,858    | 77,874    | 57,967    | (25,520)  | 10,836    | <b>19,400</b>    | <b>233,735</b>            |
| 25,667          | 25,490    | 30,400    | 26,007    | (33,775)  | 4,001     | <b>9,524</b>     | <b>114,747</b>            |
| 45,135          | 48,305    | 47,446    | 31,932    | 9,837     | 7,134     | <b>9,633</b>     | <b>116,060</b>            |
| 85,171          | 80,240    | 60,926    | 38,722    | 51,491    | 30,216    | <b>40,042</b>    | <b>482,434</b>            |
| 47,442          | 57,032    | 61,141    | 55,605    | 48,951    | 48,446    | <b>39,019</b>    | <b>470,109</b>            |
| ¥ 380.21        | ¥ 416.39  | ¥ 413.56  | ¥ 284.66  | ¥ 89.76   | ¥ 65.10   | <b>¥ 88.07</b>   | <b>\$ 1.06</b>            |
| 85.00           | 90.00     | 100.00    | 230.00    | 130.00    | 130.00    | <b>130.00</b>    | <b>1.57</b>               |
| ¥ 512,990       | ¥ 568,112 | ¥ 602,705 | ¥ 535,898 | ¥ 464,187 | ¥ 462,435 | <b>¥ 436,247</b> | <b>\$ 5,255,988</b>       |
| 85,964          | 105,779   | 80,383    | 62,775    | 68,325    | 68,850    | <b>64,334</b>    | <b>775,109</b>            |
| 739,329         | 787,214   | 817,818   | 755,873   | 709,841   | 707,719   | <b>668,779</b>   | <b>8,057,578</b>          |
| 867,323         | 951,442   | 962,603   | 870,972   | 809,185   | 807,340   | <b>759,989</b>   | <b>9,156,494</b>          |
| 19,803          | 20,279    | 20,422    | 20,539    | 22,034    | 21,005    | <b>21,560</b>    |                           |

# Consolidated Balance Sheets

ROHM CO., LTD. and Consolidated Subsidiaries  
March 31, 2011 and 2010

| ASSETS  | Millions of<br>yen |                  | Thousands of<br>U.S. dollars<br>(Note 1) |
|---|--------------------|------------------|--|
|   | 2011               | 2010             | 2011                                     |
| <b>Current Assets:</b>  |                    |                  |  |
| Cash and cash equivalents (Note 15) . . . . .   | ¥ 230,721          | ¥ 259,136        | \$ 2,779,771                             |
| Marketable securities (Notes 4 and 15) . . . . .  | 4,095              | 2,902            | 49,337                                   |
| Short-term investments (Notes 5 and 15) . . . . .   | 23,565             | 17,989           | 283,916                                  |
| Notes and accounts receivable (Note 15):  |                    |                  |  |
| Trade . . . . .   | 73,297             | 78,259           | 883,096                                  |
| Other . . . . .   | 1,483              | 1,824            | 17,868                                   |
| Allowance for doubtful notes and accounts . . . . .   | (287)              | (329)            | (3,458)                                  |
| Inventories (Note 6) . . . . .  | 83,954             | 85,358           | 1,011,494                                |
| Deferred tax assets (Note 14) . . . . .   | 8,476              | 10,516           | 102,121                                  |
| Prepaid pension cost (Note 8) . . . . .   | 2,263              | 2,615            | 27,265                                   |
| Refundable income taxes (Note 15) . . . . .   | 397                | 662              | 4,783                                    |
| Prepaid expenses and other . . . . .  | 8,283              | 3,503            | 99,795                                   |
| Total current assets . . . . .  | <u>436,247</u>     | <u>462,435</u>   | <u>5,255,988</u>                         |
| <b>Property, Plant and Equipment :</b>  |                    |                  |  |
| Land (Note 7) . . . . .   | 85,904             | 85,501           | 1,034,988                                |
| Buildings and structures (Notes 7 and 17) . . . . .   | 211,806            | 213,985          | 2,551,879                                |
| Machinery and equipment (Notes 7 and 17) . . . . .  | 476,651            | 471,926          | 5,742,783                                |
| Furniture and fixtures (Notes 7 and 17) . . . . .   | 42,673             | 43,267           | 514,133                                  |
| Construction in progress (Note 7) . . . . .   | 15,026             | 14,838           | 181,036                                  |
| Total . . . . .   | <u>832,060</u>     | <u>829,517</u>   | <u>10,024,819</u>                        |
| Accumulated depreciation . . . . .  | <u>(579,844)</u>   | <u>(568,820)</u> | <u>(6,986,072)</u>                       |
| Net property, plant and equipment . . . . .   | <u>252,216</u>     | <u>260,697</u>   | <u>3,038,747</u>                         |
| <b>Investments and Other Assets:</b>  |                    |                  |  |
| Investment securities (Notes 4 and 15) . . . . .  | 34,784             | 37,247           | 419,084                                  |
| Investments in and advance to unconsolidated subsidiaries<br>and associated companies (Note 15) . . . . . | 2,566              | 1,636            | 30,916                                   |
| Goodwill (Note 3) . . . . .   | 20,347             | 27,454           | 245,144                                  |
| Other intangible assets . . . . .   | 7,879              | 10,476           | 94,928                                   |
| Deferred tax assets (Note 14) . . . . .   | 1,597              | 2,207            | 19,241                                   |
| Other . . . . .   | 4,899              | 5,801            | 59,024                                   |
| Allowance for doubtful accounts . . . . .   | (546)              | (613)            | (6,578)                                  |
| Total investments and other assets . . . . .  | <u>71,526</u>      | <u>84,208</u>    | <u>861,759</u>                           |
| <b>Total</b> . . . . .  | <u>¥ 759,989</u>   | <u>¥ 807,340</u> | <u>\$ 9,156,494</u>                      |

See notes to consolidated financial statements.

## LIABILITIES AND EQUITY

|  | Millions of<br>yen |                  | Thousands of<br>U.S. dollars<br>(Note 1) |
|--|--------------------|------------------|--|
|  | 2011               | 2010             | 2011                                     |
| <b>Current Liabilities:</b>  |                    |                  |  |
| Notes and accounts payable (Note 15):  |                    |                  |  |
| Trade .....  | ¥ 21,905           | ¥ 20,995         | \$ 263,916                               |
| Construction and other .....   | 22,494             | 28,723           | 271,012                                  |
| Accrued income taxes (Note 15) .....   | 3,180              | 4,004            | 38,313                                   |
| Deferred tax liabilities (Note 14) .....   | 1,053              | 1,110            | 12,687                                   |
| Provision for business structure improvement .....                                 | 148                | 437              | 1,783                                    |
| Provision for losses from a natural disaster .....                                 | 1,746              |                  | 21,036                                   |
| Accrued expenses .....   | 11,067             | 11,451           | 133,337                                  |
| Other .....  | 2,741              | 2,130            | 33,025                                   |
| Total current liabilities .....  | <u>64,334</u>      | <u>68,850</u>    | <u>775,109</u>                           |
| <b>Long-term Liabilities:</b>  |                    |                  |  |
| Liability for retirement benefits (Note 8) .....                                   | 8,345              | 10,211           | 100,542                                  |
| Deferred tax liabilities (Note 14) .....   | 16,555             | 18,337           | 199,458                                  |
| Other .....  | 1,976              | 2,223            | 23,807                                   |
| Total long-term liabilities .....  | <u>26,876</u>      | <u>30,771</u>    | <u>323,807</u>                           |
| <b>Commitments and Contingent Liabilities (Notes 16, 17 and 18)</b>                |                    |                  |  |
| <b>Equity (Notes 9 and 20):</b>  |                    |                  |  |
| Common stock - authorized, 300,000,000 shares; issued,<br>115,300,000 shares ..... | 86,969             | 86,969           | 1,047,819                                |
| Capital surplus .....  | 102,404            | 102,404          | 1,233,783                                |
| Retained earnings .....  | 633,388            | 637,999          | 7,631,181                                |
| Treasury stock-at cost   |                    |                  |  |
| 7,484,318 shares in 2011 and 5,732,200 shares in 2010 .....                        | (67,120)           | (57,105)         | (808,675)                                |
| Accumulated other comprehensive income   |                    |                  |  |
| Net unrealized gain on available-for-sale securities (Note 4) . . .                | 5,860              | 8,122            | 70,602                                   |
| Foreign currency translation adjustments .....                                     | (94,670)           | (72,860)         | (1,140,602)                              |
| Total .....  | <u>666,831</u>     | <u>705,529</u>   | <u>8,034,108</u>                         |
| Minority interests .....   | 1,948              | 2,190            | 23,470                                   |
| Total equity .....   | <u>668,779</u>     | <u>707,719</u>   | <u>8,057,578</u>                         |
| <b>Total .....</b>   | <u>¥ 759,989</u>   | <u>¥ 807,340</u> | <u>\$ 9,156,494</u>                      |

# Consolidated Statements of Income

ROHM CO., LTD. and Consolidated Subsidiaries  
Years ended March 31, 2011, 2010 and 2009

|  | Millions of yen  |           |           | Thousands of U.S. dollars (Note 1) |
|--|------------------|-----------|-----------|------------------------------------|
|  | 2011             | 2010      | 2009      | 2011                               |
| <b>Net Sales</b> .....   | <b>¥ 341,886</b> | ¥ 335,641 | ¥ 317,141 | <b>\$ 4,119,109</b>                |
| <b>Operating Cost and Expenses :</b>   |                  |           |           |                                    |
| Cost of sales .....  | <b>219,150</b>   | 229,831   | 217,282   | <b>2,640,362</b>                   |
| Selling, general and administrative expenses (Notes 10 and 11) ..                            | <b>89,999</b>    | 87,000    | 89,319    | <b>1,084,325</b>                   |
| Total operating cost and expenses .....  | <b>309,149</b>   | 316,831   | 306,601   | <b>3,724,687</b>                   |
| <b>Operating Income</b> .....  | <b>32,737</b>    | 18,810    | 10,540    | <b>394,422</b>                     |
| <b>Other Income (Expenses):</b>  |                  |           |           |                                    |
| Interest and dividend income .....   | <b>1,407</b>     | 1,497     | 5,808     | <b>16,952</b>                      |
| Foreign currency exchange gains (losses) - net .....   | <b>(7,153)</b>   | (3,566)   | 3,156     | <b>(86,181)</b>                    |
| Gain on sale of property, plant and equipment .....  | <b>88</b>        | 76        | 139       | <b>1,060</b>                       |
| Loss on sale and disposal of property, plant and equipment .....                             | <b>(2,078)</b>   | (712)     | (1,212)   | <b>(25,036)</b>                    |
| Gain on transfer of retirement benefit plan (Note 8) .....                                   | <b>1,796</b>     |           |           | <b>21,638</b>                      |
| Losses from a natural disaster (Note 13) .....   | <b>(996)</b>     |           |           | <b>(12,000)</b>                    |
| Loss on adjustment for changes of accounting standard for asset retirement obligations ..... | <b>(148)</b>     |           |           | <b>(1,783)</b>                     |
| Loss on impairment of long-lived assets (Note 7) .....                                       | <b>(2,516)</b>   | (1,738)   | (11,908)  | <b>(30,313)</b>                    |
| Loss on valuation of investment securities .....   | <b>(270)</b>     | (23)      | (6,789)   | <b>(3,253)</b>                     |
| Special retirement expenses (Note 8) .....   | <b>(2,969)</b>   | (213)     | (15,001)  | <b>(35,771)</b>                    |
| Business structure improvement expenses (Note 12) .....                                      |                  | (2,999)   | (9,495)   |                                    |
| Other - net .....  | <b>(498)</b>     | (296)     | (758)     | <b>(6,000)</b>                     |
| Total other income (expenses) - net .....  | <b>(13,337)</b>  | (7,974)   | (36,060)  | <b>(160,687)</b>                   |
| <b>Income (Loss) before Income Taxes and Minority Interests</b> .....                        | <b>19,400</b>    | 10,836    | (25,520)  | <b>233,735</b>                     |
| <b>Income Taxes (Note 14):</b>   |                  |           |           |                                    |
| Current .....  | <b>7,372</b>     | 7,272     | 6,156     | <b>88,819</b>                      |
| Deferred .....   | <b>2,152</b>     | (3,271)   | (39,931)  | <b>25,928</b>                      |
| Total income taxes .....   | <b>9,524</b>     | 4,001     | (33,775)  | <b>114,747</b>                     |
| <b>Net Income before Minority Interests</b> .....  | <b>9,876</b>     | 6,835     | 8,255     | <b>118,988</b>                     |
| <b>Minority Interests in Net Loss (Income)</b> .....   | <b>(243)</b>     | 299       | 1,582     | <b>(2,928)</b>                     |
| <b>Net Income</b> .....  | <b>¥ 9,633</b>   | ¥ 7,134   | ¥ 9,837   | <b>\$ 116,060</b>                  |
| <b>Per Share Information (Note 2. (u)):</b>  |                  | Yen       |           | U.S. dollars                       |
| Basic net income .....   | <b>¥ 88.07</b>   | ¥ 65.10   | ¥ 89.76   | <b>\$ 1.06</b>                     |
| Cash dividends applicable to the year .....  | <b>130.00</b>    | 130.00    | 130.00    | <b>1.57</b>                        |

See notes to consolidated financial statements.

