

**ROHM CO., LTD. Interim Financial Highlights for the Six-Month Period Ended  
September 30, 2004**



November 11, 2004

**1. Consolidated Financial Results**

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

		Year ending	Year ended	Increase/decrease from the six-month period		Year ended	Year ending	Increase/decrease from the year ended Mar. 31, 2004
		Mar. 31, 2005	Mar. 31, 2004	ended Sept. 30, 2003		Mar. 31, 2004	Mar. 31, 2005	
		First six months	First six months	Amount	Percentage	Actual	Projected	
		Actual	Actual					
Net sales	Millions of yen	200,411	181,981	+18,430	+10.1%	355,630	382,000	+7.4%
Cost of sales	Millions of yen	111,942	99,638	+12,304	+12.3%	194,856	221,100	
Selling, general and administrative expenses	Millions of yen	34,453	31,701	+2,752	+8.7%	66,266	71,900	
Operating income	Millions of yen	54,015	50,641	+3,374	+6.7%	94,507	89,000	-5.8%
(Operating income margin)		(27.0%)	(27.8%)	(-0.8%)		(26.6%)	(23.3%)	
Ordinary income	Millions of yen	58,695	46,977	+11,718	+24.9%	92,083	93,000	+1.0%
(Ordinary income margin)		(29.3%)	(25.8%)	(+3.5%)		(25.9%)	(24.3%)	
Net income	Millions of yen	36,733	26,808	+9,925	+37.0%	63,717	54,000	-15.3%
(Net income margin)		(18.3%)	(14.7%)	(+3.6%)		(17.9%)	(14.1%)	
Basic net income per share	Yen	309.25	225.69	+83.56	+37.0%	535.62	454.62	
Return on equity	%					9.2		
Ordinary income to total assets	%					11.1		
Total assets	Millions of yen	903,696	819,551	+84,145	+10.3%	846,799		
Shareholders' equity	Millions of yen	757,090	694,335	+62,755	+9.0%	715,938		
Shareholders' equity ratio	%	83.8	84.7	-0.9		84.5		
Shareholders' equity per share	Yen	6,373.91	5,845.38	+528.53	+9.0%	6,026.56		
Capital expenditures	Millions of yen	35,568	17,721	+17,847	+100.7%	51,958	84,500	+62.6%
Depreciation (Tangible fixed assets)	Millions of yen	21,031	21,358	-327	-1.5%	45,539	50,000	+9.8%
Research and development costs	Millions of yen	15,370	14,771	+599	+4.1%	31,380	32,800	+4.5%
Net financial revenue								
(Interest and dividend income)	(Millions of yen)	(1,362)	(1,187)	(+175)	(+14.7%)	(2,370)		
Foreign currency exchange gains/losses	Millions of yen	(gain)3,237	(loss)5,195	(gain)8,432		(loss)5,529		
Foreign exchange rate (Average yen-dollar rate)	Yen/US\$	109.19	119.20	-10.01	-8.4%	113.97	105.00	(Second half of the year)
Number of employees		20,254	17,949	+2,305	+12.8%	18,591		
(Number of R&D employees)		(2,193)	(1,934)	(+259)	(+13.4%)	(1,943)		
Overseas production ratio	%	53	52	+1		52	54	
Number of consolidated subsidiaries		47	46	+1		47		
(Domestic)		(13)	(12)	(+1)		(13)		
(Overseas)		(34)	(34)	(0)		(34)		
Number of companies accounted for by equity method		2	3	-1		2		
Number of non-consolidated subsidiaries		0	0	0		0		

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

**1. Consolidated Financial Results (Continued from previous page)**

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

		Year ending	Year ended	Increase/decrease from the six-month		Year ended	Year ending	Increase/decrease from the year ended Mar. 31, 2004
		Mar. 31, 2005	Mar. 31, 2004	period ended Sept. 30, 2003		Mar. 31, 2004	Mar. 31, 2005	
		First six months Actual	First six months Actual	Amount	Percentage	Annual Actual	Annual Projected	
<b>Sales by product category and geographical region</b>								
Integrated circuits	Millions of yen	86,828	81,955	+4,873	+5.9%	155,446	163,317	+5.1%
	(Japan)	(42,431)	(41,476)	(+955)	(+2.3%)	(78,902)	(82,591)	(+4.7%)
	(Asia)	(39,536)	(35,829)	(+3,707)	(+10.3%)	(67,146)	(71,789)	(+6.9%)
	(Americas)	(1,898)	(1,788)	(+110)	(+6.1%)	(3,550)	(3,444)	(-3.0%)
	(Europe)	(2,962)	(2,860)	(+102)	(+3.6%)	(5,847)	(5,492)	(-6.1%)
Discrete semiconductor devices		76,506	69,193	+7,313	+10.6%	139,009	149,632	+7.6%
	(Japan)	(28,118)	(26,554)	(+1,564)	(+5.9%)	(54,591)	(55,627)	(+1.9%)
	(Asia)	(40,401)	(35,035)	(+5,366)	(+15.3%)	(69,020)	(78,208)	(+13.3%)
	(Americas)	(3,803)	(3,949)	(-146)	(-3.7%)	(7,501)	(7,375)	(-1.7%)
	(Europe)	(4,183)	(3,653)	(+530)	(+14.5%)	(7,896)	(8,421)	(+6.6%)
Passive components		12,445	12,183	+262	+2.2%	24,601	24,119	-2.0%
	(Japan)	(4,367)	(4,236)	(+131)	(+3.1%)	(8,593)	(8,751)	(+1.8%)
	(Asia)	(5,512)	(5,125)	(+387)	(+7.6%)	(10,369)	(10,485)	(+1.1%)
	(Americas)	(964)	(1,013)	(-49)	(-4.9%)	(1,992)	(1,660)	(-16.7%)
	(Europe)	(1,601)	(1,806)	(-205)	(-11.4%)	(3,645)	(3,221)	(-11.6%)
Displays		24,630	18,649	+5,981	+32.1%	36,573	44,930	+22.8%
	(Japan)	(10,854)	(7,694)	(+3,160)	(+41.1%)	(14,675)	(18,781)	(+28.0%)
	(Asia)	(11,153)	(8,409)	(+2,744)	(+32.6%)	(16,922)	(20,900)	(+23.5%)
	(Americas)	(1,239)	(831)	(+408)	(+49.1%)	(1,767)	(2,284)	(+29.2%)
	(Europe)	(1,383)	(1,714)	(-331)	(-19.3%)	(3,208)	(2,964)	(-7.6%)

**Sales by application**

Visual	%	7.4	8.0	-0.6		7.6	
Audio		13.5	14.2	-0.7		13.4	
Home appliance		2.1	2.3	-0.2		2.2	
Other consumer		5.4	6.2	-0.8		5.9	
Computer and OA		21.2	20.8	+0.4		21.1	
Telecommunications		16.0	15.9	+0.1		15.3	
Automotive		4.6	5.1	-0.5		4.9	
Other industrial		1.3	1.3	0.0		1.3	
Subassemblies		13.6	13.5	+0.1		14.7	
Others		14.9	12.7	+2.2		13.6	

**Capital expenditures by product category**

Integrated circuits	Millions of yen	15,070	5,957	+9,113	+153.0%	23,129	38,500	+66.5%
Discrete semiconductor devices		13,363	6,452	+6,911	+107.1%	16,028	27,500	+71.6%
Passive components		843	763	+80	+10.4%	1,665	2,500	+50.1%
Displays		2,967	1,994	+973	+48.8%	4,466	6,500	+45.5%
Others		3,323	2,553	+770	+30.1%	6,668	9,500	+42.5%

## 2. Non-consolidated Financial Results

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

		Year ending	Year ended	Increase/decrease from the six-month period		Year ended	Year ending	Increase/decrease from the year ended Mar. 31, 2004
		Mar. 31, 2005	Mar. 31, 2004	ended Sept. 30, 2003		Mar. 31, 2004	Mar. 31, 2005	
		First six months Actual	First six months Actual	Amount	Percentage	Annual Actual	Annual Projected	
Net sales	Millions of yen	186,105	164,402	+21,703	+13.2%	331,249	354,000	+6.9%
Operating income	Millions of yen	22,031	19,139	+2,892	+15.1%	33,218	32,000	-3.7%
	(Operating income margin)	(11.8%)	(11.6%)	(+0.2%)		(10.0%)	(9.0%)	
Ordinary income	Millions of yen	50,842	25,753	+25,089	+97.4%	38,211	59,000	+54.4%
	(Ordinary income margin)	(27.3%)	(15.7%)	(+11.6%)		(11.5%)	(16.7%)	
Net income	Millions of yen	38,194	19,284	+18,910	+98.1%	29,342	43,000	+46.5%
	(Net income margin)	(20.5%)	(11.7%)	(+8.8%)		(8.9%)	(12.1%)	
Basic net income per share	Yen	321.56	162.35	+159.21	+98.1%	246.65	362.01	
Return on equity	%					6.1		
Ordinary income to total assets	%					6.5		
Total assets	Millions of yen	655,125	589,112	+66,013	+11.2%	607,152		
Shareholders' equity	Millions of yen	531,075	488,247	+42,828	+8.8%	497,456		
Shareholders' equity ratio	%	81.1	82.9	-1.8		81.9		
Shareholders' equity per share	Yen	4,471.10	4,110.40	+360.70	+8.8%	4,187.61		
Interim cash dividends	Yen	42.5	12.5	+30.0				
	(Annual cash dividends)	(Yen)				(55.0)	(85.0)	
Capital expenditures	Millions of yen	4,954	1,634	+3,320	+203.0%	7,737	16,000	+106.8%
Depreciation (Tangible fixed assets)	Millions of yen	4,159	3,271	+888	+27.1%	7,586	10,000	+31.8%
Net financial revenue								
	(Interest income)	(Millions of yen)	(718)	(814)	(-96)	(-11.8%)	(1,593)	
	(Dividend income)	(Millions of yen)	(23,892)	(9,882)	(+14,010)	(+141.8%)	(9,894)	
	Net	Millions of yen	24,610	10,697	+13,913	+130.1%	11,488	
Foreign currency exchange gains/losses	Millions of yen	(gain)3,139	(loss) 4,217	(gain)7,356		(loss) 7,074		
Number of employees		3,292	3,053	+239	+7.8%	2,985		
Number of shareholders		23,676	20,759	+2,917	+14.1%	22,978		
	Financial institution shareholding ratio	%	34.21	34.37	-0.16	34.63		
	Foreign shareholding ratio	%	47.18	48.12	-0.94	47.05		

# Consolidated Interim Financial Report for Fiscal Year Ending March 31, 2005



November 11, 2004

Listed Company Name ROHM CO., LTD.