# Consolidated Statement of Comprehensive Income

ROHM CO., LTD. and Consolidated Subsidiaries  
Year ended March 31, 2011

|   | Millions of<br>yen | Thousands of<br>U.S. dollars<br>(Note 1) |
|---|--------------------|--|
|   | 2011               | 2011                                     |
| <b>Net Income before Minority Interests</b> .....                 | ¥ 9,876            | \$ 118,988                               |
| <b>Other Comprehensive Income (Loss):</b>                         |                    |  |
| Net unrealized gain (loss) on available-for-sale securities ..... | (2,261)            | (27,241)                                 |
| Foreign currency translation adjustments .....                    | (21,834)           | (263,060)                                |
| Total other comprehensive income .....                            | <u>(24,095)</u>    | <u>(290,301)</u>                         |
| <b>Comprehensive Income (Loss)</b> .....                          | <u>(14,219)</u>    | <u>(171,313)</u>                         |
| <b>Total Comprehensive Income (Loss) Attributable to:</b>         |                    |  |
| Owners of the parent .....  | ¥ (14,439)         | \$ (173,964)                             |
| Minority interests .....  | 220                | 2,651                                    |

See notes to consolidated financial statements.

# Consolidated Statements of Changes in Equity

ROHM CO., LTD. and Consolidated Subsidiaries  
Years ended March 31, 2011, 2010 and 2009

|   | Millions of yen                              |                 |                  |                   |                   |  |  |                  |                    |                  |
|---|--|-----------------|------------------|-------------------|-------------------|--|--|------------------|--------------------|------------------|
|   | Number of shares of common stock outstanding | Common stock    | Capital surplus  | Retained earnings | Treasury stock    | Accumulated other comprehensive income               |  | Total            | Minority interests | Total equity     |
|   |  |                 |                  |                   |                   | Net unrealized gain on available-for-sale securities | Foreign currency translation adjustments |                  |                    |                  |
| <b>Balance at April 1, 2008</b>   | 109,574,553                                  | ¥ 86,969        | ¥ 102,404        | ¥ 695,118         | ¥ (91,954)        | ¥ 1,902  | ¥ (38,893)                               | ¥755,546         | ¥ 327              | ¥ 755,873        |
| Adjustment of retained earnings due to an adoption of PITF No.18 (Note 2.(b)) |  |                 |                  | 319               |                   |  |  | 319              |                    | 319              |
| Net income  |  |                 |                  | 9,837             |                   |  |  | 9,837            |                    | 9,837            |
| Cash dividends, ¥230.00 per share   |  |                 |                  | (25,202)          |                   |  |  | (25,202)         |                    | (25,202)         |
| Purchase of treasury stock  | (3,711)                                      |                 |                  |                   | (19)              |  |  | (19)             |                    | (19)             |
| Other   |  |                 |                  | (76)              |                   |  |  | (76)             |                    | (76)             |
| Net change in the year  |  |                 |                  |                   |                   | (1,734)  | (30,863)                                 | (32,597)         | 1,706              | (30,891)         |
| <b>Balance at March 31, 2009</b>  | 109,570,842                                  | 86,969          | 102,404          | 679,996           | (91,973)          | 168  | (69,756)                                 | 707,808          | 2,033              | 709,841          |
| Net income  |  |                 |                  | 7,134             |                   |  |  | 7,134            |                    | 7,134            |
| Cash dividends, ¥130.00 per share   |  |                 |                  | (14,244)          |                   |  |  | (14,244)         |                    | (14,244)         |
| Purchase of treasury stock  | (3,042)                                      |                 |                  |                   | (19)              |  |  | (19)             |                    | (19)             |
| Retirement of treasury stock  |  |                 | (34,887)         |                   | 34,887            |  |  |                  |                    |                  |
| Transfer from retained earnings to capital surplus                            |  |                 | 34,887           | (34,887)          |                   |  |  |                  |                    |                  |
| Net change in the year  |  |                 |                  |                   |                   | 7,954  | (3,104)                                  | 4,850            | 157                | 5,007            |
| <b>Balance at March 31, 2010</b>  | 109,567,800                                  | 86,969          | 102,404          | 637,999           | (57,105)          | 8,122  | (72,860)                                 | 705,529          | 2,190              | 707,719          |
| Net income  |  |                 |                  | 9,633             |                   |  |  | 9,633            |                    | 9,633            |
| Cash dividends, ¥130.00 per share   |  |                 |                  | (14,244)          |                   |  |  | (14,244)         |                    | (14,244)         |
| Purchase of treasury stock  | (1,752,118)                                  |                 |                  |                   | (10,015)          |  |  | (10,015)         |                    | (10,015)         |
| Net change in the year  |  |                 |                  |                   |                   | (2,262)  | (21,810)                                 | (24,072)         | (242)              | (24,314)         |
| <b>Balance at March 31, 2011</b>  | <b>107,815,682</b>                           | <b>¥ 86,969</b> | <b>¥ 102,404</b> | <b>¥ 633,388</b>  | <b>¥ (67,120)</b> | <b>¥ 5,860</b>                                       | <b>¥ (94,670)</b>                        | <b>¥ 666,831</b> | <b>¥ 1,948</b>     | <b>¥ 668,779</b> |

|                                  | Thousands of U.S. dollars (Note 1) |                     |                     |                     |  |  |                     |                    |                     |  |
|----------------------------------|------------------------------------|---------------------|---------------------|---------------------|--|--|---------------------|--------------------|---------------------|--|
|                                  | Common stock                       | Capital surplus     | Retained earnings   | Treasury stock      | Accumulated other comprehensive income               |  | Total               | Minority interests | Total equity        |  |
|                                  |                                    |                     |                     |                     | Net unrealized gain on available-for-sale securities | Foreign currency translation adjustments |                     |                    |                     |  |
| <b>Balance at March 31, 2010</b> | \$ 1,047,819                       | \$ 1,233,783        | \$ 7,686,735        | \$ (688,012)        | \$ 97,855  | \$ (877,831)                             | \$ 8,500,349        | \$ 26,386          | \$ 8,526,735        |  |
| Net income                       |                                    |                     | 116,060             |                     |  |  | 116,060             |                    | 116,060             |  |
| Cash dividends, \$1.57 per share |                                    |                     | (171,614)           |                     |  |  | (171,614)           |                    | (171,614)           |  |
| Purchase of treasury stock       |                                    |                     |                     | (120,663)           |  |  | (120,663)           |                    | (120,663)           |  |
| Net change in the year           |                                    |                     |                     |                     | (27,253)   | (262,771)                                | (290,024)           | (2,916)            | (292,940)           |  |
| <b>Balance at March 31, 2011</b> | <b>\$ 1,047,819</b>                | <b>\$ 1,233,783</b> | <b>\$ 7,631,181</b> | <b>\$ (808,675)</b> | <b>\$ 70,602</b>                                     | <b>\$ (1,140,602)</b>                    | <b>\$ 8,034,108</b> | <b>\$ 23,470</b>   | <b>\$ 8,057,578</b> |  |

See notes to consolidated financial statements.



# Consolidated Statements of Cash Flows

ROHM CO., LTD. and Consolidated Subsidiaries  
Years ended March 31, 2011, 2010 and 2009

|   | Millions of yen |           |            | Thousands of U.S. dollars (Note 1) |
|---|-----------------|-----------|------------|------------------------------------|
|   | 2011            | 2010      | 2009       | 2011                               |
| <b>Operating Activities:</b>  |                 |           |            |                                    |
| Income (loss) before income taxes and minority interests  | ¥ 19,400        | ¥ 10,836  | ¥ (25,520) | \$ 233,735                         |
| Adjustments for:  |                 |           |            |                                    |
| Income taxes - paid   | (8,160)         | (2,552)   | (13,331)   | (98,313)                           |
| Depreciation and amortization   | 39,019          | 48,446    | 48,951     | 470,109                            |
| Amortization of goodwill  | 7,059           | 5,282     | 2,156      | 85,048                             |
| Foreign currency exchange losses (gains) - net  | 2,428           | 346       | 1,161      | 29,253                             |
| Increase (decrease) in provision for retirement benefits  | (1,830)         | (1,979)   | (4,195)    | (22,048)                           |
| Decrease (increase) in prepaid pension costs  | 352             | 794       | 1,154      | 4,241                              |
| Loss on impairment of long-lived assets   | 2,516           | 1,738     | 11,908     | 30,313                             |
| Increase (decrease) in provision for business structure improvement                                     | (282)           | (5,563)   | 6,011      | (3,398)                            |
| Increase (decrease) in provision for losses from a natural disaster                                     | 1,746           |           |            | 21,036                             |
| Loss on valuation of investment securities  | 612             | 23        | 6,789      | 7,373                              |
| Changes in assets and liabilities:  |                 |           |            |                                    |
| Decrease (increase) in notes and accounts receivables - trade   | 2,246           | (13,514)  | 37,349     | 27,060                             |
| Decrease (increase) in inventories  | (1,494)         | 5,299     | 9,095      | (18,000)                           |
| Increase (decrease) in notes and accounts payables - trade  | 3,104           | 4,933     | (15,288)   | 37,398                             |
| Increase (decrease) in accounts payable - other   | (5,000)         | (4,067)   | 140        | (60,241)                           |
| Other - net   | 1,841           | 1,977     | (409)      | 22,181                             |
| Total adjustments   | 44,157          | 41,163    | 91,491     | 532,012                            |
| Net cash provided by operating activities   | 63,557          | 51,999    | 65,971     | 765,747                            |
| <b>Investing Activities:</b>  |                 |           |            |                                    |
| Decrease (increase) in time deposits - net  | (6,310)         | (6,974)   | 8,444      | (76,024)                           |
| Purchases of marketable and investment securities   | (7,747)         | (334)     | (4,782)    | (93,337)                           |
| Proceeds from sales and redemption of marketable and investment securities                              | 4,498           | 18,976    | 41,560     | 54,193                             |
| Purchases of property, plant and equipment  | (40,628)        | (23,012)  | (53,852)   | (489,494)                          |
| Proceeds from sale of property, plant and equipment   | 208             | 121       | 202        | 2,506                              |
| Acquisition of shares of newly consolidated subsidiaries, net of cash and cash equivalents acquired     |                 | (22,338)  | (81,460)   |                                    |
| Payments for sales of shares of consolidated subsidiaries, net of cash and cash equivalents transferred |                 | (60)      |            |                                    |
| Other - net   | (3,007)         | (1,810)   | (519)      | (36,229)                           |
| Net cash used in investing activities   | (52,986)        | (35,431)  | (90,407)   | (638,385)                          |
| <b>Financing Activities:</b>  |                 |           |            |                                    |
| Purchase of treasury stock  | (10,015)        | (19)      | (20)       | (120,663)                          |
| Dividends paid  | (14,244)        | (14,244)  | (25,202)   | (171,614)                          |
| Repayments of short-term bank loans   |                 |           | (2,381)    |                                    |
| Other - net   | (176)           | (171)     | (116)      | (2,121)                            |
| Net cash used in financing activities   | (24,435)        | (14,434)  | (27,719)   | (294,398)                          |
| <b>Foreign Currency Translation Adjustments on Cash and Cash Equivalents</b>                            | (14,551)        | (5,209)   | (11,191)   | (175,313)                          |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>   | (28,415)        | (3,075)   | (63,346)   | (342,349)                          |
| <b>Cash and Cash Equivalents at Beginning of Year</b>   | 259,136         | 262,211   | 325,715    | 3,122,120                          |
| <b>Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation</b> |                 |           | (158)      |                                    |
| <b>Cash and Cash Equivalents at End of Year</b>   | ¥ 230,721       | ¥ 259,136 | ¥ 262,211  | \$ 2,779,771                       |

(Additional information)

ROHM Electronics Europe Limited, a wholly-owned subsidiary of ROHM Co., Ltd., acquired the stock of SiCrystal AG as of July 14, 2009 and ROHM U.S.A., Inc., a wholly-owned subsidiary of ROHM Co., Ltd., acquired Kionix Inc. as of November 16, 2009 by reverse triangular merger. As a result, SiCrystal AG, Kionix Inc. and its 3 subsidiaries became consolidated subsidiaries of ROHM Co., Ltd. (Note 3)

ROHM Co., Ltd. acquired the stock of OKI Semiconductor Co., Ltd. as of October 1, 2008. As a result, OKI Semiconductor Co., Ltd. and its 15 subsidiaries became consolidated subsidiaries of ROHM Co., Ltd. (Note 3)

A reconciliation between assets and liabilities of the newly consolidated subsidiaries at the date of acquisition, cash paid for the capital and payment for acquisition of shares of newly consolidated subsidiaries, net of cash and cash equivalents acquired, were as follows:

|  | Millions of yen |          |
|--|-----------------|----------|
|  | 2010            | 2009     |
| <b>Assets</b>  | ¥10,879         | ¥119,383 |
| <b>Goodwill</b>  | 12,877          | 21,563   |
| <b>Liabilities</b>   | (617)           | (50,684) |
| <b>Minority interests</b>  | (341)           | (3,435)  |
| <b>Cash paid for the capital</b>   | 22,798          | 86,827   |
| <b>Cash and cash equivalents of consolidated subsidiaries</b>  | (460)           | (5,367)  |
| <b>Payment for acquisition of shares of newly consolidated subsidiaries, net of cash and cash equivalents acquired</b> | ¥22,338         | ¥ 81,460 |

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

ROHM CO., LTD. and Consolidated 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 Financial Instrument and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 19. In addition, “Net Income before Minority Interests” is disclosed in the consolidated statement of income from the year ended March 31, 2011.

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 ¥83 to \$1, the approximate rate of exchange at March 31, 2011. 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 as of March 31, 2011 include the accounts of the Company and its 50 significant (54 in 2010) subsidiaries (together, the “Group”).

Under the control concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

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, is being amortized over a period of five years.

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

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

The fiscal year end dates of nine (thirteen in 2010) consolidated subsidiaries, are different from the consolidated balance sheet date of March 31. They, including ROHM SEMICONDUCTOR CHINA CO., LTD., are dated December 31, and the financial statements of these subsidiaries as of the provisional closing date of March 31 were used for consolidation purposes.

### (b) Unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements

In May 2006, the Accounting Standards Board of Japan (“ASBJ”) issued ASBJ Practical Issues Task Force (“PITF”) No.18, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements”. PITF No.18 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 of America 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) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) recording the prior years’ effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained. PITF No.18 was effective for fiscal years beginning on or after April 1, 2008.

The Group applied this accounting standard effective April 1, 2008. The effect of this change on the consolidated financial statements was immaterial for the year ended March 31, 2009.

In addition, the Group adjusted the beginning balance of retained earnings at April 1, 2008 as if this accounting standard had been retrospectively applied.

**(c) Business combination**

In October 2003, the Business Accounting Council issued a Statement of Opinion, “Accounting for Business Combinations”, and in December 2005, the ASBJ issued ASBJ Statement No.7, “Accounting Standard for Business Divestitures” and ASBJ Guidance No.10, “Guidance for Accounting Standard for Business Combinations and Business Divestitures”. The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No.21, “Accounting Standard for Business Combinations.” Major accounting changes under the revised accounting standard are as follows:

- (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed.
- (2) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development (IPR&D) acquired in the business combination is capitalized as an intangible asset.
- (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation.

This standard was applicable to business combinations undertaken on or after April 1, 2010.

**(d) Cash equivalents**

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

Cash equivalents include time deposits and certificates of deposit, all of which mature or become due within three months of the date of acquisition.

**(e) Marketable and investment securities**

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

Available-for-sale securities, which are not classified as either trading securities or held-to-maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

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

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

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

**(f) Inventories**

Inventories are mainly stated at the lower of cost, determined by the moving average method for finished products, work in process and raw materials and by the last purchase cost method for supplies, or net selling value.

**(g) Property, plant and equipment**

Property, plant and equipment are stated at cost.

Depreciation of property, plant and equipment is computed principally by the declining-balance method based on the estimated useful lives of the assets while the straight-line method is applied to buildings of the Company and its consolidated domestic subsidiaries acquired after April 1, 1998. The leased equipment is depreciated by the straight-line method over the respective lease periods.

Estimated useful lives of the assets are principally as follows:

- Buildings and structures ..... 3 to 50 years
- Machinery and equipment ..... 2 to 10 years

**(h) Intangible assets**

Intangible assets are stated at cost less accumulated amortization, which is calculated by the straight-line method.

**(i) Long-lived assets**

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

# Notes to Consolidated Financial Statements

ROHM CO., LTD. and Consolidated Subsidiaries

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.

## **(j) Liability for retirement benefits**

The Company and certain consolidated domestic subsidiaries have contributory and non-contributory funded defined benefit pension plans for employees, 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 consolidated foreign subsidiaries also have defined contribution pension plans.

## **(k) Asset retirement obligations**

In March, 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No.18 “Accounting Standard for Asset Retirement Obligations” and ASBJ Guidance No.21 “Guidance on Accounting Standard for Asset Retirement Obligations”. Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability.

The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

This standard was effective for fiscal years beginning on or after April 1, 2010.

The Group applied this accounting standard effective April 1, 2010. The effect of this change was to decrease operating income by ¥73 million (\$ 879 thousand) and income before income taxes and minority interests by ¥784 million (\$ 9,446 thousand).

## **(l) Provision for business structure improvement**

Provision for business structure improvement is provided based on an estimate of future expenses and losses that will be incurred in the process of business restructuring.

## **(m) Provision for losses from a natural disaster**

The Group provides the reserve for losses from a natural disaster for restoration of assets damaged by the Great East Japan Earthquake.

## **(n) Research and development costs**

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

## **(o) Leases**

In March 2007, the ASBJ issued ASBJ Statement No.13, “Accounting Standard for Lease Transactions”, which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that was deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain “as if capitalized” information was disclosed in the note to the lessee’s financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Company and certain domestic subsidiaries applied the revised accounting standard effective April 1, 2008. In addition, the Company and certain domestic subsidiaries continue to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

The effect of this change on the consolidated statement of income for the year ended March 31, 2009 was immaterial.

All other leases are accounted for as operating leases.

**(p) Bonuses to directors and corporate auditors**

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

**(q) Income taxes**

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

**(r) Foreign currency transactions**

Both short-term and long-term receivables and payables denominated in foreign currencies are translated into Japanese yen at exchange rates in effect at the balance sheet date.

However, short-term receivables covered by forward exchange contracts are translated at the contract rates.

Any differences between the foreign exchange contract rates and historical rates resulting from the translation of receivables are recognized as income or expense over the lives of the related contracts.

**(s) Foreign currency financial statements**

The balance sheet accounts of consolidated 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” under accumulated other comprehensive income in a separate component of equity.

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

**(t) Derivatives and hedging activities**

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

Monetary receivables 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.

**(u) Per share information**

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

The average number of shares used to compute basic net income per share for the years ended March 31, 2011, 2010 and 2009 were 109,357 thousand shares, 109,569 thousand shares and 109,573 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.

Diluted net income per share is not disclosed because there is no outstanding potentially dilutive securities.

**(v) New accounting pronouncements**

**Accounting Changes and Error Corrections**

In December 2009, ASBJ issued ASBJ Statement No. 24 “Accounting Standard for Accounting Changes and Error Corrections” and ASBJ Guidance No. 24 “Guidance on Accounting Standard for Accounting Changes and Error Corrections”. Accounting treatments under this standard and guidance are as follows;

(1) Changes in Accounting Policies

When a new accounting policy is applied with revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors

When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

# Notes to Consolidated Financial Statements

ROHM CO., LTD. and Consolidated Subsidiaries

## 3. Business Combination

On November 16, 2009, ROHM U.S.A., Inc., a wholly-owned subsidiary of the Company, acquired Kionix by reverse triangular merger.

The main businesses of Kionix are the manufacturing, development and sales of MEMS devices (acceleration sensor).

The main reason for this business combination is that by putting Kionix, which is a world renowned supplier of MEMS acceleration sensors, under the Company's control, the Company has acquired Kionix's exceptional basic technology and product groups. Furthermore, by assimilating this technology with the Company's circuit design, production and packaging technology and then fulfilling product series that matches customer needs, the Company will be in a position to accelerate growth as a semiconductor company.

The Company accounted for this business combination by the purchase method of accounting. The acquisition cost was \$ 236,009 thousand. The total cost of acquisition has been allocated to the assets acquired and the liabilities assumed based on their respective fair values. Goodwill recorded in connection with the acquisition totaled ¥ 12,173 million.

The estimated fair values of the assets acquired and the liabilities assumed at the acquisition date are as follows:

|                                     | Millions of<br>yen |
|-------------------------------------|--------------------|
| Current assets . . . . .            | ¥ 1,747            |
| Fixed assets . . . . .              | 7,720              |
| Total assets acquired . . . . .     | 9,467              |
| Current liabilities . . . . .       | 505                |
| Fixed liabilities . . . . .         | 36                 |
| Total liabilities assumed . . . . . | 541                |

If this business combination had been completed as of April 1, 2009, the beginning of the fiscal year ended March 31, 2010, the unaudited condensed pro forma amounts which affect consolidated financial statement of income for the year ended March 31, 2010 would be as follows:

|                            | Millions of<br>yen |
|----------------------------|--------------------|
| Sales . . . . .            | ¥ 3,394            |
| Operating income . . . . . | 567                |

On October 1, 2008, the Company acquired 95% of the issued shares of OKI Semiconductor Co., Ltd ("OKI Semiconductor").

The main businesses of OKI Semiconductor are the manufacturing, development and sales of system LSI, logic LSI, memory LSI and devices for high-speed optical communication, and foundry service.

Main reason for this business combination is as OKI Semiconductor and the Company have relatively few overlapping products for semiconductor market, and the synergy effect by mutually cooperating with each other can be expected, thus further improvement of sales and profitability of both companies are being expected. In addition, this combination was for the purpose of enhancing corporate value by developing as an integrated device manufacture (IDM) having a wide ranging product portfolio with strong competitiveness.

The Company accounted for this business combination by the purchase method of accounting. The acquisition cost was ¥ 86,827 million. The total cost of acquisition has been allocated to the assets acquired and the liabilities assumed based on their respective fair values. Goodwill recorded in connection with the acquisition totaled ¥ 21,563 million.

The estimated fair values of the assets acquired and the liabilities assumed at the acquisition date are as follows:

|                                     | Millions of<br>yen |
|-------------------------------------|--------------------|
| Current assets . . . . .            | ¥ 56,249           |
| Fixed assets . . . . .              | 63,134             |
| Total assets acquired . . . . .     | 119,383            |
| Current liabilities . . . . .       | 29,648             |
| Fixed liabilities . . . . .         | 21,036             |
| Total liabilities assumed . . . . . | 50,684             |

The amounts which affect consolidated financial statement of income for the year ended March 31, 2009, assuming that this business combination had been completed as of April 1, 2008, the beginning of the fiscal year ended March 31, 2009, cannot be estimated, because the existing accounting procedures of the acquired company and those of the Group have large differences, and the acquired company is a company which was newly setup and divided during the year ended March 31, 2009.