Code No.: 6963

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

Company representative Title: President

Name: Ken Sato

Contact person Title: Director, Administration Headquarters

Name: Nobuo Hatta

TEL (075) 311 - 2121

Date of Board of Directors meeting for approval of financial statements: November 11, 2004

Adoption of the GAAP in the U.S. : None

Stock Exchange Listings Tokyo, Osaka

Head Office Location

Kyoto Prefecture

## 1. Consolidated Business Results for the Six-month Period Ended September 30, 2004 (From April 1, 2004 to September 30, 2004)

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2004	200,411	10.1	54,015	6.7	58,695	24.9
Six months ended September 30, 2003	181,981	-3.7	50,641	-17.6	46,977	-16.6
Year ended March 31, 2004	355,630		94,507		92,083	

	Net income		Basic net income per share	Diluted net income per share
	Millions of yen	%	yen	yen
Six months ended September 30, 2004	36,733	37.0	309.25	-
Six months ended September 30, 2003	26,808	-17.8	225.69	-
Year ended March 31, 2004	63,717		535.62	-

(Notes) (i) Equity in income (losses) Six months ended Sept. 30, 2004: 5 million yen Six months ended Sept. 30, 2003: -2 million yen  
Year ended Mar. 31, 2004: 8 million yen

(ii) Average number of shares outstanding (consolidated) Six months ended Sept. 30, 2004: 118,780,714 shares  
Six months ended Sept. 30, 2003: 118,784,750 shares Year ended Mar. 31, 2004: 118,783,647 shares

(iii) Change in accounting policies: None

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

### (2) Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	yen
Six months ended September 30, 2004	903,696	757,090	83.8	6,373.91
Six months ended September 30, 2003	819,551	694,335	84.7	5,845.38
Year ended March 31, 2004	846,799	715,938	84.5	6,026.56

(Note) Number of shares outstanding (consolidated) at end of term Six months ended Sept. 30, 2004: 118,779,579 shares  
Six months ended Sept. 30, 2003: 118,783,479 shares Year ended Mar. 31, 2004: 118,781,637 shares

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of term
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Six months ended September 30, 2004	56,866	-43,515	-5,074	325,868
Six months ended September 30, 2003	34,388	-23,335	-1,519	322,147
Year ended March 31, 2004	78,365	-72,136	-3,028	310,578

### (4) Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 47 Number of non-consolidated subsidiaries accounted for by equity method: None

Number of associated companies accounted for by equity method: 2

### (5) Changes in scope of consolidation and application of equity method

Companies newly consolidated: None Companies excluded from consolidation: None

Companies newly accounted for by equity method: None Companies no longer accounted for by equity method: None

## 2. Consolidated Business Results Forecast for Fiscal 2005 (From April 1, 2004 to March 31, 2005)

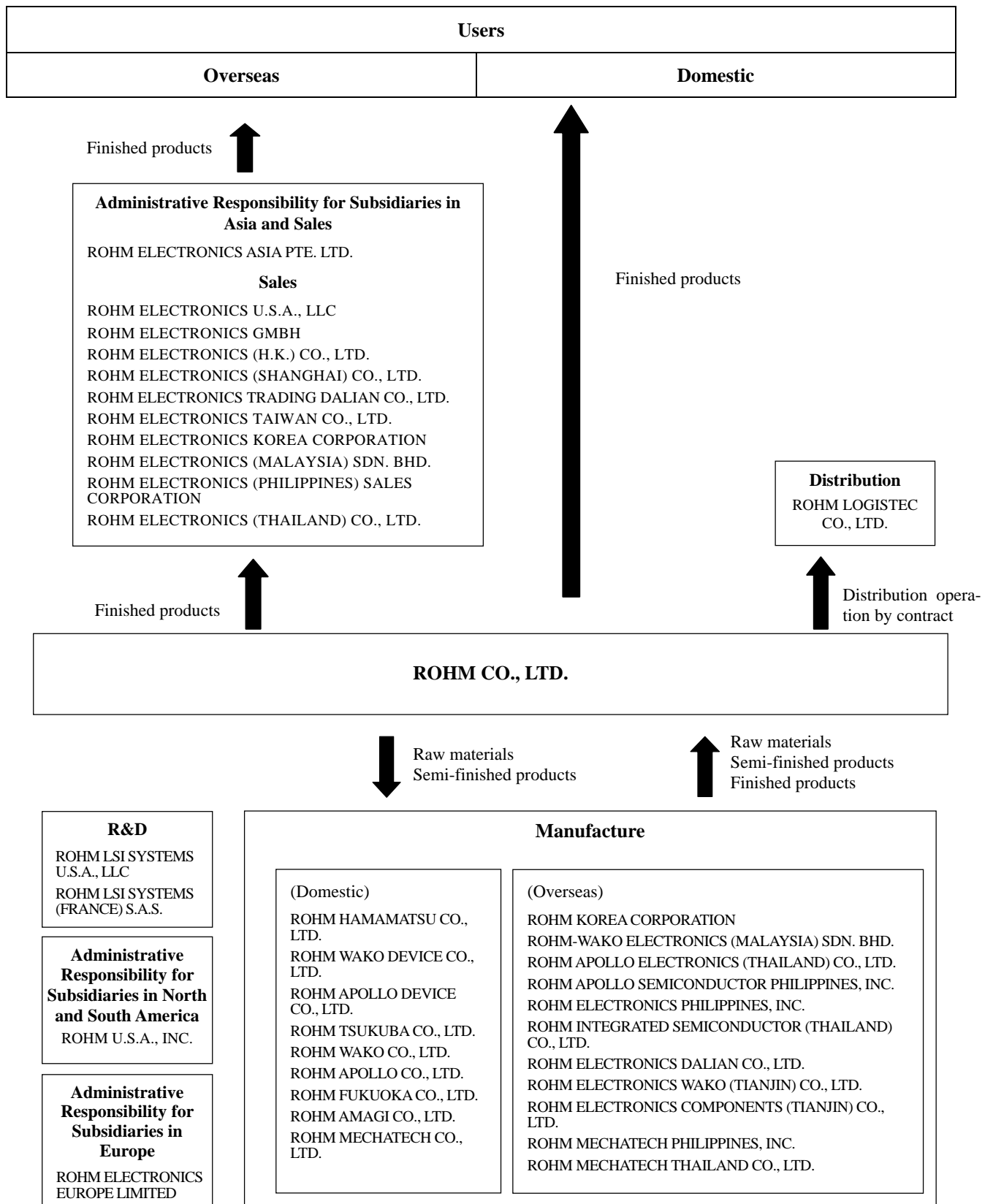
	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Fiscal 2005	382,000	93,000	54,000

(Note) Projected net income per share for the year ending March 31, 2005: 454.62 yen

\* The forecast data are based on the information available at the time of release of this report. Therefore, a number of important factors including changes in business conditions may cause actual results to differ materially from those discussed in the prospective statements. Refer to page 9 of the attached documents for reasons for the forecast and other relevant information.

## Status of the ROHM Group

The ROHM Group consists of ROHM CO., LTD., 47 consolidated subsidiaries (13 in Japan and 34 outside Japan) and 2 associated companies (1 in Japan and 1 outside Japan). We are a comprehensive electronic component manufacturer, whose principal business is the manufacture and sales of electronic components. The Group diagram and information on our consolidated subsidiaries are given below.



## Information on Consolidated Subsidiaries

Corporate name	Location	Capital	Principal business	Percentage of voting right held by ROHM CO., LTD.	Remarks
ROHM HAMAMATSU CO., LTD.	Shizuoka	Million yen 400	Manufacture of electronic components	95.0	
ROHM WAKO DEVICE CO., LTD.	Okayama	Million yen 450	Manufacture of electronic components	100.0 (25.0)	
ROHM APOLLO DEVICE CO., LTD.	Fukuoka	Million yen 492	Manufacture of electronic components	100.0 (25.0)	
ROHM TSUKUBA CO., LTD.	Ibaraki	Million yen 450	Manufacture of electronic components	100.0	
ROHM WAKO CO., LTD.	Okayama	Million yen 450	Manufacture of electronic components	100.0	
ROHM APOLLO CO., LTD.	Fukuoka	Million yen 450	Manufacture of electronic components	100.0	
ROHM FUKUOKA CO., LTD.	Fukuoka	Million yen 385	Manufacture of electronic components	100.0	
ROHM AMAGI CO., LTD.	Fukuoka	Million yen 300	Manufacture of electronic components	100.0	
ROHM MECHATECH CO., LTD.	Kyoto	Million yen 98	Manufacture of electronic components	100.0	
ROHM LOGISTEC CO., LTD.	Okayama	Million yen 20	Distribution of electronic components	100.0	
NARITA GIKEN CO., LTD.	Hyogo	Million yen 80	Development and design of electronic circuitry	93.7	
IDD CO., LTD.	Tokyo	Million yen 96	Development and design of electronic circuitry	100.0	
WAKO SERVICE CO., LTD.	Okayama	Million yen 10	Plant and equipment maintenance	100.0 (100.0)	
ROHM KOREA CORPORATION	Korea	Million Won 9,654	Manufacture of electronic components	100.0 (100.0)	
ROHM-WAKO ELECTRONICS (MALAYSIA) SDN. BHD.	Malaysia	Thousand M\$ 53,400	Manufacture of electronic components	100.0 (100.0)	
ROHM APOLLO ELECTRONICS (THAILAND) CO., LTD.	Thailand	Thousand baht 448,000	Manufacture of electronic components	100.0 (100.0)	
ROHM APOLLO SEMICONDUCTOR PHILIPPINES, INC.	Philippines	Thousand peso 406,580	Manufacture of electronic components	100.0 (100.0)	
ROHM ELECTRONICS PHILIPPINES, INC.	Philippines	Thousand peso 1,017,060	Manufacture of electronic components	100.0 (100.0)	
ROHM INTEGRATED SEMICONDUCTOR (THAILAND) CO., LTD.	Thailand	Thousand baht 667,500	Manufacture of electronic components	100.0 (100.0)	
ROHM ELECTRONICS DALIAN CO., LTD.	China	Million yen 6,485	Manufacture of electronic components	100.0 (100.0)	* 1
ROHM ELECTRONICS WAKO (TIANJIN) CO., LTD.	China	Million yen 5,000	Manufacture of electronic components	100.0 (100.0)	* 1
ROHM ELECTRONICS COMPONENTS (TIANJIN) CO., LTD.	China	Thousand US\$ 28,200	Manufacture of electronic components	100.0 (100.0)	* 1
ROHM MECHATECH PHILIPPINES, INC.	Philippines	Thousand peso 100,000	Manufacture of electronic components	100.0 (75.0)	
ROHM MECHATECH THAILAND CO., LTD.	Thailand	Thousand baht 100,000	Manufacture of electronic components	100.0 (100.0)	
ROHM DEVICE U.S.A., LLC	U. S. A.	Thousand US\$ 50,676	Manufacture of electronic components	100.0 (100.0)	
ROHM ELECTRONICS U.S.A., LLC	U. S. A.	Thousand US\$ 26,298	Sales of electronic components	100.0 (100.0)	
ROHM ELECTRONICS GMBH	Germany	Thousand EURO 511	Sales of electronic components	100.0 (100.0)	
ROHM ELECTRONICS (H.K.) CO., LTD.	Hong Kong	Thousand HK\$ 27,000	Sales of electronic components	100.0 (100.0)	
ROHM ELECTRONICS (SHANGHAI) CO., LTD.	China	Thousand US\$ 200	Sales of electronic components	100.0 (100.0)	* 1
ROHM ELECTRONICS TRADING DALIAN CO., LTD.	China	Thousand US\$ 200	Sales of electronic components	100.0 (100.0)	* 1
ROHM ELECTRONICS TAIWAN CO., LTD.	Taiwan	Thousand NT\$ 140,500	Sales of electronic components	100.0 (100.0)	
ROHM ELECTRONICS KOREA CORPORATION	Korea	Million Won 1,000	Sales of electronic components	100.0 (100.0)	

Corporate name	Location	Capital	Principal business	Percentage of voting right held by ROHM CO., LTD.	Remarks
ROHM ELECTRONICS ASIA PTE. LTD.	Singapore	Thousand S\$ 90,630	Administrative responsibility for subsidiaries in Asia and sales of electronic components	100.0 %	
ROHM ELECTRONICS (MALAYSIA) SDN. BHD.	Malaysia	Thousand M\$ 700	Sales of electronic components	49.0 ( 49.0) [ 51.0]	
ROHM ELECTRONICS (PHILIPPINES) SALES CORPORATION	Philippines	Thousand peso 13,250	Sales of electronic components	100.0 (100.0)	
ROHM ELECTRONICS (THAILAND) CO., LTD.	Thailand	Thousand baht 104,000	Sales of electronic components	100.0 (100.0)	
ROHM ELECTRONICS BRAZIL LIMITADA	Brazil	Thousand R\$ 11,584	Sales of electronic components	99.9 ( 99.9)	* 1
ROHM ELECTRONICS (U.K.) LIMITED	United Kingdom	Thousand £Stg. 500	Sales of electronic components	100.0 (100.0)	
ROHM LSI SYSTEMS U.S.A., LLC	U. S. A.	Thousand US\$ 1,608	Research and development	100.0 (100.0)	
ROHM LSI SYSTEMS (FRANCE) S.A.S.	France	Thousand EURO 800	Research and development	100.0 (100.0)	
ROHM LSI DESIGN PHILIPPINES, INC.	Philippines	Thousand peso 52,500	Design of electronic components	100.0	
ROHM LSI TECHNOLOGY THAILAND CO., LTD.	Thailand	Thousand baht 30,000	Design of electronic components	100.0 (100.0)	
ROHM IC DESIGN (TIANJIN) CO., LTD.	China	Million yen 869	Design of electronic components	100.0 (100.0)	* 1
ROHM U.S.A., INC.	U. S. A.	Thousand US\$ 133,642	Administrative responsibility for subsidiaries in North and South America	100.0	
ROHM ELECTRONICS EUROPE LIMITED	United Kingdom	Thousand £Stg. 3,400	Administrative responsibility for subsidiaries in Europe	100.0	
ROHM REALTY CORPORATION	Philippines	Thousand peso 34,100	Real estate leasing	100.0 ( 74.1)	
ROHM ASSETS PHILIPPINES INC.	Philippines	Thousand peso 15,000	Holding company	40.0 ( 40.0) [ 60.0]	

(Notes) \*1 Consolidated subsidiary whose interim accounting date differs from that of ROHM CO., Ltd. on September 30

2 The percentages in parentheses indicate indirect voting right held by ROHM CO., LTD., and the figures in brackets indicate the percentage of voting right held by those (other than ROHM CO., LTD.) having close relationship with the subsidiary.

## **Management Policies**

### **Basic Management Policy**

ROHM considers it essential to allocate added value produced by the Company, in appropriate proportions, to shareholders, employees and local communities, and in addition, to retained earnings for business investment that is intended to strengthen competitiveness. In view of that, the Company desires the understanding and cooperation of all stakeholders in the pursuit of creation of, and improvement in, lasting, comprehensive corporate value. ROHM thereby intends to make its shares more attractive to investors, and this is one of the Company's highest priorities in management.

Accordingly, ROHM is committed to developing the world's market-leading products, including high-value-added system LSIs for digital information appliances and mobile electronic equipment, which are expected to undergo rapid growth, along with optical devices, which is also an area with great potential for growth. ROHM also seeks as a basic policy the enhancement of cost competitiveness through the best use of its distinctive production technologies, and will thereby continue to lead the world electronic component market.

### **Basic Policy on Distribution of Profits**

Regarding profit distribution to shareholders, ROHM will press ahead with its current measures and policies to live up to shareholders' expectations, with comprehensive consideration given to various factors, including business performance, financial position, and expected demand for funds for business investment aimed at improving corporate value. To be concrete, with consolidated dividend payout ratio also taken into account, the Company will continue to direct its efforts toward satisfactory direct profit distribution based on corporate performance.

For ROHM to sustain its growth and improve its performance in the semiconductor industry, the market for which is expected to grow in the medium to long term, it is indispensable to have product development capabilities outstripping other manufacturers and to enhance cost competitiveness. With the accelerated sophistication of development and manufacturing technologies, which serve as core factors in such competition, funds needed for investment in R&D and production facilities in the Company's core business areas, that is, semiconductors and optical devices are increasing each year. ROHM considers that, to make appropriate and prompt investment aimed at maintaining and strengthening its international competitiveness and growth potential in a semiconductor industry that is undergoing drastic changes, it is vital, in terms of management, to maintain in reserve, ample funds. Specifically, the Company considers that it will be increasingly necessary to make large-scale investment in construction of production lines for large-diameter 300 mm wafers, 0.13  $\mu\text{m}$  or smaller ultra-fine processes, and optical devices. ROHM intends to make effective use of retained earnings for such medium- to long-term improvement in the Company's corporate value, as well as for tie-up with and acquisition of Japanese and overseas companies, from which business synergy can be expected.

### **Policy on Changes in Minimum Trading Lot Size**

ROHM reduced the size of the minimum trading lot of its shares from 1,000 to 100 shares, and considers that some positive results have been achieved since then, including a considerable increase in the number of shareholders.

### **Medium- to Long-term Corporate Strategies**

While expansion of the electronics market is anticipated over the medium to long term in parallel with the advancement of the highly sophisticated information society, international competition is expected to intensify amid the widening fluctuation in demand, encouraging realignment of the industry and the shakeout of uncompetitive businesses.

To ensure stable growth and a strong and well-balanced financial position under these circumstances, a range of measures should be taken, including development of creative, high-value-added products utilizing world leading advanced technologies, enhancement of cost competitiveness, establishment of a global production and distribution network that enables high customer satisfaction in both domestic and overseas markets, and strengthening of service and technical support systems for customers. ROHM will make persistent efforts to formulate and implement such measures, with consistent emphasis on the development of custom-designed products and top priority on quality.

As part of these efforts, ROHM continues, with increased personnel for research and development, to enhance its established digital and combined digital/analog technologies. Moreover, besides upgrading "REAL SOCKET," our proprietary LSI design system enabling the development of complex, high-performance system LSIs, we have developed an innovative system LSI development platform named "REAL PLATFORM," which enables a significant reduction in the LSI product development period, in response to the increasing needs for larger scale integration, higher performance and quicker product delivery in the area of system LSIs for, chiefly, the markets for digital home appliances and information and communications equipment. We are also focusing on the development of optical devices, including laser diodes, the market for which is expected to undergo rapid



growth especially in the fields of next-generation high-density optical discs and optical communications, and organic EL (electroluminescence) displays, which are attracting attention as next-generation displays. Moreover, we will continue to upgrade our high-quality, high-reliability product line for the increasingly electronically sophisticated automobile-related markets. As a base for these technological improvement activities, ROHM constructed and commenced operation of the Yokohama Technology Center, followed by the Optical Device Research Center and the LSI Test Technology Center, all of which have consistently been upgraded. We will also upgrade our marketing system both in Japan and overseas, and thereby continue to strengthen our activities of presenting proposals to, as well as providing technical support to, our customers worldwide. As for next-generation technological development, ROHM is actively involved in a wide range of joint R&D projects, including the establishment of a comprehensive industrial-academic collaboration alliance with Kyoto University and leading Japanese companies, R&D cooperation with Semiconductor Industry Research Institute Japan, which is a think-tank for the Japanese semiconductor industry, and participation in Japanese national leading-edge R&D projects, ASCA (Advanced Semiconductors through Collaborative Achievement), and MIRAI (Millennium Research for Advanced Information Technology), to which the wisdom of academic, industrial, and governmental circles is concentrated. Moreover, ROHM promotes partnerships with companies complementing our technologies wherever necessary, thus facilitating the efficiency of R&D activities. Regarding production system improvement, ROHM is aggressively accelerating the production shift to Thailand, the Philippines and China to enhance its supply system and improve cost competitiveness in the global market. Our existing domestic plants are clearly positioned as “mother” plants for the construction of the ROHM Group’s production network, with the focus on further accumulation of production technologies. Such production technologies established by our domestic plants will then be shared with overseas plants to manufacture and supply ROHM’s high quality products throughout the world.

Focusing on quality first and foremost not only in the manufacturing division but also in the field of technological development, including LSI circuit design and manufacturing technologies, ROHM will continue to promote company-wide efforts to enhance the reliability of its products. The Company will also develop and continuously supply industry-leading high-reliability products to our customers in Japan and overseas, thus further strengthening our international competitiveness.

Moreover, the ROHM Group as a whole will continue to pursue further management efficiency improvement and swifter decision-making, through the restructuring and integration of the corporate organization both in and outside Japan.