#### 4. Marketable and Investment Securities

Marketable and investment securities as of March 31, 2011 and 2010 consisted of the following:

|                                      | Millions of yen |          | Thousands of U.S. dollars |
|--------------------------------------|-----------------|----------|---------------------------|
|                                      | 2011            | 2010     | 2011                      |
| Current:                             |                 |          |                           |
| Government and corporate bonds ..... | ¥ 3,702         | ¥ 2,902  | \$ 44,602                 |
| Other .....                          | 393             |          | 4,735                     |
| Total .....                          | ¥ 4,095         | ¥ 2,902  | \$ 49,337                 |
| Non-current:                         |                 |          |                           |
| Marketable equity securities .....   | ¥ 25,700        | ¥ 28,687 | \$ 309,638                |
| Government and corporate bonds ..... | 5,724           | 4,530    | 68,964                    |
| Other .....                          | 3,360           | 4,030    | 40,482                    |
| Total .....                          | ¥ 34,784        | ¥ 37,247 | \$ 419,084                |

The costs and aggregate fair values of marketable and investment securities at March 31, 2011 and 2010 were as follows:

|                           | Millions of yen           |                  |                   |            |
|---------------------------|---------------------------|------------------|-------------------|------------|
|                           | 2011                      |                  |                   |            |
|                           | Cost                      | Unrealized gains | Unrealized losses | Fair value |
| Securities classified as: |                           |                  |                   |            |
| Available-for-sale:       |                           |                  |                   |            |
| Equity securities .....   | ¥ 16,924                  | ¥ 8,912          | ¥ (136)           | ¥ 25,700   |
| Debt securities .....     | 9,594                     | 49               | (193)             | 9,450      |
| Other .....               | 2,318                     | 485              | (136)             | 2,667      |
| Total .....               | ¥ 28,836                  | ¥ 9,446          | ¥ (465)           | ¥ 37,817   |
|                           |                           |                  |                   |            |
|                           | Millions of yen           |                  |                   |            |
|                           | 2010                      |                  |                   |            |
|                           | Cost                      | Unrealized gains | Unrealized losses | Fair value |
| Securities classified as: |                           |                  |                   |            |
| Available-for-sale:       |                           |                  |                   |            |
| Equity securities .....   | ¥ 16,995                  | ¥ 11,740         | ¥ (48)            | ¥ 28,687   |
| Debt securities .....     | 7,623                     | 6                | (172)             | 7,457      |
| Other .....               | 2,363                     | 553              | (150)             | 2,766      |
| Total .....               | ¥ 26,981                  | ¥ 12,299         | ¥ (370)           | ¥ 38,910   |
|                           |                           |                  |                   |            |
|                           | Thousands of U.S. dollars |                  |                   |            |
|                           | 2011                      |                  |                   |            |
|                           | Cost                      | Unrealized gains | Unrealized losses | Fair value |
| Securities classified as: |                           |                  |                   |            |
| Available-for-sale:       |                           |                  |                   |            |
| Equity securities .....   | \$ 203,904                | \$ 107,373       | \$ (1,639)        | \$ 309,638 |
| Debt securities .....     | 115,590                   | 590              | (2,325)           | 113,855    |
| Other .....               | 27,928                    | 5,843            | (1,638)           | 32,133     |
| Total .....               | \$ 347,422                | \$ 113,806       | \$ (5,602)        | \$ 455,626 |

# Notes to Consolidated Financial Statements

ROHM CO., LTD. and Consolidated Subsidiaries

The information for available-for-sale securities which were sold during the year ended March 31, 2011 and 2010 was as follows:

|                         | Millions of yen |                |               |
|-------------------------|-----------------|----------------|---------------|
|                         | 2011            |                |               |
|                         | Proceeds        | Realized gains | Realized loss |
| Available-for-sale:     |                 |                |               |
| Equity securities ..... | ¥ 1             | ¥ 0            | ¥ (0)         |
| Total .....             | ¥ 1             | ¥ 0            | ¥ (0)         |

|                         | Millions of yen |                |               |
|-------------------------|-----------------|----------------|---------------|
|                         | 2010            |                |               |
|                         | Proceeds        | Realized gains | Realized loss |
| Available-for-sale:     |                 |                |               |
| Equity securities ..... | ¥ 2             | ¥ 1            | ¥ (0)         |
| Debt securities .....   | 0               | 0              |               |
| Total .....             | ¥ 2             | ¥ 1            | ¥ (0)         |

|                         | Thousands of U.S. dollars |                |               |
|-------------------------|---------------------------|----------------|---------------|
|                         | 2011                      |                |               |
|                         | Proceeds                  | Realized gains | Realized loss |
| Available-for-sale:     |                           |                |               |
| Equity securities ..... | \$ 12                     | \$ 0           | \$ (0)        |
| Total .....             | \$ 12                     | \$ 0           | \$ (0)        |

The impairment losses on available-for-sale securities for the years ended March 31, 2011 and 2010 were ¥270 million (\$3,253 thousand) and ¥23 million, respectively.

## 5. Short-term Investments

Short-term investments at March 31, 2011 and 2010 were time deposits.

## 6. Inventories

Inventories at March 31, 2011 and 2010 consisted of the following:

|                                  | Millions of yen         |          | Thousands of U.S. dollars |
|----------------------------------|-------------------------|----------|---------------------------|
|                                  | 2011                    | 2010     | 2011                      |
|                                  | Finished products ..... | ¥ 23,526 | ¥ 22,063                  |
| Work in process .....            | 35,351                  | 39,692   | 425,916                   |
| Raw materials and supplies ..... | 25,077                  | 23,603   | 302,132                   |
| Total .....                      | ¥ 83,954                | ¥ 85,358 | \$ 1,011,494              |



## 7. Long-lived assets

The Group reviewed its long-lived assets for impairment during the year ended March 31, 2011 and, as a result, recognized an impairment loss of ¥2,516 million (\$30,313 thousand) as other expense.

The components of impairment loss for the year ended March 31, 2011 were as follows:

- a) The Group recognized an impairment loss of ¥1,899 million (\$22,879 thousand) for idle assets located in Shizuoka, Fukuoka, Kyoto and other as the Group determined that the idle assets were not likely to be used in the future. The carrying amounts of the relevant idle assets were written down to the recoverable amounts which were measured at their net selling prices calculated based on reasonable estimation in consideration of market value.
- b) The Group recognized an impairment loss of ¥617 million (\$7,434 thousand) for the IC assets located in the U.S. The carrying amounts of IC assets were written down to the fair values for the assets of a U.S. subsidiary as an independent company by third-party evaluation. With regard to “goodwill” recorded in connection with the acquisition of Kionix, Inc., an impairment loss was recorded in the financial statements of the relevant subsidiary in accordance with generally accepted accounting principles in the U.S. However, since goodwill has been amortized by the straight-line method over a period of 5 years in accordance with Japanese GAAP in the consolidated financial statements, the amount which exceeds accumulated amortization was recorded as the impairment loss.

The Group reviewed its long-lived assets for impairment during the year ended March 31, 2010 and, as a result, recognized an impairment loss of ¥1,738 million as other expense for idle assets located in Fukuoka, Shizuoka, Okayama, Kyoto and other as the Group determined that the idle assets were not likely to be used in the future. The carrying amounts of the relevant idle assets were written down to the recoverable amounts which were measured at their net selling prices calculated based on reasonable estimation in consideration of market value.

## 8. Retirement Plans

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

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

The contributory funded defined benefit pension plan was added when OKI Semiconductor and certain subsidiaries became the Company’s consolidated subsidiaries in October, 2008.

In January 2011, OKI semiconductor Co., Ltd. and its certain domestic subsidiaries transferred their pension plan from fund-type defined benefit pension plan (The OKI Pension Fund) to contract-type defined benefit pension plan.

The net liability for employees’ retirement benefits at March 31, 2011 and 2010 consisted of the following:

|                                   | Millions of yen |          | Thousands of U.S. dollars |
|-----------------------------------|-----------------|----------|---------------------------|
|                                   | 2011            | 2010     | 2011                      |
| Projected benefit obligation      | ¥ 25,302        | ¥ 36,202 | \$ 304,843                |
| Fair value of plan assets         | (16,631)        | (26,941) | (200,373)                 |
| Unrecognized prior service cost   | 136             |          | 1,639                     |
| Unrecognized actuarial loss       | (2,725)         | (1,665)  | (32,832)                  |
| Net liability                     | 6,082           | 7,596    | 73,277                    |
| Prepaid pension cost              | 2,263           | 2,615    | 27,265                    |
| Liability for retirement benefits | ¥ 8,345         | ¥ 10,211 | \$ 100,542                |

# Notes to Consolidated Financial Statements

ROHM CO., LTD. and Consolidated Subsidiaries

The components of net periodic pension costs for the years ended March 31, 2011, 2010 and 2009 were as follows:

|  | Millions of yen |                |                | Thousands of U.S. dollars |
|--|-----------------|----------------|----------------|---------------------------|
|  | 2011            | 2010           | 2009           | 2011                      |
| Service cost .....                       | ¥ 1,687         | ¥ 1,948        | ¥ 1,940        | \$ 20,325                 |
| Interest cost .....                      | 727             | 855            | 750            | 8,759                     |
| Expected return on plan assets .....     | (435)           | (354)          | (627)          | (5,241)                   |
| Amortization of prior service cost ..... | (2)             |                |                | (24)                      |
| Recognized actuarial loss (gain) .....   | 396             | 788            | 237            | 4,771                     |
| Other .....                              | 387             | 334            | 376            | 4,663                     |
| Net periodic benefit costs .....         | <u>¥ 2,760</u>  | <u>¥ 3,571</u> | <u>¥ 2,676</u> | <u>\$ 33,253</u>          |

In addition to the net periodic pension costs stated above, the Group recorded “Special retirement expenses” for the years ended March 31, 2011, 2010 and 2009 in the amount of ¥2,969 million (\$35,771 thousand), ¥213 million and ¥15,001 million, respectively, as other expense, and “Gain on transfer of retirement benefit plan” for the year ended March 31, 2011 in the amount of ¥1,796 million (\$21,638 thousand) as other income. The Group also recorded an estimated amount of special retirement expense of ¥2,649 million and ¥7,500 million which were included in “Business structure improvement expenses” in other expenses for the years ended March 31, 2010 and 2009, respectively.

Assumptions used for the years ended March 31, 2011, 2010 and 2009 were as follows:

|   | 2011   | 2010   | 2009   |
|---|--|--|--|
| Discount rate .....   | 2.0~2.1%   | 2.0~2.1%   | 2.0~2.1%   |
| Expected rate of return on plan assets .....  | 1.0~2.0%   | 1.0~2.0%   | 0.5~2.0%   |
| Allocation method of the retirement benefits expected to be paid at the retirement date ..... | Straight-line method based on years of service or point method | Straight-line method based on years of service or point method | Straight-line method based on years of service or point method |
| Amortization period of prior service cost .....   | 13 years   |  |  |
| Recognition period of actuarial gain / loss .....   | 10~14 years  | 10~14 years  | 10~14 years  |

## 9. Equity

Japanese companies are subject to the Companies Act of Japan (the “Companies Act”). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

### (a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the general shareholders meeting. For companies that meet certain criteria, 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 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 Companies Act 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 Companies Act 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 that was 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 Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act 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 Companies Act 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 Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act 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.

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## 10. Research and Development Costs

Research and development costs charged to income were ¥37,899 million (\$456,614 thousand), ¥37,672 million and ¥40,290 million for the years ended March 31, 2011, 2010 and 2009, respectively.

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## 11. Amortization of Goodwill

Amortization of goodwill was ¥7,059 million (\$85,048 thousand), ¥5,282 million and ¥2,156 million for the year ended March 31, 2011, 2010 and 2009, respectively.

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## 12. Business Structure Improvement Expenses

Business structure improvement expenses are expenses and losses related to liquidation of a subsidiary and other restructuring activities such as personnel reduction.

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## 13. Losses from a natural disaster

Losses from a natural disaster represent the estimated losses caused by the Great East Japan Earthquake after deduction of the estimated amounts of insurance benefits.

The breakdown was as follows:

| Description:                                 | 2011            |                           |
|--|-----------------|---------------------------|
|  | Millions of yen | Thousands of U.S. dollars |
| Losses related to fixed assets .....         | ¥ 1,850         | \$ 22,289                 |
| Losses related to inventories .....          | 1,308           | 15,759                    |
| Other losses .....                           | 586             | 7,060                     |
| Estimated amount of insurance benefits ..... | (2,748)         | (33,108)                  |
| Total .....                                  | ¥ 996           | \$ 12,000                 |

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## 14. Income Taxes

The Company and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.6%. Foreign consolidated subsidiaries are subject to income taxes of the countries in which they operate.