To contribute to environmental conservation, the ROHM Group as a whole continues to make progress with establishing and implementing an environmental management system based on ISO 14001 standards. Our environmental conservation activities include the development of low-power-consumption, energy-saving products, as well as efforts to promptly attain zero emission goals through promotion of recycling of waste and to promote “green” procurement and supply at all our production bases in Japan and overseas. In addition, we are implementing a tree-planting project as part of the fight against global warming. Moreover, ROHM is already able to satisfy the European RoHS (Restriction of the use of certain Hazardous Substances) Directive, which will come into force in 2006.

#### Priority Issues

While the electronics industry is expected to grow from the mid- and long-term viewpoint due to the increasing demand for digital information appliances and more sophisticated automobile electronic control systems, technological competition is also expected to continue to intensify on a global scale. Therefore, it will be increasingly necessary to supply internationally competitive products constantly to the market, through sustained efforts toward innovative, high quality products and technologies.

Under these circumstances, ROHM will continue to pursue business performance improvement through the development of high-value-added products and technologies in anticipation of future needs of customers, quality and reliability improvement, enhancement of production and marketing systems, and thorough company-wide rationalization and cost reduction.

#### Basic Policy and Measures for Corporate Governance

As proper corporate governance is increasing in importance, ROHM places top priority on maintaining a fair and appropriate management system.

As one of the specific measures to this end, the Company has reduced the number of members of the Board of Directors so as to, with the appropriate size of the Board, increase the effectiveness and efficiency of the Board and ensure swift and proper decision-making after thorough discussion. As for management control, while maintaining the existing auditing system, ROHM ensures the adequate number of corporate auditors and appoints all corporate auditors from outside the Company, so as to strengthen management auditing functions, thereby ensuring a fair and appropriate corporate management structure. When appointing outside corporate auditors, we select candidates who have no stake in the Company. In an effort to enhance corporate governance, our internal auditing department and accounting auditors work in coordination and cooperation with each other to improve the quality of the audit.

ROHM is also committed to disclosure of information so as to ensure fair and transparent management. A wide range of information disclosure initiatives carried out by the Company in this connection include holding of information sessions for research analysts, fund managers and other institutional investors, as well as disclosure of financial information on the Internet. In addition, ROHM began to disclose information on its quarterly performance, as from the year ended March 2004.

ROHM also places importance on social responsibility for sustainable development as a corporate citizen. Specifically, as part of corporate compliance efforts, the Company is striving to enlighten and educate its employees through formulating the Rules of Conduct for Employees and by ensuring that the Rules are fully understood and observed by employees, so as to comply with statutes and improve corporate ethics. Moreover, ROHM is making constant efforts to forge and maintain favorable relations with local communities and society as a whole through various activities, including donation of research facilities to universities and active involvement in community volunteer activities.

## **Operating Results and Financial Status**

### 1. Operating Results

#### (1) Review for the Six-month Period Ended September 30, 2004

##### Overall review of results of operations

In the six-month period ended September 30, 2004, the world economy as a whole remained steady due to a continued modest uptrend in business activities. However, in the second half of the period, the soaring cost of oil and other materials began to affect both production and consumption activities. The Japanese economy also remained steady as a whole, supported by a recovery in corporate performance and capital investment, as well as in consumption, despite a significant decline in public investment.

In the electronic components industry, with the market for digital audio/video and other consumer equipment being on the upswing since early spring, the demand for electronic components remained strong until the end of the summer, driven particularly by a continuing strong growth in the demand for CCDs, CMOS sensors and memories for digital still cameras and camera phones. After the summer, however, the demand for electronic components has shown slower growth due to production of digital audio/video equipment having passed its peak with the end of the Athens Olympic Games, as well as production adjustments in the Asian cellular phone market.

In Japan, the market for digital audio/video equipment such as DVD recorders and digital still cameras remained steady despite a sign of slower market growth, while the demand for cellular phones and personal computer-related equipment was sluggish. The Asian electronics market, affected by production adjustment in the Asian cellular phone market and by fears of an economic slowdown arising from monetary tightening by China, remained on a slower growth trend despite the continued production shift from other parts of the world to Asia.

In the U.S., while the car-electronics-related markets were steady, demand for electronic components as a whole slowed due to the continued production shift to Asia. The European market also failed to show a significant growth due to accelerated production shift to Asia, despite signs of a recovery in the cellular phone market.

Under these circumstances, ROHM concentrated its efforts, as in the previous year, on capital investment efficiency improvement and streamlining of the manufacturing process, so as to ensure profits. The Company also continued the shift of domestic production lines to overseas plants in Thailand, the Philippines, China and some other countries.

In addition, ROHM took a progressive approach in every division to the development of innovative products ahead of the market needs, enhancing its product line intended for cellular phones and digital audio/video equipment.

As a result of these aggressive efforts, ROHM's net sales for the six-month period ended September 30, 2004, increased 10.1% to ¥200.411 billion from the corresponding period of the previous year, and ordinary income and net income were up 24.9% and 37.0% to ¥58.695 billion and ¥36.733 billion respectively.

Divisional review of results of operations

## &lt;Integrated circuits&gt;

ROHM's sales of integrated circuits for the six-month period ended September 30, 2004 increased 5.9% to ¥86.828 billion.

While the market for conventional audio/video equipment showed sluggish growth, the market for DVD recorders digital still cameras and other digital audio/video equipment remained strong, resulting in favorable sales of ROHM's system power management LSIs and system motor driver LSIs designed for compact portable equipment. In the area of LSIs for cellular phones, with the increasing sophistication of cellular phones of overseas manufacturers, including the development of color display panels, ROHM's LCD driver LSIs, image processing LSIs, high-performance interface LSIs and other new products sold favorably. Moreover, ROHM continued to upgrade the LSI Development Center, Kyoto Technology Center and Yokohama Technology Center to enhance its LSI development and technical support system. The Company also commenced full-scale operation of new development bases in Taiwan and Shanghai, in addition to those in the U.S., France and Hong Kong, to improve its technical support system for overseas customers.

Regarding the LSI wafer processes, the production system for power devices intended for digital audio/video equipment and compact portable equipment, the demand for which is expected to undergo strong growth, has been enhanced. ROHM has also made progress with establishing a mass production line for 300 mm wafers so as to respond to the increase in digitalization, and to strengthen cost competitiveness. While accelerating the shift of post-process operations to overseas, the Company has directed efforts toward further improvement in production efficiency, quality and reliability at domestic plants.

In the area of function modules, ROHM has focused on developing distinctive and unique products, such as compact surface mount photoreceptor modules incorporating a remote control function for audio/video equipment. Moreover, the Company has promoted the production shift to China and increased the use of locally procured materials, thus reducing manufacturing costs.

## &lt;Discrete semiconductor devices&gt;

ROHM's sales of discrete semiconductor devices for the six-month period ended September 30, 2004 increased 10.6% to ¥76.506 billion.

With the brisk demand for certain digital audio/video equipment, such as thin TVs and DVD recorders, the market for discrete semiconductor devices as a whole remained steady; in particular, power transistors and power diodes for digital audio/video equipment sold favorably. ROHM has enhanced its product lineup for compact portable equipment, with the development of miniaturized MOS FETs (field-effect transistors). The production system has been strengthened through the enhancement of the wafer processing operations for power transistors and power diodes at ROHM TSUKUBA CO., LTD., as well as the upgrading of the post-process operations chiefly for compact package products. In the area of LEDs, the sales of white LEDs, intended for cellular phones and other applications, increased steadily. As for laser diodes, ROHM commenced full-scale mass production of high-power laser diodes for DVD recorders and drives this fiscal year, which has shown a steady growth in sales.

## &lt;Passive components&gt;

ROHM's sales of passive components for the six-month period ended September 30, 2004 increased 2.2% to ¥12.445 billion.

Despite the sluggish markets for cellular phones and personal computers, ROHM directed its efforts to expanding its lineup of ultra-low resistance, high-surge, high-reliability resistors and ultra-miniature product series (mainly 0402-size products) as well as to enhancing the production system for these products. The Company has also made increased efforts to reduce costs in response to the intensifying price competition.

## &lt;Displays&gt;

ROHM's sales of displays for the six-month period ended September 30, 2004 increased 32.1% to ¥24.63 billion.

The sales of LCD modules intended for cellular phones increased steadily as in the previous year. Image sensor heads for multifunction printers, the market of which is expanding, and printheads for miniaturized printers for POS (point-of-Sale) systems sold favorably. Released last year, ROHM's CMOS camera modules for cellular phones showed a strong growth in sales. Full-color LED display modules intended for industrial equipment also sold steadily.

Distribution of profits for six-month period ended September 30, 2004

The Company has decided to pay interim dividends of ¥42.50 per share in light of business performance of the six-month period ended September 30, 2004, expected demand for funds, and other factors.

The draft amendment to the Articles of Incorporation regarding purchase of treasury stock based on Section 211-3 of the Commercial Code of Japan was approved at the ordinary general meeting of shareholders held in June 29, 2004. ROHM intends to continue discussions on formulation of specific treasury stock purchase programs, with careful consideration given to future business plans, expected demand for funds, and other factors.

## (2) Forecast for Fiscal Year Ending March 31, 2005

Overall Business Result Outlook for Fiscal 2005

With soaring energy and material costs, especially oil prices beginning to affect the world economy, as well as fears of the economy entering an adjustment phase after the U.S. presidential election and monetary tightening by China being expected to continue, the world economy is likely to head for a slowdown. In Japan, too, despite sustained improvement in various economic indicators, a slight economic slowdown can be expected, judging from the inventory cycle and the oil price hike. In the electronic components industry, it is considered that due to economic uncertainty, it will take some time before entering a full-fledged growth phase, although with increasing digitalization and the resulting sophistication of digital audio/video and other electronic equipment, a certain increase in demand for electronic components can be expected.

Under these circumstances, ROHM will continue to focus on the development of high-value-added products, including high-performance system LSIs and other miniaturized, high-reliability products. Besides proceeding with product development for the markets for information and communications equipment and digital audio/video equipment, the Company will also direct its efforts to the automobile-related markets, where demand for more sophisticated car electronics is expected to grow. Moreover, the Company will continue to pursue improvements in business performance through quality and reliability improvement, enhancement of customer support and other marketing systems, and company-wide rationalization and cost reduction.

Furthermore, we will continue to encourage environmentally friendly business activities, thus contributing to environmental conservation.

Consolidated forecast for the fiscal year 2005 is as follows:

Net sales: 382,000 million yen (7.4% up from previous year)

Ordinary income: 93,000 million yen (1.0% up from previous year)

Net income: 54,000 million yen (15.3% down from previous year)

Consolidated divisional sales forecast is given below.

Integrated circuits	163,300 million yen ( 5.1% up from previous year)
Discrete semiconductor devices	149,600 million yen ( 7.6% up from previous year)
Passive components	24,100 million yen ( 2.0% down from previous year)
Displays	44,900 million yen (22.8% up from previous year)

The forecasts are based on exchange rates of ¥109.19 to US\$1 for the first half of the fiscal year (actual), and ¥105.00 to US\$1 for the second half of the fiscal year (projected).

Distribution of profits for fiscal 2005

The Company plans to pay dividends of ¥85.00 per share for the fiscal year 2005 in light of business performance of the fiscal 2005 ending March 31, 2005, expected demand for funds, and other factors.

## 2. Financial Position

As of September 30, 2004, total assets, total liabilities, minority interest and total shareholders' equity amounted to ¥903.696 billion (up ¥56.897 billion from March 31, 2004), ¥146.286 billion (up ¥15.72 billion), ¥320 million (up ¥26 million) and ¥757.09 billion (up ¥41.152 billion), respectively.

The status of cash flow for the six-month period ended September 30, 2004 is as follows:

Net cash provided by operating activities amounted to ¥56.866 billion (¥34.388 billion for the corresponding period of the previous year). This resulted primarily from cash increases due to the growth in income before income taxes and minority interests and in depreciation/amortization, as well as from cash decreases due to the increase in trade notes and accounts receivable.

Net cash used in investing activities amounted to ¥43.515 billion (¥23.335 billion for the corresponding period of the previous year), primarily as a result of acquisition of tangible fixed assets associated with capital expenditures, as well as purchases of securities and investment securities.

Net cash used in financing activities amounted to ¥5.074 billion (¥1.519 billion for the corresponding period of the previous year), primarily as a result of dividend payments.

As a result of these changes in cash flows and after adjustment for the effects of exchange rate changes on cash and cash equivalents, cash and cash equivalents amounted to ¥325.868 billion at the end of the current six-month period, up ¥15.29 billion from the end of the previous year.

The scheduled amounts of capital expenditures and depreciation (tangible fixed assets) for the current fiscal year that will greatly affect the annual cash flow are ¥84.5 billion and ¥50 billion, respectively.

**Consolidated Interim Balance Sheets**

Accounts	Period		First six months of fiscal 2005		First six months of fiscal 2004		Fiscal 2004		Increase/decrease (-) from the year ended March 31, 2004
			(As of September 30, 2004)		(As of September 30, 2003)		(As of March 31, 2004)		
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount		
(Assets)	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	
Current assets									
Cash and time deposits	315,098		311,359		307,319		7,779		
Notes and accounts receivable - trade	111,259		98,391		92,508		18,751		
Securities	46,625		45,408		38,681		7,944		
Inventories	66,635		50,616		61,493		5,142		
Prepaid pension cost	4,047		4,631		4,356		- 309		
Deferred tax assets	14,211		12,709		12,425		1,786		
Refundable income taxes	339		-		3,560		- 3,221		
Other	9,320		7,108		10,279		- 959		
Allowance for doubtful notes and accounts	- 536		- 550		- 502		- 34		
Total current assets	567,001	62.7	529,676	64.6	530,121	62.6	36,880		
Fixed assets									
Property, plant and equipment									
Buildings and structures	153,288		148,821		150,281		3,007		
Machinery, equipment and vehicles	349,852		321,342		328,069		21,783		
Tools and furniture	29,251		26,537		27,691		1,560		
Land	54,351		52,170		53,968		383		
Construction in progress	26,792		14,480		23,592		3,200		
Accumulated depreciation	- 380,098		- 353,516		- 365,976		- 14,122		
Total tangible fixed assets	233,437	25.8	209,836	25.6	217,627	25.7	15,810		
Intangible fixed assets	2,253	0.3	2,774	0.4	2,632	0.3	- 379		
Investments and other assets									
Investment securities	92,922		68,203		89,084		3,838		
Deferred tax assets	6,614		7,061		5,794		820		
Other	1,802		2,360		1,835		- 33		
Allowance for doubtful accounts	- 335		- 360		- 294		- 41		
Total investments and other assets	101,004	11.2	77,264	9.4	96,419	11.4	4,585		
Total fixed assets	336,695	37.3	289,875	35.4	316,678	37.4	20,017		
Total assets	903,696	100.0	819,551	100.0	846,799	100.0	56,897		

Accounts	Period		First six months of fiscal 2005		First six months of fiscal 2004		Fiscal 2004		Increase/decrease (-) from the year ended March 31, 2004
			(As of September 30, 2004)		(As of September 30, 2003)		(As of March 31, 2004)		
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Amount	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	
(Liabilities)									
Current liabilities									
Notes and accounts payable - trade	26,416		20,634		23,431		2,985		
Other accounts payable	40,882		30,512		42,213		- 1,331		
Accrued income taxes	20,905		14,027		10,400		10,505		
Deferred tax liabilities	234		833		381		- 147		
Other	12,498		13,008		11,892		606		
Total current liabilities	100,936	11.2	79,015	9.7	88,319	10.5	12,617		
Long-term liabilities									
Deferred tax liabilities	36,000		27,530		32,857		3,143		
Liability for retirement benefits	7,423		16,514		7,404		19		
Allowance for directors' retirement benefits	1,925		1,918		1,983		- 58		
Total long-term liabilities	45,349	5.0	45,962	5.6	42,246	5.0	3,103		
Total liabilities	146,286	16.2	124,978	15.3	130,566	15.5	15,720		
(Minority interests)									
Minority interests	320	0.0	238	0.0	294	0.0	26		
(Shareholders' equity)									
Common stock	86,969	9.6	86,969	10.6	86,969	10.3	-		
Capital surplus	102,403	11.3	102,403	12.5	102,403	12.1	-		
Retained earnings	598,338	66.2	531,329	64.8	566,749	66.9	31,589		
Net unrealized gain on available for-sale securities	3,078	0.4	2,006	0.2	2,673	0.3	405		
Foreign currency translation adjustments	- 33,373	- 3.7	- 28,096	- 3.4	- 42,556	- 5.0	9,183		
Treasury stock - at cost	- 326	- 0.0	- 277	- 0.0	- 301	- 0.1	- 25		
Total shareholders' equity	757,090	83.8	694,335	84.7	715,938	84.5	41,152		
Total liabilities, minority interests and shareholders' equity	903,696	100.0	819,551	100.0	846,799	100.0	56,897		

**Consolidated Interim Statements of Income**

Accounts	First six months of fiscal 2005		First six months of fiscal 2004		Increase/decrease (-) from the first six months of fiscal 2004	Fiscal 2004	
	From April 1, 2004 To September 30, 2004		From April 1, 2003 To September 30, 2003			From April 1, 2003 To March 31, 2004	
	Amount	Percentage	Amount	Percentage	Amount	Amount	Percentage
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	%
Net sales	200,411	100.0	181,981	100.0	18,430	355,630	100.0
Cost of sales	111,942	55.9	99,638	54.8	12,304	194,856	54.8
Gross profit	88,469	44.1	82,342	45.2	6,127	160,773	45.2
Selling, general and administrative expenses	34,453	17.1	31,701	17.4	2,752	66,266	18.6
Operating income	54,015	27.0	50,641	27.8	3,374	94,507	26.6
Non-operating income	5,230	2.6	2,011	1.1	3,219	4,058	1.1
Non-operating expenses	550	0.3	5,675	3.1	- 5,125	6,482	1.8
Ordinary income	58,695	29.3	46,977	25.8	11,718	92,083	25.9
Extraordinary gains	5	0.0	6	0.0	- 1	12,812	3.6
Extraordinary losses	145	0.1	1,238	0.7	- 1,093	3,826	1.1
Income before income taxes and minority interests	58,555	29.2	45,745	25.1	12,810	101,070	28.4
Income taxes - current	22,696	11.3	14,039	7.7	8,657	26,731	7.5
Income taxes - deferred	- 890	- 0.4	4,884	2.7	- 5,774	10,537	3.0
Minority interests	16	0.0	13	0.0	3	84	0.0
Net income	36,733	18.3	26,808	14.7	9,925	63,717	17.9



**Consolidated Interim Statements of Retained Earnings**

Accounts	Period	First six months of fiscal 2005	First six months of fiscal 2004	Fiscal 2004
		From April 1, 2004 To September 30, 2004	From April 1, 2003 To September 30, 2003	From April 1, 2003 To March 31, 2004
	Amount	Amount	Amount	Amount
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
(Capital surplus)				
Capital surplus at beginning of term	102,403	102,403	102,403	102,403
Increase in capital surplus	-	-	-	-
Decrease in capital surplus	-	-	-	-
Capital surplus at end of term	102,403	102,403	102,403	102,403
(Retained earnings)				
Retained earnings at beginning of term	566,749	506,100	506,100	506,100
Increase in retained earnings				
Net income	36,733	26,808	63,717	63,717
Decrease in retained earnings				
Cash dividends	5,048	1,484	2,969	2,969
Bonuses to directors	91	94	94	94
Reserve for Employees' welfare fund	4	-	-	-
Decrease in retained earnings due to decrease of an affiliate	-	-	4	4
Retained earnings at end of term	598,338	531,329	566,749	566,749