## Notes to Consolidated Financial Statements

ROHM CO., LTD. and Consolidated Subsidiaries

The tax effects of significant temporary differences and tax loss carryforwards that resulted in deferred tax assets and liabilities at March 31, 2011 and 2010 were as follows:

|   | Millions of yen  |                  | Thousands of U.S. dollars |
|---|------------------|------------------|---------------------------|
|   | 2011             | 2010             | 2011                      |
| <b>Deferred tax assets:</b>   |                  |                  |                           |
| Securities  | ¥ 2,882          | ¥ 2,663          | \$ 34,723                 |
| Inventories   | 8,949            | 8,502            | 107,819                   |
| Depreciation  | 8,139            | 9,219            | 98,060                    |
| Tax loss carryforwards  | 24,728           | 26,894           | 297,928                   |
| Accrued expenses  | 2,099            | 2,165            | 25,289                    |
| Liability for retirement benefits   | 2,102            | 2,276            | 25,325                    |
| Foreign tax credit  | 1,994            | 1,256            | 24,024                    |
| Loss on impairment of long-lived assets                                   | 4,147            | 4,020            | 49,964                    |
| Tax credit for research and development expenses                          | 1,853            |                  | 22,325                    |
| Other   | 4,704            | 3,426            | 56,675                    |
| Valuation allowance   | (44,227)         | (40,101)         | (532,855)                 |
| Total   | <u>17,370</u>    | <u>20,320</u>    | <u>209,277</u>            |
| <b>Deferred tax liabilities:</b>  |                  |                  |                           |
| Undistributed earnings of foreign subsidiaries                            | (13,365)         | (14,909)         | (161,024)                 |
| Prepaid pension cost  | (933)            | (1,084)          | (11,241)                  |
| Goodwill  | (1,290)          | (1,806)          | (15,542)                  |
| Allowance for doubtful accounts for subsidiaries and associated companies | (1,674)          | (1,674)          | (20,169)                  |
| Net unrealized gain on available-for-sale securities                      | (3,641)          | (4,838)          | (43,867)                  |
| Intangible assets   | (1,543)          | (2,093)          | (18,590)                  |
| Other   | (2,459)          | (640)            | (29,627)                  |
| Total   | <u>(24,905)</u>  | <u>(27,044)</u>  | <u>(300,060)</u>          |
| Net deferred tax liabilities  | <u>¥ (7,535)</u> | <u>¥ (6,724)</u> | <u>\$ (90,783)</u>        |

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

|  | Millions of yen  |                  | Thousands of U.S. dollars |
|--|------------------|------------------|---------------------------|
|  | 2011             | 2010             | 2011                      |
| Current Assets - Deferred tax assets               | ¥ 8,476          | ¥ 10,516         | \$ 102,121                |
| Investments and Other Assets - Deferred tax assets | 1,597            | 2,207            | 19,241                    |
| Current Liabilities - Deferred tax liabilities     | (1,053)          | (1,110)          | (12,687)                  |
| Long-term Liabilities - Deferred tax liabilities   | (16,555)         | (18,337)         | (199,458)                 |
| Net deferred tax liabilities                       | <u>¥ (7,535)</u> | <u>¥ (6,724)</u> | <u>\$ (90,783)</u>        |

Prior to the year ended March 31, 2008, the Company recorded income taxes in order to provide for future income taxes on dividends in connection with undistributed earnings of overseas subsidiaries. The revised Corporation Tax Act issued on March 31, 2009 changed tax regulations in Japan to treat a large share of dividends from overseas subsidiaries as non-taxable income. As a result, future income tax payments were expected to decrease, and the Company partially reversed income tax expenses recorded in prior years. The effect of this change was to increase net income by ¥49,578 million for the year ended March 31, 2009.

As of March 31, 2011, Certain consolidated subsidiaries had tax loss carryforwards aggregating approximately ¥64,449 million (\$776,494 thousand) available for reduction of future taxable income, the majority of which expire from 2012 to 2031.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2011, 2010 and 2009 was as follows:

|   | 2011          | 2010   | 2009    |
|---|---------------|--------|---------|
| Normal effective tax rate . . . . .   | <b>40.6%</b>  | 40.6%  | 40.6%   |
| Reversal of income tax expenses provided for income taxes on undistributed earnings of overseas consolidated subsidiaries . . . . . |               |        | 194.4   |
| Increase (decrease) in valuation allowance . . . . .  | <b>8.5</b>    | 12.6   | (109.2) |
| Lower income tax rates applicable to income in certain foreign countries . . .  | <b>(15.5)</b> | (35.0) | 6.6     |
| Amortization of goodwill . . . . .  | <b>14.8</b>   | 19.8   | (3.4)   |
| Equity in gains (losses) of associated companies . . . . .  |               | (0.7)  | (2.3)   |
| Other-net . . . . .   | <b>0.7</b>    | (0.4)  | 5.6     |
| Actual effective tax rate . . . . .   | <b>49.1%</b>  | 36.9%  | 132.3%  |

## 15. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

In March 2008, the ASBJ revised ASBJ Statement No. 10 “Accounting Standard for Financial Instruments” and issued ASBJ Guidance No.19 “Guidance on Accounting Standard for Financial Instruments and Related Disclosures”. This accounting standard and the guidance were applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010.

### (1) Policy for financial instruments

The Group manages surplus funds with low-risk financial assets and uses derivatives only as a means to hedge the foreign exchange risk of trade receivables. The Group does not conduct any speculative transactions.

### (2) Nature and extent of risks arising from financial instruments and risk management

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Regarding the relevant risks, the Group controls due dates and the receivable balances by customer pursuant to the internal rules of the Group, and, at the same time, promotes the early identification and reduction of bad debts risk due to financial deterioration. Foreign currency trade receivables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risks are partially hedged by forward foreign currency contracts. Securities and investment securities such as stocks and bonds are exposed to the risk of market price fluctuations. The Group continually reviews the status of possessing such securities, monitoring fair value and the financial positions of issuers and others on a regular basis. The Group purchases only highly-rated bonds pursuant to the internal policy approved by the Board of Directors, thereby just incurring minimal credit risks.

Payment terms of payables, such as trade notes and trade accounts, are primarily less than one year. These payables are exposed to liquidity risk and the Group manages the risk by preparing and updating financing plans as appropriate.

The Group enters into derivative transactions pursuant to the internal policy approved by the Board of Directors and reports the status of the derivative transactions once or more every half year to the Board of Directors. Furthermore, in order to reduce credit risks, the Group only conducts derivative transactions with highly-rated financial institutions.

### (3) Supplemental to fair value of financial instruments

Fair values of financial instruments are measured based on quoted market prices or those calculated by other rational valuation techniques in case a quoted price is not available. Since variation factors are incorporated to calculate this fair value, the use of different preconditions may change this value.

### (4) Fair values of financial instruments

Carrying amounts of financial instruments in the consolidated balance sheet, their fair values, and differences as of March 31, 2011 and 2010 are shown in the table below (a). Any financial instruments whose fair values cannot be reliably determined are not included (see the table below (b)).

# Notes to Consolidated Financial Statements

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## (a) Fair value of financial instruments

|                                       | Millions of yen  |                  |                      |
|---------------------------------------|------------------|------------------|----------------------|
|                                       | 2011             |                  |                      |
|                                       | Carrying amount  | Fair value       | Unrealized gain/loss |
| Cash and cash equivalents             | ¥ 230,721        | ¥ 230,721        |                      |
| Marketable securities                 | 4,095            | 4,095            |                      |
| Short-term investments                | 23,565           | 23,565           |                      |
| Notes and accounts receivable - trade | 73,297           | 73,297           |                      |
| Investment securities                 | 33,723           | 33,723           |                      |
| Refundable income taxes               | 397              | 397              |                      |
| <b>Total</b>                          | <b>¥ 365,798</b> | <b>¥ 365,798</b> |                      |
| Notes and accounts payable - trade    | ¥ 21,905         | ¥ 21,905         |                      |
| Accounts payable – other              | 22,486           | 22,486           |                      |
| Accrued income taxes                  | 3,180            | 3,180            |                      |
| <b>Total</b>                          | <b>¥ 47,571</b>  | <b>¥ 47,571</b>  |                      |

|                                       | Millions of yen  |                  |                      |
|---------------------------------------|------------------|------------------|----------------------|
|                                       | 2010             |                  |                      |
|                                       | Carrying amount  | Fair value       | Unrealized gain/loss |
| Cash and cash equivalents             | ¥ 259,136        | ¥ 259,136        |                      |
| Marketable securities                 | 2,902            | 2,902            |                      |
| Short-term investments                | 17,989           | 17,989           |                      |
| Notes and accounts receivable - trade | 78,259           | 78,259           |                      |
| Investment securities                 | 36,008           | 36,008           |                      |
| Refundable income taxes               | 662              | 662              |                      |
| <b>Total</b>                          | <b>¥ 394,956</b> | <b>¥ 394,956</b> |                      |
| Notes and accounts payable - trade    | ¥ 20,995         | ¥ 20,995         |                      |
| Accounts payable – other              | 28,697           | 28,697           |                      |
| Accrued income taxes                  | 4,004            | 4,004            |                      |
| <b>Total</b>                          | <b>¥ 53,696</b>  | <b>¥ 53,696</b>  |                      |

|                                       | Thousands of U.S. dollars |                     |                      |
|---------------------------------------|---------------------------|---------------------|----------------------|
|                                       | 2011                      |                     |                      |
|                                       | Carrying amount           | Fair value          | Unrealized gain/loss |
| Cash and cash equivalents             | \$ 2,779,771              | \$ 2,779,771        |                      |
| Marketable securities                 | 49,337                    | 49,337              |                      |
| Short-term investments                | 283,916                   | 283,916             |                      |
| Notes and accounts receivable - trade | 883,096                   | 883,096             |                      |
| Investment securities                 | 406,302                   | 406,302             |                      |
| Refundable income taxes               | 4,783                     | 4,783               |                      |
| <b>Total</b>                          | <b>\$ 4,407,205</b>       | <b>\$ 4,407,205</b> |                      |
| Notes and accounts payable - trade    | \$ 263,916                | \$ 263,916          |                      |
| Accounts payable – other              | 270,916                   | 270,916             |                      |
| Accrued income taxes                  | 38,313                    | 38,313              |                      |
| <b>Total</b>                          | <b>\$ 573,145</b>         | <b>\$ 573,145</b>   |                      |

Cash and cash equivalents, Short-term investments, Notes and accounts receivable-trade, Refundable income taxes

The carrying values of these assets approximate fair value because of their short maturities.

Marketable securities, Investment securities

The fair values of marketable securities and investment securities are measured at the quoted market price of the stock exchange for equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The information of the fair value for the marketable and investment securities by classification is included in Note 4.

Notes and accounts payable-trade, Accounts payable-other, Accrued income taxes

The carrying values of these liabilities approximate fair value because of their short maturities.

(b) Carrying amount of financial instruments whose fair values cannot be reliably determined

|   | Carrying amount |         | Carrying amount           |
|---|-----------------|---------|---------------------------|
|   | Millions of yen |         | Thousands of U.S. dollars |
|   | 2011            | 2010    | 2011                      |
| Unlisted stock . . . . .  | ¥ 970           | ¥ 1,143 | \$ 11,687                 |
| Rights under limited partnership agreement for investment. . . . .            | 91              | 96      | 1,096                     |
| Stocks of unconsolidated subsidiaries and associated companies, etc . . . . . | 2,376           | 1,446   | 28,627                    |

(c) Maturity analysis for financial assets and securities with contractual maturities

|   | Millions of yen         |                                       |  |                     |
|---|-------------------------|---------------------------------------|--|---------------------|
|   | 2011                    |                                       |  |                     |
|   | Due in one year or less | Due after one year through five years | Due after five years through ten years | Due after ten years |
| Cash and cash equivalents . . . . .             | ¥ 230,721               |                                       |  |                     |
| Marketable securities                           |                         |                                       |  |                     |
| Government and local government bonds . . . . . | 1                       |                                       |  |                     |
| Corporate bonds . . . . .                       | 3,700                   |                                       |  |                     |
| Other . . . . .                                 | 393                     |                                       |  |                     |
| Short-term investments . . . . .                | 23,565                  |                                       |  |                     |
| Notes and accounts receivable - trade . . . . . | 73,297                  |                                       |  |                     |
| Investment securities                           |                         |                                       |  |                     |
| Government and local government bonds . . . . . |                         |                                       | ¥ 2                                    |                     |
| Corporate bonds . . . . .                       |                         | ¥ 3,867                               | 2,000                                  |                     |
| Other . . . . .                                 |                         | 614                                   | 428                                    | ¥ 1,257             |
| Refundable income taxes . . . . .               | 397                     |                                       |  |                     |
| Total . . . . .                                 | ¥ 332,074               | ¥ 4,481                               | ¥ 2,430                                | ¥ 1,257             |

|   | Millions of yen         |                                       |  |                     |
|---|-------------------------|---------------------------------------|--|---------------------|
|   | 2010                    |                                       |  |                     |
|   | Due in one year or less | Due after one year through five years | Due after five years through ten years | Due after ten years |
| Cash and cash equivalents . . . . .             | ¥ 259,136               |                                       |  |                     |
| Marketable securities                           |                         |                                       |  |                     |
| Corporate bonds . . . . .                       | 2,900                   |                                       |  |                     |
| Short-term investments . . . . .                | 17,989                  |                                       |  |                     |
| Notes and accounts receivable - trade . . . . . | 78,259                  |                                       |  |                     |
| Investment securities                           |                         |                                       |  |                     |
| Government and local government bonds . . . . . |                         | ¥ 1                                   | ¥ 1                                    |                     |
| Corporate bonds . . . . .                       |                         | 2,700                                 | 2,000                                  |                     |
| Other . . . . .                                 |                         | 745                                   | 709                                    | ¥ 1,337             |
| Refundable income taxes . . . . .               | 662                     |                                       |  |                     |
| Total . . . . .                                 | ¥ 358,946               | ¥ 3,446                               | ¥ 2,710                                | ¥ 1,337             |

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|                                       | Thousands of U.S. dollars  |  |   |                        |
|---------------------------------------|----------------------------|--|---|------------------------|
|                                       | 2011                       |  |   |                        |
|                                       | Due in one year<br>or less | Due after one year<br>through five years | Due after five years<br>through ten years | Due after ten<br>years |
| Cash and cash equivalents             | \$ 2,779,771               |  |   |                        |
| Marketable securities                 |                            |  |   |                        |
| Government and local government bonds | 12                         |  |   |                        |
| Corporate bonds                       | 44,578                     |  |   |                        |
| Other                                 | 4,735                      |  |   |                        |
| Short-term investments                | 283,916                    |  |   |                        |
| Notes and accounts receivable - trade | 883,096                    |  |   |                        |
| Investment securities                 |                            |  |   |                        |
| Government and local government bonds |                            |  | \$ 24                                     |                        |
| Corporate bonds                       |                            | \$ 46,590                                | 24,096                                    |                        |
| Other                                 |                            | 7,398                                    | 5,157                                     | \$ 15,145              |
| Refundable income taxes               | 4,783                      |  |   |                        |
| <b>Total</b>                          | <b>\$ 4,000,891</b>        | <b>\$ 53,988</b>                         | <b>\$ 29,277</b>                          | <b>\$ 15,145</b>       |

## 16. Derivatives

The Group enters into foreign exchange forward contracts to hedge foreign exchange risk associated with certain assets 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. 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 transactions to which hedge accounting is applied

|                                     | Millions of yen           |                    |                                       |               |
|-------------------------------------|---------------------------|--------------------|---------------------------------------|---------------|
|                                     | 2011                      |                    |                                       |               |
|                                     | Hedged<br>item            | Contract<br>amount | Contract amount<br>due after one year | Fair<br>Value |
| Foreign currency forward contracts: |                           |                    |                                       |               |
| Selling U.S.\$                      | Accounts<br>receivable    | ¥ 7,165            |                                       | (Note)        |
|                                     |                           |                    |                                       |               |
|                                     | Millions of yen           |                    |                                       |               |
|                                     | 2010                      |                    |                                       |               |
|                                     | Hedged<br>item            | Contract<br>amount | Contract amount<br>due after one year | Fair<br>Value |
| Foreign currency forward contracts: |                           |                    |                                       |               |
| Selling U.S.\$                      | Accounts<br>receivable    | ¥ 4,927            |                                       | (Note)        |
|                                     |                           |                    |                                       |               |
|                                     | Thousands of U.S. dollars |                    |                                       |               |
|                                     | 2011                      |                    |                                       |               |
|                                     | Hedged<br>item            | Contract<br>amount | Contract amount<br>due after one year | Fair<br>Value |
| Foreign currency forward contracts: |                           |                    |                                       |               |
| Selling U.S.\$                      | Accounts<br>receivable    | \$ 86,325          |                                       | (Note)        |

(Note) The fair value of foreign currency forward contracts is included in the fair value of hedged item (i.e.accounts receivable).



## 17. Leases

The Company and certain consolidated subsidiaries lease certain machinery, computer equipment and other assets. Total lease payments under finance leases were ¥2,364 million (\$28,482 thousand), ¥3,813 million and ¥1,953 million for the years ended March 31, 2011, 2010 and 2009, respectively.

Obligations under finance leases and future minimum payments under noncancelable operating leases were as follows:

|                               | Millions of yen |                  | Millions of yen |                  | Thousands of U.S. dollars |                  |
|-------------------------------|-----------------|------------------|-----------------|------------------|---------------------------|------------------|
|                               | 2011            |                  | 2010            |                  | 2011                      |                  |
|                               | Finance leases  | Operating leases | Finance leases  | Operating leases | Finance leases            | Operating leases |
| Due within one year . . . . . | ¥ 1,678         | ¥ 529            | ¥ 2,368         | ¥ 613            | \$ 20,217                 | \$ 6,373         |
| Due after one year . . . . .  | 860             | 1,156            | 2,519           | 1,541            | 10,361                    | 13,928           |
| Total . . . . .               | ¥ 2,538         | ¥ 1,685          | ¥ 4,887         | ¥ 2,154          | \$ 30,578                 | \$ 20,301        |

### Pro forma information of leased property whose lease inception was before March 31, 2008

ASBJ Statement No.13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee and whose lease inception was before March 31, 2008 to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Company and certain consolidated subsidiaries applied ASBJ Statement No. 13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008.

|                                    | Millions of yen         |                        |
|------------------------------------|-------------------------|------------------------|
|                                    | 2011                    |                        |
|                                    | Machinery and equipment | Furniture and fixtures |
| Acquisition cost . . . . .         | ¥ 13,196                | ¥ 161                  |
| Accumulated depreciation . . . . . | 11,129                  | 142                    |
| Net leased property . . . . .      | ¥ 2,067                 | ¥ 19                   |

|                                    | Millions of yen         |                        |
|------------------------------------|-------------------------|------------------------|
|                                    | 2010                    |                        |
|                                    | Machinery and equipment | Furniture and fixtures |
| Acquisition cost . . . . .         | ¥ 17,816                | ¥ 269                  |
| Accumulated depreciation . . . . . | 13,582                  | 229                    |
| Net leased property . . . . .      | ¥ 4,234                 | ¥ 40                   |

|                                    | Thousands of U.S. dollars |                        |
|------------------------------------|---------------------------|------------------------|
|                                    | 2011                      |                        |
|                                    | Machinery and equipment   | Furniture and fixtures |
| Acquisition cost . . . . .         | \$ 158,988                | \$ 1,940               |
| Accumulated depreciation . . . . . | 134,084                   | 1,711                  |
| Net leased property . . . . .      | \$ 24,904                 | \$ 229                 |

# Notes to Consolidated Financial Statements

ROHM CO., LTD. and Consolidated Subsidiaries

|                                   | Millions of yen |         | Thousands of U.S. dollars |
|-----------------------------------|-----------------|---------|---------------------------|
|                                   | 2011            | 2010    | 2011                      |
| Obligations under finance leases: |                 |         |                           |
| Due within one year .....         | ¥ 1,492         | ¥ 2,188 | \$ 17,976                 |
| Due after one year .....          | 594             | 2,086   | 7,157                     |
| Total .....                       | ¥ 2,086         | ¥ 4,274 | \$ 25,133                 |

The amount of acquisition cost and obligations under finance leases includes the imputed interest expense portion.

Depreciation expense and other information under finance leases:

|                            | Millions of yen |         |         | Thousands of U.S. dollars |
|----------------------------|-----------------|---------|---------|---------------------------|
|                            | 2011            | 2010    | 2009    | 2011                      |
| Depreciation expense ..... | ¥ 2,188         | ¥ 3,642 | ¥ 1,881 | \$ 26,361                 |
| Lease payments .....       | 2,188           | 3,642   | 1,881   | 26,361                    |

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, is computed by the straight line method.

## 18. Contingent Liabilities

The Group was contingently liable for guarantees of housing loans of employees amounting to ¥170 million (\$2,048 thousand) at March 31, 2011.

## 19. Comprehensive Income

Total comprehensive income for the year ended March 31, 2010 was the following:

|   | Millions of yen |
|---|-----------------|
| Total comprehensive income attributable to: | 2010            |
| Owners of the parent .....                  | ¥ 11,983        |
| Minority interests .....                    | (289)           |
| Total comprehensive income .....            | ¥ 11,694        |

Other comprehensive income for the year ended March 31, 2010 consisted of the following:

|  | Millions of yen |
|--|-----------------|
| Other comprehensive income:                            | 2010            |
| Unrealized gain on available-for-sale securities ..... | ¥ 7,955         |
| Foreign currency translation adjustments .....         | (3,096)         |
| Total other comprehensive income .....                 | ¥ 4,859         |

## 20. Subsequent Events

### (a) Retirement of treasury stock

On May 10, 2011, the Board of Directors decided to retire a portion of its treasury stock in accordance with article 178 of the Companies Act and retired it on May 31, 2011.

#### (1) Reasons for retirement

The Company will retain its treasury stock of approximately 5 percent of total shares issued at maximum, and, in principle, the excess portion of the treasury stock will be retired in each fiscal year end.

Under this policy, of the shares owned on March 31, 2011, the following shares are scheduled to be retired.

Remaining shares will be retained in order to ensure management flexibility, including an use in M&A as needed.

(2) Class of shares to be retired Common stock

(3) Number of shares to be retired 1,900,000 shares  
(Approximately 1.65% of issued number of shares before retirement)

(4) Amount of shares to be retired ¥17,039 million (\$205,289 thousand)

### (b) Appropriation of retained earnings

The following appropriation of retained earnings at March 31, 2011 was approved at the Company's general shareholders meeting held on June 29, 2011.

|   | Millions of<br>yen | Thousands of<br>U.S. dollars |
|---|--------------------|------------------------------|
| Year-end cash dividends, ¥65.00 (\$0.78) per share. . . . . | ¥ 7,008            | \$ 84,434                    |

## 21. Segment Information

In March 2008, the ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No.20 "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

The segment information for the year ended March 31, 2010 under the revised accounting standard is also disclosed hereunder as required.

### (a) Description of reportable segments

The Group's reportable segments are those for which separately financial information is available and regular evaluation by the Company's board of directors is being performed in order to decide how resources are allocated among the Group.

The Group is a comprehensive manufacturer of electronic components, and sets up operational divisions by individual product categories at its headquarters. Each operational division draws up comprehensive production plans and business strategies for both domestic and overseas operations, and develops global production activities. Therefore, from a management standpoint, the Group places great importance on monitoring of profits and losses by operating segments organized as operational divisions of individual product categories. For this reason, the Group aggregates operating segments in consideration of characteristics of the products that each operational division is manufacturing and similarities of production process, and sets up two reportable segments as "ICs" and "Discrete semiconductor devices". In the "ICs" segment, products such as analog ICs, logic ICs, memory ICs and ASICs are manufactured and foundry business operations are conducted.

Products manufactured in the "Discrete semiconductor devices" segment include diodes, transistors, light-emitting diodes, and laser diodes.

# Notes to Consolidated Financial Statements

ROHM CO., LTD. and Consolidated Subsidiaries

## (b) Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment

The accounting policies of each reportable segment are basically consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies".

Operating income is applied in "Segment profit". "Intersegment sales or transfers" are calculated based on market price.

Although assets of common division such as sales and administrative divisions, are included in "Reconciliations", depreciation and amortization expense of these assets are allocated to each operating segment according to in-house criteria to calculate each segment profit.