## Consolidated Interim Statements of Cash Flows

Accounts	Period	First six months of fiscal 2005	First six months of fiscal 2004	Increase/ Decrease (-) from the first six months of fiscal 2004	Fiscal 2004
		From April 1, 2004 To September 30, 2004	From April 1, 2003 To September 30, 2003		From April 1, 2003 To March 31, 2004
	Amount	Amount	Amount	Amount	Amount
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
<b>I Operating Activities</b>					
1. Income before income taxes and minority interests	58,555	45,745	12,810	101,070	
2. Depreciation and amortization	21,200	21,526	- 326	45,868	
3. Amortization of goodwill - net	334	8	326	16	
4. Interest and dividends income	- 1,362	- 1,187	- 175	- 2,370	
5. Foreign currency exchange losses (- gains) - net	- 3,340	3,326	- 6,666	2,015	
6. Compensation for expropriation	-	-	-	- 1,837	
7. Increase (- decrease) in net liability for retirement benefits	292	- 165	457	- 8,977	
8. Decrease (- increase) in notes and accounts receivables - trade	- 17,155	- 15,691	- 1,464	- 10,822	
9. Decrease (- increase) in inventories	- 4,171	139	- 4,310	- 12,142	
10. Increase (- decrease) in notes and accounts payables - trade	3,165	3,589	- 424	6,604	
11. Other - net	5,431	4,189	1,242	4,448	
Sub-total	62,950	61,481	1,469	123,873	
12. Interest and dividends - received	1,035	1,273	- 238	2,569	
13. Compensation for expropriation - received	1,383	-	1,383	-	
14. Income taxes - refunded (- paid)	- 8,503	- 28,366	19,863	- 48,077	
Net cash provided by operating activities	56,866	34,388	22,478	78,365	
<b>II Investing Activities</b>					
1. Decrease (- increase) in time deposits	8,110	3,541	4,569	- 4,782	
2. Purchases of securities and investment securities	- 32,528	- 25,168	- 7,360	- 62,585	
3. Proceeds from sales and repayments of securities and investment securities	18,124	18,227	- 103	39,270	
4. Purchases of property, plant and equipment	- 37,786	- 20,130	- 17,656	- 45,221	
5. Other - net	565	194	371	1,180	
Net cash used in investing activities	- 43,515	- 23,335	- 20,180	- 72,136	
<b>III Financing Activities</b>					
1. Dividends paid	- 5,048	- 1,484	- 3,564	- 2,969	
2. Other - net	- 26	- 35	9	- 59	
Net cash used in financing activities	- 5,074	- 1,519	- 3,555	- 3,028	
<b>IV Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	7,013	- 9,934	16,947	- 15,171	
<b>V Net Increase (- decrease) in Cash and Cash Equivalents</b>	15,290	- 402	15,692	- 11,971	
<b>VI Cash and Cash Equivalents at Beginning of Term</b>	310,578	322,549	- 11,971	322,549	
<b>VII Cash and Cash Equivalents at End of Term</b>	325,868	322,147	3,721	310,578	

(Note) Breakdown of "Cash and cash equivalents at end of term" is as follows:

	(First six months of fiscal 2005)	(First six months of fiscal 2004)	(Increase/decrease)	(Fiscal 2004)
Cash and time deposits	304,832 million yen	301,119 million yen	3,713 million yen	289,546 million yen
Securities	21,036	21,027	9	21,032
Total cash and cash equivalents	325,868	322,147	3,721	310,578

**[Basis of Presenting Consolidated Interim Financial Statements]**

1. Scope of consolidation
  - (1) Number of consolidated subsidiaries: 47
  - (2) Names of consolidated subsidiaries  
Consolidated subsidiaries are listed in the “Information on Consolidated Subsidiaries” section of “Status of the ROHM GROUP.”
2. Application of equity method
  - (1) Number of unconsolidated subsidiaries accounted for by equity method: 0
  - (2) Number of associated companies accounted for by equity method: 2
3. Interim accounting date of consolidated subsidiaries  
The interim accounting date of ROHM ELECTRONICS DALIAN CO., LTD. and six other consolidated subsidiaries is June 30, which differs from that of ROHM CO., LTD. on September 30.
4. Accounting standards
  - (1) Valuation basis and method for significant assets
    - (i) Securities  
Marketable securities classified as available-for-sale securities are reported at fair value (based on market prices on the interim accounting date, or the like), with unrealized gains and losses directly included in shareholders’ equity. The cost of available-for-sale securities sold is principally determined based on the moving average method. Non-marketable securities are stated at cost determined by the moving average method.
    - (ii) Inventories  
Inventories are stated principally at cost determined by the average method.
  - (2) Depreciation of significant tangible fixed assets  
Depreciation of tangible fixed assets is computed principally by the declining-balance method, while the straight-line method is applied to buildings (excluding building improvements) acquired by ROHM Co., Ltd. or its domestic consolidated subsidiaries after April 1, 1998.
  - (3) Accounting for significant allowances
    - (i) The allowance for doubtful accounts is provided at an estimated amount of the past actual ratio of losses on bad debts. Certain allowance is provided for estimated uncollectible receivables.
    - (ii) Liability for retirement benefits is stated at the amount calculated based on the retirement benefit obligation and the fair value of the plan assets at the end of the current fiscal year.
    - (iii) For ROHM Co., Ltd. and certain domestic consolidated subsidiaries, retirement benefits to directors and corporate auditors are provided at the amount which would be required if all directors and corporate auditors retired at the interim accounting date based on the internal rules.
  - (4) Basis for translation of significant foreign currency assets and liabilities  
Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates at the interim accounting date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by forward exchange contracts. The balance sheet accounts of the overseas consolidated subsidiaries and the like are translated into Japanese yen at the current exchange rates as of the interim accounting dates of such subsidiaries and the like. Revenue and expense accounts of the overseas subsidiaries and the like are translated into Japanese yen at the average interim annual exchange rates. Differences arising from such translation are included in “Minority Interests,” as well as “Foreign currency translation adjustments” in a separate component of shareholders’ equity.
  - (5) Significant lease transactions  
Finance lease transactions, other than those that are deemed to transfer ownership of the leased property to the lessee, are accounted for as operating lease transactions.
  - (6) Significant hedge accounting  
Foreign exchange forward contracts are used for hedge accounting.
  - (7) Others  
Consumption tax  
All transactions are recorded net of consumption taxes.
5. Cash and cash equivalents in consolidated interim statements of cash flows  
Cash and cash equivalents consist of cash on hand, cash in banks that can be withdrawn at any time, and short-term investments with a maturity of three months or less when purchased, which can easily be converted to cash and are subject to little risk of change in value.

**[Notes]**

(Notes to Consolidated Interim Statements of Income)

	Six-month period ended Sept. 30, 2004	Six-month period ended Sept. 30, 2003	Year ended Mar. 31, 2004
1. Non-operating income			
Interest income	1,336 million yen	1,170 million yen	2,341 million yen
Foreign currency exchange gains	3,237	-	-
2. Non-operating expenses			
Foreign currency exchange losses	-	5,195	5,529
3. Extraordinary gain			
Gain on transfer of substitutional portion of the governmental pension program	-	-	10,900
Compensation for expropriation	-	-	1,837
4. Extraordinary loss			
Loss on sale/disposal of fixed assets	145	1,238	1,620
Loss on transfer to a defined contribution pension plan	-	-	2,205

**[Segment information]**

## 1. Industry segments

The Group's main operations are the manufacturing and sales of electronic components. As net sales and operating income of the Group's main industry segment constituted more than 90% of the consolidated totals for the six-month periods ended September 30, 2003 and 2004 and the year ended March 31, 2004, consequently the disclosure of industry segment information has been omitted.

## 2. Geographical segments

First six months of fiscal 2005 (From April 1, 2004 to September 30, 2004)

(Millions of yen)

	Japan	Asia	Americas	Europe	Total	Eliminations/ Corporate	Consolidated
Sales							
(1) Sales to customers	86,452	95,700	7,515	10,743	200,411	-	200,411
(2) Interarea transfer	30,627	58,093	111	252	89,085	( 89,085)	-
Total sales	117,080	153,794	7,626	10,995	289,496	( 89,085)	200,411
Operating expenses	92,270	123,752	8,004	10,683	234,711	( 88,316)	146,395
Operating income	24,809	30,042	-	378	54,784	( 769)	54,015

First six months of fiscal 2004 (From April 1, 2003 to September 30, 2003)

(Millions of yen)

	Japan	Asia	Americas	Europe	Total	Eliminations/ Corporate	Consolidated
Sales							
(1) Sales to customers	81,110	83,146	7,223	10,500	181,981	-	181,981
(2) Interarea transfer	26,804	51,563	123	189	78,680	( 78,680)	-
Total sales	107,914	134,709	7,346	10,690	260,661	( 78,680)	181,981
Operating expenses	86,176	106,333	7,249	10,192	209,952	( 78,612)	131,339
Operating income	21,737	28,376	97	497	50,709	( 67)	50,641

Fiscal 2004 (From April 1, 2003 to March 31, 2004)

(Millions of yen)

	Japan	Asia	Americas	Europe	Total	Eliminations/ Corporate	Consolidated
Sales							
(1) Sales to customers	158,765	161,086	14,087	21,690	355,630	-	355,630
(2) Interarea transfer	53,200	107,033	235	406	160,876	( 160,876)	-
Total sales	211,966	268,120	14,323	22,096	516,506	( 160,876)	355,630
Operating expenses	172,891	212,321	14,906	21,140	421,260	( 160,137)	261,122
Operating income	39,074	55,799	-	582	95,246	( 738)	94,507

(Notes) 1. Countries and areas are segmented based on their geographical proximity.

2. Major countries and areas which belong to segments other than Japan are as follows:

Asia : Hong Kong, Singapore, Taiwan

Americas : The United States

Europe : Germany

3. Unallocable operating expenses included in "Eliminations/Corporate" are shown below. Unallocable operating expenses consist primarily of expenses relating to the administrative division of the headquarters of the Company.

First six months of fiscal 2005	2,142	million yen
First six months of fiscal 2004	1,264	
Fiscal 2004	2,946	

3. Sales to foreign customers

First six months of fiscal 2005 (From April 1, 2004 to September 30, 2004) (Millions of yen)

	Asia	Americas	Europe	Total
I Sales to foreign customers	96,603	7,905	10,130	114,639
II Net sales				200,411
III Sales to foreign customers as a percentage of net sales	48.2 %	3.9 %	5.1 %	57.2 %

First six months of fiscal 2004 (From April 1, 2003 to September 30, 2003) (Millions of yen)

	Asia	Americas	Europe	Total
I Sales to foreign customers	84,399	7,582	10,034	102,017
II Net sales				181,981
III Sales to foreign customers as a percentage of net sales	46.4 %	4.2 %	5.5 %	56.1 %

Fiscal 2004 (From April 1, 2003 to March 31, 2004) (Millions of yen)

	Asia	Americas	Europe	Total
I Sales to foreign customers	163,457	14,811	20,597	198,867
II Net sales				355,630
III Sales to foreign customers as a percentage of net sales	46.0 %	4.1 %	5.8 %	55.9 %

(Notes) 1. Countries and areas are segmented based on their geographical proximity.

2. Major countries and areas which belong to segments other than Japan are as follows:

Asia : Hong Kong, Singapore, Taiwan

Americas : The United States

Europe : Germany

3. Sales to foreign customers consist of export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the overseas consolidated subsidiaries.

[Leases]

Finance leases that do not transfer ownership of the leased property to the lessee

1. Pro forma information of the acquisition cost, accumulated depreciation and net book value of the leased property

	Six-month period ended Sept. 30, 2004	Six-month period ended Sept. 30, 2003	Year ended Mar. 31, 2004
	Tools, furniture and other	Tools, furniture and other	Tools, furniture and other
Acquisition cost	153 million yen	161 million yen	172 million yen
Accumulated depreciation	137	130	145
Net leased property	16	31	26

2. Pro forma obligations under finance leases

Due within 1 year	10	22	16
Due after 1 year	5	8	9
Total	16	31	26

3. Lease payments and depreciation of the leased property

Lease payments	10	16	31
Depreciation	10	16	31

4. Depreciation of leased property is calculated by the straight-line method over the respective lease terms regarded as being the useful life, with the residual value of zero.