## (c) Information about sales, profit (loss), assets and other items is as follows:

|  | Millions of yen                |           |           |          |           |                 |              |
|--|--------------------------------|-----------|-----------|----------|-----------|-----------------|--------------|
|  | 2011                           |           |           |          |           |                 |              |
|  | Reportable segments            |           |           | Other    | Total     | Reconciliations | Consolidated |
| ICs  | Discrete semiconductor devices | Total     |           |          |           |                 |              |
| Sales:   |                                |           |           |          |           |                 |              |
| Sales to external customers .....                                    | ¥ 176,673                      | ¥ 113,544 | ¥ 290,217 | ¥ 51,669 | ¥ 341,886 |                 | ¥ 341,886    |
| Intersegment sales or transfers .....                                | 2,068                          | 1,191     | 3,259     | 6        | 3,265     | ¥ (3,265)       |              |
| Total .....  | 178,741                        | 114,735   | 293,476   | 51,675   | 345,151   | (3,265)         | 341,886      |
| Segment profit .....   | 6,599                          | 19,037    | 25,636    | 4,633    | 30,269    | 2,468           | 32,737       |
| Segment assets .....   | 130,262                        | 81,656    | 211,918   | 38,040   | 249,958   | 510,031         | 759,989      |
| Other :  |                                |           |           |          |           |                 |              |
| Depreciation .....   | 19,873                         | 14,789    | 34,662    | 5,523    | 40,185    | (1,244)         | 38,941       |
| Amortization of goodwill .....                                       | 6,817                          | 193       | 7,010     | 49       | 7,059     |                 | 7,059        |
| Increase in property, plant and equipment and intangible asset ..... | 15,575                         | 17,140    | 32,715    | 6,317    | 39,032    | 3,341           | 42,373       |

|  | Millions of yen                |           |           |          |           |                 |              |
|--|--------------------------------|-----------|-----------|----------|-----------|-----------------|--------------|
|  | 2010                           |           |           |          |           |                 |              |
|  | Reportable segment             |           |           | Other    | Total     | Reconciliations | Consolidated |
| ICs  | Discrete semiconductor devices | Total     |           |          |           |                 |              |
| Sales:   |                                |           |           |          |           |                 |              |
| Sales to external customers .....                                    | ¥ 182,153                      | ¥ 108,315 | ¥ 290,468 | ¥ 45,173 | ¥ 335,641 |                 | ¥ 335,641    |
| Intersegment sales or transfers .....                                | 1,666                          | 1,313     | 2,979     | 6        | 2,985     | ¥ (2,985)       |              |
| Total .....  | 183,819                        | 109,628   | 293,447   | 45,179   | 338,626   | (2,985)         | 335,641      |
| Segment profit .....   | 1,916                          | 17,159    | 19,075    | (48)     | 19,027    | (217)           | 18,810       |
| Segment assets .....   | 151,090                        | 79,266    | 230,356   | 35,803   | 266,159   | 541,181         | 807,340      |
| Other :  |                                |           |           |          |           |                 |              |
| Depreciation .....   | 29,389                         | 14,695    | 44,084    | 5,353    | 49,437    | (2,024)         | 47,413       |
| Amortization of goodwill .....                                       | 5,212                          | 70        | 5,282     |          | 5,282     |                 | 5,282        |
| Increase in property, plant and equipment and intangible asset ..... | 24,426                         | 10,444    | 34,870    | 3,769    | 38,639    | 11,308          | 49,947       |

Thousands of U.S. dollars

|  | 2011               |                                |              |            |              |                 |              |
|--|--------------------|--------------------------------|--------------|------------|--------------|-----------------|--------------|
|  | Reportable segment |                                |              | Other      | Total        | Reconciliations | Consolidated |
|  | ICs                | Discrete semiconductor devices | Total        |            |              |                 |              |
| Sales:   |                    |                                |              |            |              |                 |              |
| Sales to external customers .....                                    | \$ 2,128,590       | \$ 1,368,000                   | \$ 3,496,590 | \$ 622,519 | \$ 4,119,109 |                 | \$ 4,119,109 |
| Intersegment sales or transfers .....                                | 24,916             | 14,349                         | 39,265       | 72         | 39,337       | \$(39,337)      |              |
| Total .....  | 2,153,506          | 1,382,349                      | 3,535,855    | 622,591    | 4,158,446    | (39,337)        | 4,119,109    |
| Segment profit .....   | 79,506             | 229,362                        | 308,868      | 55,819     | 364,687      | 29,735          | 394,422      |
| Segment assets.....  | 1,569,422          | 983,807                        | 2,553,229    | 458,313    | 3,011,542    | 6,144,952       | 9,156,494    |
| Other :  |                    |                                |              |            |              |                 |              |
| Depreciation .....   | 239,434            | 178,181                        | 417,615      | 66,542     | 484,157      | (14,988)        | 469,169      |
| Amortization of goodwill .....                                       | 82,133             | 2,325                          | 84,458       | 590        | 85,048       |                 | 85,048       |
| Increase in property, plant and equipment and intangible asset ..... | 187,651            | 206,506                        | 394,157      | 76,108     | 470,265      | 40,253          | 510,518      |

“Other” is operating segments that are not included in reportable segments, consisting of business in resistors, print-heads, optical modules, tantalum capacitors, power modules, and lightings.

“Reconciliations” were as follows.

[1]The adjusted amount of the segment profit for the year ended March 31, 2011, ¥2,468 million (\$29,735 thousand), mainly includes general administrative expenses of ¥1,100 million (\$13,253 thousand) not attributable to the operating segments, and the settlement adjustment of ¥3,568 million (\$42,988 thousand) not allocated to the operating segments (such as periodic pension cost).

The adjusted amount of the segment profit for the year ended March 31, 2010, ¥-217 million, mainly includes general administrative expenses of ¥962 million not attributable to the operating segments, and the settlement adjustment of ¥745 million not allocated to the operating segments (such as such as periodic pension cost).

[2]The adjusted amount of the segment assets for the year ended March 31, 2011, ¥510,031 million (\$6,144,952 thousand), mainly includes corporate assets of ¥514,862 million (\$6,203,157 thousand) not allocated to the operating segments, and the adjustments of fixed asset of ¥-4,831 million (\$-58,205 thousand). Corporate assets not attributable to the operating segments consist of cash and time deposits of ¥230,287 million (\$2,774,542 thousand), land of ¥85,904 million (\$1,034,988 thousand), and notes and accounts receivable of ¥73,297 million (\$883,096 thousand).

The adjusted amount of the segment assets for the years ended March 31, 2010, ¥541,181 million, mainly includes corporate assets of ¥545,647 million not allocated to the operating segments, and the adjustments of fixed asset of ¥-4,466 million. Corporate assets not attributable to the operating segments consist of cash and time deposits of ¥271,224 million, land of ¥85,501 million, and notes and accounts receivable of ¥78,259 million.

[3] The adjusted amount of increase in property, plant and equipment and intangible fixed assets relates to common division such as sales and administrative divisions.

# Notes to Consolidated Financial Statements

ROHM CO., LTD. and Consolidated Subsidiaries

## (d) Relevant information

For the year ended March 31, 2011

### (1) Information about products and services

As the classification of products and services is identical to segment classification, it has been omitted.

### (2) Information about geographical areas

#### (i) Sales

| Millions of yen |          |           |           |
|-----------------|----------|-----------|-----------|
| 2011            |          |           |           |
| Japan           | China    | Other     | Total     |
| ¥ 122,632       | ¥ 99,033 | ¥ 120,221 | ¥ 341,886 |

| Thousands of U.S.dollars |              |              |              |
|--------------------------|--------------|--------------|--------------|
| 2011                     |              |              |              |
| Japan                    | China        | Other        | Total        |
| \$ 1,477,494             | \$ 1,193,169 | \$ 1,448,446 | \$ 4,119,109 |

Sales are classified in countries or regions based on location of customers.

#### (ii) Property, plant and equipment

| Millions of yen |          |          |           |
|-----------------|----------|----------|-----------|
| 2011            |          |          |           |
| Japan           | China    | Other    | Total     |
| ¥ 170,133       | ¥ 29,392 | ¥ 52,691 | ¥ 252,216 |

| Thousands of U.S. dollars |            |            |              |
|---------------------------|------------|------------|--------------|
| 2011                      |            |            |              |
| Japan                     | China      | Other      | Total        |
| \$ 2,049,795              | \$ 354,120 | \$ 634,832 | \$ 3,038,747 |

### (3) Information about major customers

Since there are no customers who accounted for more than 10 percent of sales to external customers in the consolidated income statement, the information has been omitted.

## (e) Information regarding Loss on impairment of long-lived assets of reportable segments

|   | Millions of yen                |       |         |       |                 |              |
|---|--------------------------------|-------|---------|-------|-----------------|--------------|
|   | 2011                           |       |         |       |                 |              |
|   | Reportable segment             |       |         | Other | Reconciliations | Consolidated |
| ICs   | Discrete semiconductor devices | Total |         |       |                 |              |
| Loss on impairment of long-lived assets ..... | ¥ 1,794                        | ¥ 213 | ¥ 2,007 | ¥ 234 | ¥ 275           | ¥ 2,516      |

|   | Thousands of U.S. dollars      |          |           |          |                 |              |
|---|--------------------------------|----------|-----------|----------|-----------------|--------------|
|   | 2011                           |          |           |          |                 |              |
|   | Reportable segment             |          |           | Other    | Reconciliations | Consolidated |
| ICs   | Discrete semiconductor devices | Total    |           |          |                 |              |
| Loss on impairment of long-lived assets ..... | \$ 21,615                      | \$ 2,566 | \$ 24,181 | \$ 2,819 | \$ 3,313        | \$ 30,313    |

The amount under "Other" is for the tantalum condenser sector.

**(f) Information regarding amortization of goodwill and carrying amount of reportable segments**

|                                  | Millions of yen                |       |          |       |                 |              |
|----------------------------------|--------------------------------|-------|----------|-------|-----------------|--------------|
|                                  | 2011                           |       |          |       |                 |              |
|                                  | Reportable segment             |       |          | Other | Reconciliations | Consolidated |
| ICs                              | Discrete semiconductor devices | Total |          |       |                 |              |
| Goodwill at March 31, 2011 ..... | ¥ 19,102                       | ¥ 708 | ¥ 19,810 | ¥ 537 |                 | ¥ 20,347     |

|                                  | Thousands of U.S. dollars      |          |           |          |                 |              |
|----------------------------------|--------------------------------|----------|-----------|----------|-----------------|--------------|
|                                  | 2011                           |          |           |          |                 |              |
|                                  | Reportable segment             |          |           | Other    | Reconciliations | Consolidated |
| ICs                              | Discrete semiconductor devices | Total    |           |          |                 |              |
| Goodwill at March 31, 2011 ..... | \$230,145                      | \$ 8,530 | \$238,675 | \$ 6,469 |                 | \$245,144    |

The amount under “Other” is for the lighting sector.

Amortization of goodwill has been omitted, as similar information is disclosed in “(c) Information about sales, profit (loss), assets and other items”

**(g) Information regarding profits of negative goodwill of reportable segments**

There is no relevant information for the years ended March 31, 2011

**For the years ended March 31, 2010 and 2009**

Information about industry segments, geographical segments and sales to foreign customers of the Group for the years ended March 31, 2010 and 2009 was as follows:

**(a) Industry segments**

The Group’s main operations are the manufacturing and distribution of electronic components. Under Japanese accounting regulations, since the Group does not have any segment information to disclose other than such operations, the disclosure of industry segment information has been omitted.

**(b) Geographical segments**

The geographical segments of the Group for the years ended March 31, 2010 and 2009 were summarized as follows:

|                               | Millions of yen |           |           |          |                        |              |
|-------------------------------|-----------------|-----------|-----------|----------|------------------------|--------------|
|                               | 2010            |           |           |          |                        |              |
|                               | Japan           | Asia      | Americas  | Europe   | Eliminations/Corporate | Consolidated |
| Sales to customers .....      | ¥ 145,461       | ¥ 162,879 | ¥ 13,523  | ¥ 13,778 |                        | ¥ 335,641    |
| Interarea transfer .....      | 177,455         | 204,181   | 533       | 301      | ¥ (382,470)            |              |
| Total sales .....             | 322,916         | 367,060   | 14,056    | 14,079   | (382,470)              | 335,641      |
| Operating expenses .....      | 323,204         | 340,501   | 15,415    | 14,447   | (376,736)              | 316,831      |
| Operating income (loss) ..... | ¥ (288)         | ¥ 26,559  | ¥ (1,359) | ¥ (368)  | ¥ (5,734)              | ¥ 18,810     |
| Total assets .....            | ¥ 429,062       | ¥ 344,754 | ¥ 30,204  | ¥ 15,426 | ¥ (12,106)             | ¥ 807,340    |

|                               | Millions of yen |           |          |          |                        |              |
|-------------------------------|-----------------|-----------|----------|----------|------------------------|--------------|
|                               | 2009            |           |          |          |                        |              |
|                               | Japan           | Asia      | Americas | Europe   | Eliminations/Corporate | Consolidated |
| Sales to customers .....      | ¥ 128,821       | ¥ 161,121 | ¥ 13,300 | ¥ 13,899 |                        | ¥ 317,141    |
| Interarea transfer .....      | 172,765         | 175,905   | 742      | 399      | ¥ (349,811)            |              |
| Total sales .....             | 301,586         | 337,026   | 14,042   | 14,298   | (349,811)              | 317,141      |
| Operating expenses .....      | 295,230         | 322,738   | 14,314   | 14,903   | (340,584)              | 306,601      |
| Operating income (loss) ..... | ¥ 6,356         | ¥ 14,288  | ¥ (272)  | ¥ (605)  | ¥ (9,227)              | ¥ 10,540     |
| Total assets .....            | ¥ 463,674       | ¥ 295,433 | ¥ 10,088 | ¥ 14,332 | ¥ 25,658               | ¥ 809,185    |

Countries and areas are segmented based on their geographical proximity.