5. Acquisition cost and the pro forma obligations under finance leases presented above are calculated prior to the deduction of portions attributable to interest expense, as the term-end balance of the obligations accounts for only a small percentage of the term-end tangible fixed assets.

**[Debt and equity securities]**

First six months of fiscal 2005 (as of September 30, 2004)

## 1. Marketable available-for-sale securities

(Millions of yen)

Classification	Acquisition cost	Amount on consolidated interim balance sheet	Difference
(1) Equity securities	8,311	13,520	5,209
(2) Government and corporate bonds	103,560	104,187	627
(3) Other	21,005	21,053	48
Total	132,877	138,762	5,884

## 2. Major securities whose fair value is not readily determinable

Available-for-sale securities

Unlisted equity securities (Excluding over-the-counter securities)

775 million yen

First six months of fiscal 2004 (as of September 30, 2003)

## 1. Marketable available-for-sale securities

(Millions of yen)

Classification	Acquisition cost	Amount on consolidated interim balance sheet	Difference
(1) Equity securities	2,843	6,120	3,277
(2) Government and corporate bonds	85,449	85,513	63
(3) Other	21,005	21,027	21
Total	109,298	112,661	3,362

## 2. Major securities whose fair value is not readily determinable

Available-for-sale securities

Unlisted equity securities (Excluding over-the-counter securities)

935 million yen

Fiscal 2004 (as of March 31, 2004)

## 1. Marketable available-for-sale securities

(Millions of yen)

Classification	Acquisition cost	Amount on consolidated interim balance sheet	Difference
(1) Equity securities	2,976	7,348	4,371
(2) Government and corporate bonds	98,463	98,520	56
(3) Other	21,005	21,075	69
Total	122,445	126,943	4,498

## 2. Major securities whose fair value is not readily determinable

Available-for-sale securities

Unlisted equity securities (Excluding over-the-counter securities)

818 million yen

**[Derivatives]**

First six months of fiscal 2005 (From April 1, 2004 to September 30, 2004)

Currency derivatives

Not disclosed because hedge accounting is adopted.

First six months of fiscal 2004 (From April 1, 2003 to September 30, 2003)

Currency derivatives

Not disclosed because hedge accounting is adopted.

Fiscal 2004 (From April 1, 2003 to March 31, 2004)

Currency derivatives

Not disclosed because hedge accounting is adopted.

## Production, Orders Received and Sales

## (1) Actual production

(Millions of yen)

Product category		Period		Increase/Decrease (-) from the first six months of fiscal 2004	Fiscal 2004 From April 1, 2003 To March 31, 2004
		First six months of fiscal 2005 From April 1, 2004 To September 30, 2004	First six months of fiscal 2004 From April 1, 2003 To September 30, 2003		
Electronic Components	Integrated circuits	85,287	80,344	4,943	156,154
	Discrete semiconductor devices	79,885	69,110	10,775	143,353
	Passive components	12,435	11,998	437	25,212
	Displays	25,471	18,567	6,904	37,268
Total		203,079	180,021	23,058	361,989

(Notes) 1. The amounts above are calculated based on the average sales prices for each accounting period and are exclusive of consumption tax and the like.

2. Major products included in each category are as follows:

Product category		Major products
Electronic Components	Integrated circuits	Monolithic ICs, Power Modules, Photo Link Modules
	Discrete semiconductor devices	Transistors, Diodes, Light Emitting Diodes, Laser Diodes
	Passive components	Resistors, Capacitors
	Displays	Liquid Crystal Displays, Thermal Heads, Image Sensor Heads, LED Displays, CMOS Camera Modules, Others

## (2) Orders

(Millions of yen)

Product category		Period		First six months of fiscal 2004 From April 1, 2003 To September 30, 2003	Increase/Decrease (-) from the first six months of fiscal 2004		Fiscal 2004 From April 1, 2003 To March 31, 2004		
		First six months of fiscal 2005 From April 1, 2004 To September 30, 2004	Order backlog		Orders received	Order backlog	Orders received	Order backlog	
Electronic Components	Integrated circuits	82,328	20,506	80,985	20,696	1,343	- 190	158,786	25,006
	Discrete semiconductor devices	74,814	19,295	70,320	17,242	4,494	2,053	143,881	20,987
	Passive components	12,009	3,080	12,242	3,158	- 233	- 78	25,019	3,516
	Displays	24,043	7,473	19,858	7,204	4,185	269	38,638	8,060
Total		193,196	50,355	183,407	48,302	9,789	2,053	366,326	57,571

## (3) Actual sales

## Actual sales by product category (domestic)

(Millions of yen)

Product category		First six months of fiscal 2005 From April 1, 2004 To September 30, 2004		First six months of fiscal 2004 From April 1, 2003 To September 30, 2003		Increase/Decrease (-) from the first six months of fiscal 2004		Fiscal 2004 From April 1, 2003 To March 31, 2004	
		Sales	Domestic ratio	Sales	Domestic ratio	Sales	Increase/Decrease ratio	Sales	Domestic ratio
Electronic Components	Integrated circuits	42,431	48.9%	41,476	50.6%	955	2.3%	78,902	50.8%
	Discrete semiconductor devices	28,118	36.8	26,554	38.4	1,564	5.9	54,591	39.3
	Passive components	4,367	35.1	4,236	34.8	131	3.1	8,593	34.9
	Displays	10,854	44.1	7,694	41.3	3,160	41.1	14,675	40.1
Total		85,772	42.8	79,963	43.9	5,809	7.3	156,762	44.1

## Actual sales by product category (overseas)

(Millions of yen)

Product category		First six months of fiscal 2005 From April 1, 2004 To September 30, 2004		First six months of fiscal 2004 From April 1, 2003 To September 30, 2003		Increase/Decrease (-) from the first six months of fiscal 2004		Fiscal 2004 From April 1, 2003 To March 31, 2004	
		Sales	Overseas ratio	Sales	Overseas ratio	Sales	Increase/Decrease ratio	Sales	Overseas ratio
Electronic Components	Integrated circuits	44,397	51.1%	40,478	49.4%	3,919	9.7%	76,544	49.2%
	Discrete semiconductor devices	48,388	63.2	42,638	61.6	5,750	13.5	84,417	60.7
	Passive components	8,078	64.9	7,946	65.2	132	1.7	16,007	65.1
	Displays	13,775	55.9	10,954	58.7	2,821	25.8	21,897	59.9
Total		114,639	57.2	102,017	56.1	12,622	12.4	198,867	55.9

## Actual sales by product category (total)

(Millions of yen)

Product category		First six months of fiscal 2005 From April 1, 2004 To September 30, 2004		First six months of fiscal 2004 From April 1, 2003 To September 30, 2003		Increase/Decrease (-) from the first six months of fiscal 2004		Fiscal 2004 From April 1, 2003 To March 31, 2004	
		Sales	Sales as a percentage of net sales	Sales	Sales as a percentage of net sales	Sales	Increase/Decrease ratio	Sales	Sales as a percentage of net sales
Electronic Components	Integrated circuits	86,828	43.3%	81,955	45.0%	4,873	5.9%	155,446	43.7%
	Discrete semiconductor devices	76,506	38.2	69,193	38.0	7,313	10.6	139,009	39.1
	Passive components	12,445	6.2	12,183	6.7	262	2.2	24,601	6.9
	Displays	24,630	12.3	18,649	10.3	5,981	32.1	36,573	10.3
Total		200,411	100.0	181,981	100.0	18,430	10.1	355,630	100.0



# Summarized Non-consolidated Interim Financial Statements for Fiscal Year Ending March 31, 2005



November 11, 2004

Listed Company Name **ROHM CO., LTD.**

Stock Exchange Listings Tokyo, Osaka

Code No.: 6963

Head Office Location

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

Kyoto Prefecture

Company representative Title: President

Name: Ken Sato

Contact person Title: Director, Administration Headquarters

Name: Nobuo Hatta

TEL (075) 311 - 2121

Date of Board of Directors meeting for approval of financial statements: November 11, 2004

Existence of interim dividend system: Yes

Date of commencement of interim dividend payment: December 3, 2004

Adoption of trading unit system: Yes (1 unit: 100 shares)

## 1. Business Results for the Six-month Period Ended September 30, 2004 (From April 1, 2004 to September 30, 2004)

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2004	186,105	13.2	22,031	15.1	50,842	97.4
Six months ended September 30, 2003	164,402	-2.5	19,139	-40.0	25,753	-15.3
Year ended March 31, 2004	331,249		33,218		38,211	

	Net income		Basic net income per share
	Millions of yen	%	yen
Six months ended September 30, 2004	38,194	98.1	321.56
Six months ended September 30, 2003	19,284	6.1	162.35
Year ended March 31, 2004	29,342		246.65

(Notes) (i) Average number of shares outstanding Six months ended Sept. 30, 2004: 118,780,714 shares  
Six months ended Sept. 30, 2003: 118,784,750 shares Year ended Mar. 31, 2004: 118,783,647 shares

(ii) Change in accounting policies: None

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

### (2) Dividend Information

	Interim dividends per share	Annual dividends per share
	yen	yen
Six months ended September 30, 2004	42.50	-
Six months ended September 30, 2003	12.50	-
Year ended March 31, 2004	-	55.00

### (3) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	yen
Six months ended September 30, 2004	655,125	531,075	81.1	4,471.10
Six months ended September 30, 2003	589,112	488,247	82.9	4,110.40
Year ended March 31, 2004	607,152	497,456	81.9	4,187.61

(Notes) (i) Number of shares outstanding at end of term Six months ended Sept. 30, 2004: 118,779,579 shares  
Six months ended Sept. 30, 2003: 118,783,479 shares Year ended Mar. 31, 2004: 118,781,637 shares

(ii) Number of treasury stock at end of term Six months ended Sept. 30, 2004: 21,809 shares

Six months ended Sept. 30, 2003: 17,909 shares Year ended Mar. 31, 2004: 19,751 shares

## 2. Business Results Forecast for Fiscal 2005 (From April 1, 2004 to March 31, 2005)

	Net sales	Ordinary income	Net income	Annual dividends per share	
				End of fiscal year	
	Millions of yen	Millions of yen	Millions of yen	yen	yen
Fiscal 2005	354,000	59,000	43,000	42.50	85.00

(Note) Projected net income per share for the year ending March 31, 2005: 362.01 yen

\* The forecast data are based on the information available at the time of release of this report. Therefore, a number of important factors including changes in business conditions may cause actual results to differ materially from those discussed in the prospective statements. Refer to pages 9 to 10 of the attached documents for reasons for the forecast and other relevant information.