## Notes to Consolidated Financial Statements

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The Group has recorded a loss on impairment for the years ended March 31, 2010 and 2009. Therefore, assets in “Japan” decreased ¥1,738 million, for the year ended March 31, 2010. Assets in “Japan” decreased ¥10,272 million, assets in “Asia” decreased ¥1,587 million, and assets in “Americas” decreased ¥49 million, for the year ended March 31, 2009.

As discussed in Note 2.(o), effective April 1, 2008, the Group applied the revised ASBJ Statement No.13, “Accounting Standard for Lease Transactions”. The effect of this change to operating income in the geographical segment information for the year ended March 31, 2009 was immaterial.

As discussed in Note 2.(b), effective April 1, 2008, the Company applied PITF No.18, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements”. The effect of this change to operating income in the geographical segment information for the year ended March 31, 2009 was immaterial.

### (c) Sales to foreign customers

Sales to foreign customers for the years ended March 31, 2010 and 2009 consisted of the following:

|  | Millions of<br>yen |                  |
|--|--------------------|------------------|
|  | 2010               | 2009             |
| Asia . . . . .                             | ¥ 181,278          | ¥ 168,679        |
| Americas . . . . .                         | 16,219             | 11,685           |
| Europe . . . . .                           | 11,792             | 12,985           |
| Total sales to foreign customers . . . . . | <u>¥ 209,289</u>   | <u>¥ 193,349</u> |

Countries and areas are segmented based on their geographical proximity.



# Deloitte.

Deloitte Touche Tohmatsu LLC  
Shijokarasuma FT Square  
20, Naginataboko-cho  
Karasuma-higashiiru, Shijo-dori  
Shimogyo-ku, Kyoto 600-8008  
Japan  
Tel: +81 (75) 222 0181  
Fax: +81 (75) 231 2703  
www.deloitte.com/jp

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of ROHM Co., Ltd.:

We have audited the accompanying consolidated balance sheets of ROHM Co., Ltd. (the "Company") and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income for each of the three years in the period ended March 31, 2011, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in equity, and cash flows for each of the three years in the period ended March 31, 2011, 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 consolidated subsidiaries as of March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2011, 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 LLC*

June 29, 2011

Member of  
Deloitte Touche Tohmatsu Limited

## Principal Subsidiaries (Domestic/Overseas)

| Corporate name                                | Location                     | Principal business  | Capital % owned by ROHM Co., Ltd.    |
|---|------------------------------|---|--------------------------------------|
| ROHM Hamamatsu Co., Ltd.                      | Shizuoka                     | Manufacture of ROHM Group products (ICs, LEDs)  | ¥ 400 million<br>100.0%              |
| ROHM Tsukuba Co., Ltd.                        | Ibaraki                      | Manufacture of ROHM Group products (Transistors, Diodes, SiC)   | ¥ 450 million<br>100.0%              |
| ROHM Wako Co., Ltd.                           | Okayama                      | Manufacture of ROHM Group products (ICs, Diodes, LEDs, laser diodes)  | ¥ 450 million<br>100.0%              |
| ROHM Apollo Co., Ltd.                         | Fukuoka                      | Manufacture of ROHM Group products (ICs, Transistors, Diodes, Tantalum capacitors, SiC)   | ¥ 450 million<br>100.0%              |
| ROHM Mechatech Co., Ltd.                      | Kyoto                        | Manufacture of Molding Dies and Lead Frames   | ¥ 98 million<br>100.0%               |
| ROHM Logistec Co., Ltd.                       | Okayama                      | Distribution of ROHM products   | ¥ 20 million<br>100.0%               |
| OKI Semiconductor Co., Ltd.                   | Tokyo                        | Manufacture of "OKI Semiconductor" brand products (ICs)   | ¥ 27,600 million<br>96.6%            |
| OKI Semiconductor Miyazaki Co., Ltd.          | Miyazaki                     | Manufacture of "OKI Semiconductor" brand products (ICs)   | ¥ 200 million<br>0% (100.0%)         |
| OKI Semiconductor Miyagi Co., Ltd.            | Miyagi                       | Manufacture of "OKI Semiconductor" brand products (ICs)   | ¥ 200 million<br>0% (100.0%)         |
| MARUZEN Electric Co., Ltd.                    | Hyogo                        | Manufacture and Sales of "AGLED", "LUCKY" brand Lighting Equipment  | ¥ 450 million<br>100.0%              |
| ROHM Korea Corporation                        | Seoul, Korea                 | Manufacture of ROHM Group products (ICs, Transistors, Diodes, LED Displays)   | Won 9,654 million<br>0% (100.0%)     |
| ROHM Electronics Philippines, Inc.            | Cavite, Philippines          | Manufacture of ROHM Group products (ICs, Transistors, Diodes, Resistors)  | P 1,221,563 thousand<br>0% (100.0%)  |
| ROHM Integrated Systems (Thailand) Co., Ltd.  | Pathumthani, Thailand        | Manufacture of ROHM Group products (ICs, Transistors, Diodes, Resistors, Tantalum capacitors)   | B 1,115,500 thousand<br>0% (100.0%)  |
| ROHM Semiconductor (China) Co., Ltd.          | Tianjin, China               | Manufacture of ROHM Group products (Transistors, Diodes, LEDs, laser diodes, LED Displays, Optical Sensors)   | ¥ 13,890 million<br>0% (100.0%)      |
| ROHM Electronics Dalian Co., Ltd.             | Dalian, China                | Manufacture of ROHM Group products (Power Modules, Thermal Print Heads, Contact Image Sensor Heads, Photo Link Modules and Lighting, Optical Sensors, LED Displays) | ¥ 9,417 million<br>0% (100.0%)       |
| ROHM-Wako Electronics (Malaysia) Sdn. Bhd.    | Kelantan, Malaysia           | Manufacture of ROHM Group products (Diodes, LEDs)   | MS 53,400 thousand<br>0% (100.0%)    |
| ROHM Mechatech Philippines, Inc.              | Cavite, Philippines          | Manufacture of Molding Dies and Lead Frames   | P 150,000 thousand<br>25.0% (100.0%) |
| ROHM Mechatech (Thailand) Co., Ltd.           | Pathumthani, Thailand        | Manufacture of Molding Dies and Lead Frames   | B 100,000 thousand<br>0% (100.0%)    |
| ROHM Mechatech (Tianjin) Co., Ltd.            | Tianjin, China               | Manufacture of Molding Dies and Lead Frames   | ¥ 1,280 million<br>0% (100.0%)       |
| OKI (Thailand) Co.,Ltd                        | Ayutthaya, Thailand          | Manufacture of "OKI Semiconductor" brand products (ICs)   | B 700,000 thousand<br>0% (100.0%)    |
| Kionix, Inc.                                  | New York, U.S.A.             | Manufacture and sales of "Kionix" brand products (MEMS inertial sensors)  | US\$ 1<br>0% (100.0%)                |
| SiCrystal AG                                  | Erlangen, Germany            | Manufacture and Sales of SiC wafers (SiC wafers)  | Euro 771 thousand<br>0% (100.0%)     |
| ROHM Semiconductor U.S.A., LLC                | California, U.S.A.           | Sales of ROHM Group Products  | US\$ 27,906 thousand<br>0% (100.0%)  |
| ROHM Semiconductor GmbH                       | Willich-Munchheide, Germany  | Sales of ROHM Group Products  | Euro 512 thousand<br>0% (100.0%)     |
| ROHM Semiconductor Korea Corporation          | Seoul, Korea                 | Sales of ROHM Group Products  | Won 1,000 million<br>0% (100.0%)     |
| ROHM Semiconductor Trading (Dalian) Co., Ltd. | Dalian, China                | Sales of ROHM Group Products  | US\$ 200 thousand<br>0% (100.0%)     |
| ROHM Semiconductor (Shanghai) Co., Ltd.       | Shanghai, China              | Sales of ROHM Group Products  | US\$ 200 thousand<br>0% (100.0%)     |
| ROHM Semiconductor (Shenzhen) Co., Ltd.       | Shenzhen, China              | Sales of ROHM Group Products  | US\$ 2,156 thousand<br>0% (100.0%)   |
| ROHM Semiconductor Hong Kong Co., Ltd.        | Hong Kong                    | Sales of ROHM Group Products  | HK\$ 27,000 thousand<br>0% (100.0%)  |
| ROHM Semiconductor Taiwan Co., Ltd.           | Taiwan                       | Sales of ROHM Group Products  | NT\$ 140,500 thousand<br>0% (100.0%) |
| ROHM Semiconductor Singapore Pte. Ltd.        | Singapore                    | Sales of ROHM Group Products  | S\$ 65,963 thousand<br>0% (100.0%)   |
| ROHM Semiconductor Philippines Corporation    | Muntinlupa City, Philippines | Sales of ROHM Group Products  | P 13,250 thousand<br>0% (100.0%)     |
| ROHM Semiconductor (Thailand) Co., Ltd.       | Bangkok, Thailand            | Sales of ROHM Group Products  | B 104,000 thousand<br>0% (100.0%)    |
| ROHM Semiconductor Malaysia Sdn. Bhd.         | Petaling Jaya, Malaysia      | Sales of ROHM Group Products  | MYR 1,000 thousand<br>0% (70.0%)     |
| ROHM Semiconductor India Pvt. Ltd.            | Chennai, India               | Sales of ROHM Group Products  | Rs 10 million<br>0% (100.0%)         |

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

(As of June 30, 2011)

## Board of Directors

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### President

Satoshi Sawamura

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### Managing Directors

Takahisa Yamaha

Hidemi Takasu

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### Directors

★ Outside Directors

Tadanobu Fujiwara

Toshiki Takano

Eiichi Sasayama

Masahiko Yamazaki

Hachiro Kawamoto ★

Koichi Nishioka ★

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### Company Auditors

★ Outside Company Auditors

Yoshiaki Shibata ★

Hideo Iwata ★

Yasuhito Tamaki ★

Shinya Murao ★

Haruo Kitamura ★

(As of June 29, 2011)

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## Corporate Data

### ROHM CO., LTD.

#### Head Office

21 Saiin Mizosaki-cho, Ukyo-ku,  
Kyoto 615-8585 Japan  
TEL: +81-75-311-2121  
FAX: +81-75-315-0172

#### Date of Establishment

September 17, 1958

#### Common Stock

Authorized: 300,000,000  
Issued: 113,400,000

#### Number of Employees

21,560

#### Listing Stock Markets

Tokyo Stock Exchange  
Osaka Securities Exchange

#### Administrator of the Registry of Shareholders

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

(As of March 31, 2011)

### Technology Centers / Design Centers

#### <Domestic>

##### Kyoto Technology Center (Head office)

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

##### Kyoto Technology Center (Kyoto Ekimae)

ROHM Kyoto-ekimae building, 579-32, Higashi Shiokoji-cho,  
Karasuma Nishi-iru, Shiokoji-dori, Shimogyo-ku, Kyoto 600-8216 Japan

##### Yokohama Technology Center

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

##### Nagoya Design Center

14F Nagoya Prime Central Tower, 2-27-8, Meieki, Nishi-ku, Nagoya 451-0045 Japan

#### <Overseas>

##### America Design Center (San Diego)

6815 Flanders Drive, Suite 150, San Diego, CA 92121 U.S.A.

##### America Design Center (Sunnyvale)

785N. Mary Avenue, Suite 120, Sunnyvale, CA 94085 U.S.A.

##### Europe Design Center

Karl-Arnold-Straße 15, 47877 Willich-Munchheide Germany

##### Shanghai Design Center

25F UNITED PLAZA, 1468 Nanjing Road West, Shanghai 200040 China

##### Shenzhen Design Center

Room 02B-03 5/F Tower Two, Kerry Plaza,  
1 Zhongxinsi Road, Futian, Shenzhen 518034 China

##### Hong Kong Design Center

Room 1402-10 Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon,  
Hong Kong

##### Taiwan Design Center

10F No.6 Sec.3 Min Chuan E. Road, Taipei, Taiwan

##### Korea Design Center

371-11 Gasan-Dong, Geumcheon-gu, Seoul 153-803 Korea

(As of June 29, 2011)



## ROHM Co.,Ltd.

21 Saiin Mizosaki-cho, Ukyo-ku,  
Kyoto 615-8585 Japan  
TEL: +81-75-311-2121 FAX: +81-75-315-0172  
URL <http://www.rohm.com>