**Non-consolidated Interim Balance Sheets**

Accounts	First six months of fiscal 2005 (As of September 30, 2004)		First six months of fiscal 2004 (As of September 30, 2003)		Fiscal 2004 (As of March 31, 2004)		Increase/decrease (-) from the year ended March 31, 2004
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen
(Assets)							
Current assets							
Cash and time deposits	157,693		132,412		136,772		20,921
Notes receivable - trade	2,456		4,147		2,775		- 319
Accounts receivable - trade	99,614		86,831		91,096		8,518
Securities	44,727		43,262		33,804		10,923
Inventories	24,453		19,664		22,584		1,869
Prepaid pension cost	252		200		187		65
Deferred tax assets	9,358		7,372		7,024		2,334
Sundry receivables	37,641		30,605		38,078		- 437
Refundable income taxes	-		-		3,550		- 3,550
Other	18,035		20,497		16,451		1,584
Allowance for doubtful notes and accounts	- 71		- 51		- 77		6
Total current assets	394,163	60.2	344,943	58.6	352,246	58.0	41,917
Fixed assets							
Property, plant and equipment							
Buildings	21,211		22,376		22,048		- 837
Machinery and equipment	9,001		6,853		8,361		640
Land	34,995		35,102		34,995		-
Other	12,835		7,096		10,871		1,964
Total tangible fixed assets	78,043	11.9	71,428	12.1	76,276	12.6	1,767
Intangible fixed assets	983	0.1	1,177	0.2	1,042	0.2	- 59
Investments and other assets							
Investment securities	136,367		121,074		134,332		2,035
Long-term loans receivable	38,913		41,436		35,982		2,931
Deferred tax assets	6,138		8,489		6,714		- 576
Other	789		907		806		- 17
Allowance for doubtful accounts	- 274		- 345		- 249		- 25
Total investments and other assets	181,934	27.8	171,562	29.1	177,586	29.2	4,348
Total fixed assets	260,962	39.8	244,168	41.4	254,905	42.0	6,057
Total assets	655,125	100.0	589,112	100.0	607,152	100.0	47,973

Accounts	Period		First six months of fiscal 2005		First six months of fiscal 2004		Fiscal 2004		Increase/decrease (-) from the year ended March 31, 2004
			(As of September 30, 2004)		(As of September 30, 2003)		(As of March 31, 2004)		
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount		
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	
(Liabilities)									
Current liabilities									
Accounts payable - trade	73,915		61,859		68,844		5,071		
Other accounts payable	26,972		20,518		30,190		- 3,218		
Accrued income taxes	12,517		3,720		-		12,517		
Other	5,725		6,079		5,695		30		
Total current liabilities	119,131	18.2	92,176	15.6	104,730	17.3	14,401		
Long-term liabilities									
Liability for retirement benefits	3,472		7,313		3,553		- 81		
Allowance for directors' retirement benefits	1,446		1,374		1,412		34		
Total long-term liabilities	4,918	0.7	8,687	1.5	4,966	0.8	- 48		
Total liabilities	124,049	18.9	100,864	17.1	109,696	18.1	14,353		
(Shareholders' equity)									
Common stock	86,969	13.3	86,969	14.8	86,969	14.3	-		
Capital surplus									
Capital surplus	97,253		97,253		97,253		-		
Total capital surplus	97,253	14.8	97,253	16.5	97,253	16.0	-		
Retained earnings									
Legal reserve	2,464		2,464		2,464		-		
General reserve	283,121		277,615		277,615		5,506		
Unappropriated retained earnings	58,483		22,314		30,887		27,596		
Total retained earnings	344,069	52.5	302,394	51.3	310,968	51.2	33,101		
Net unrealized gain on available-for-sale securities	3,109	0.5	1,907	0.3	2,566	0.4	543		
Treasury stock - at cost	- 326	- 0.0	- 277	- 0.0	- 301	- 0.0	- 25		
Total shareholders' equity	531,075	81.1	488,247	82.9	497,456	81.9	33,619		
Total liabilities and shareholders' equity	655,125	100.0	589,112	100.0	607,152	100.0	47,973		

**Non-consolidated Interim Statements of Income**

Accounts	Period	First six months of fiscal 2005		First six months of fiscal 2004		Increase/decrease (-) from the first six months of fiscal 2004	Fiscal 2004	
		From April 1, 2004 To September 30, 2004		From April 1, 2003 To September 30, 2003			From April 1, 2003 To March 31, 2004	
		Amount	Percentage	Amount	Percentage		Amount	Percentage
		Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	%
Net sales		186,105	100.0	164,402	100.0	21,703	331,249	100.0
Cost of sales		137,963	74.1	121,648	74.0	16,315	247,784	74.8
Gross profit		48,142	25.9	42,754	26.0	5,388	83,464	25.2
Selling, general and administrative expenses		26,111	14.1	23,614	14.4	2,497	50,246	15.2
Operating income		22,031	11.8	19,139	11.6	2,892	33,218	10.0
Non-operating income		29,225	15.7	11,383	7.0	17,842	12,981	3.9
Non-operating expenses		413	0.2	4,769	2.9	- 4,356	7,987	2.4
Ordinary income		50,842	27.3	25,753	15.7	25,089	38,211	11.5
Extraordinary gains		427	0.2	130	0.1	297	5,559	1.7
Extraordinary losses		35	0.0	1,251	0.8	- 1,216	2,762	0.8
Income before income taxes		51,234	27.5	24,633	15.0	26,601	41,009	12.4
Income taxes - current		15,168	8.1	4,841	3.0	10,327	9,486	2.9
Income taxes - deferred		- 2,128	- 1.1	507	0.3	- 2,635	2,180	0.6
Net income		38,194	20.5	19,284	11.7	18,910	29,342	8.9
Unappropriated retained earnings brought forward from the previous year		20,288		3,029		17,259	3,029	
Interim dividends		-		-		-	1,484	
Unappropriated retained earnings		58,483		22,314		36,169	30,887	

**[Basis of Presenting Interim Financial Statements]**

## 1. Valuation basis and method for assets

## (1) Securities

Investment securities in subsidiaries and associated companies are stated at cost determined by the moving average method. Marketable securities classified as available-for-sale securities are reported at fair value (based on market prices on the interim accounting date, or the like), with unrealized gains and losses directly included in shareholders' equity. The cost of available-for-sale securities sold is principally determined based on the moving average method. Non-marketable securities are stated at cost determined by the moving average method.

## (2) Inventories

Finished products, semi-finished products, raw materials and work in process are stated at cost determined by the average method. Supplies are stated at cost determined by the last purchase method.

## 2. Depreciation of fixed assets

(1) Depreciation of tangible fixed assets is computed by the declining-balance method, while the straight-line method is applied to buildings (excluding building improvements) acquired after April 1, 1998.

(2) Depreciation of intangible fixed assets is computed by the straight-line method.

## 3. Accounting for allowances

(1) The allowance for doubtful accounts is provided at an estimated amount of the past actual ratio of losses on bad debts. Certain allowance is provided for estimated uncollectible receivables.

(2) Liability for retirement benefits is stated at the amount calculated based on the retirement benefit obligation and the fair value of the plan assets at the end of the current fiscal year.

(3) Retirement benefits to directors and corporate auditors are provided at the amount that would be required if all directors and corporate auditors retired at the interim accounting date based on the internal rules.

## 4. Basis for translation of foreign currency assets and liabilities

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates at the interim accounting date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by forward exchange contracts.

## 5. Lease transactions

Finance lease transactions, other than those that are deemed to transfer ownership of the leased property to the lessee, are accounted for as operating lease transactions.

## 6. Hedge accounting

Foreign exchange forward contracts are used for hedge accounting.

## 7. Others

Consumption tax

All transactions are recorded net of consumption taxes.

**[Notes]**

(Notes to non-consolidated interim balance sheets)

Accumulated depreciation of tangible fixed assets

	<u>Six-month period ended Sept. 30, 2004</u>	<u>Six-month period ended Sept. 30, 2003</u>	<u>Year ended Mar. 31, 2004</u>
	105,131 million yen	101,581 million yen	104,326 million yen

(Notes to non-consolidated interim statements of income)

	<u>Six-month period ended Sept. 30, 2004</u>	<u>Six-month period ended Sept. 30, 2003</u>	<u>Year ended Mar. 31, 2004</u>
1. Non-operating income			
Interest income (including interest on securities)	718 million yen	814 million yen	1,593 million yen
Dividend income	23,892	9,882	9,894
Foreign currency exchange gains	3,139	-	-
2. Non-operating expenses			
Foreign currency exchange losses	-	4,217	7,074

	<u>Six-month period ended Sept. 30, 2004</u>	<u>Six-month period ended Sept. 30, 2003</u>	<u>Year ended Mar. 31, 2004</u>
3. Extraordinary gains			
Gain on transfer of substitutional portion of the governmental pension program	- million yen	- million yen	5,116 million yen
4. Extraordinary losses			
Losses on sale/disposal of fixed assets	35	1,251	1,250
Loss on transfer to a defined contribution pension plan	-	-	1,511

**[Leases]**

Finance leases that do not transfer ownership of the leased property to the lessee

1. Pro forma information of the acquisition cost, accumulated depreciation and net book value of the leased property

	<u>Six-month period ended Sept. 30, 2004</u>	<u>Six-month period ended Sept. 30, 2003</u>	<u>Year ended Mar. 31, 2004</u>
	<u>Other in tangible fixed assets</u>	<u>Other in tangible fixed assets</u>	<u>Other in tangible fixed assets</u>
Acquisition cost	33 million yen	45 million yen	52 million yen
Accumulated depreciation	20	22	31
Net leased property	13	22	20

2. Pro forma obligations under finance leases

Due within 1 year	9	14	13
Due after 1 year	3	8	7
Total	13	22	20

3. Lease payments and depreciation of the leased property

Lease payments	7	8	16
Depreciation	7	8	16

4. Depreciation of leased property is calculated by the straight-line method over the respective lease terms regarded as being the useful life, with the residual value of zero.

5. Acquisition cost and the pro forma obligations under finance leases presented above are calculated prior to the deduction of portions attributable to interest expense, as the term-end balance of the obligation accounts for only a small percentage of the term-end tangible fixed assets.