FINANCIAL STATEMENTS

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
Consolidated Financial Statements
for the Years Ended March 31, 2000 and 1999,
and Independent Auditors' Report

2000

tok TOKYO OHKA KOGYO CO., LTD.

TOKYO OHKA KOGYO CO., LTD.
and Consolidated Subsidiaries

Financial Highlights For the Years Ended March 31

	Millions of Japanese Yen				
	1996	1997	1998	1999	**2000**
Net Sales	78,913	81,691	84,880	74,444	**73,108**
Net Income	5,795	6,539	7,152	3,715	**4,483**
Net Income per Share (Yen)	114.53	129.23	141.35	73.42	**88.60**
Cash Dividends	860	911	910	1,011	**1,011**

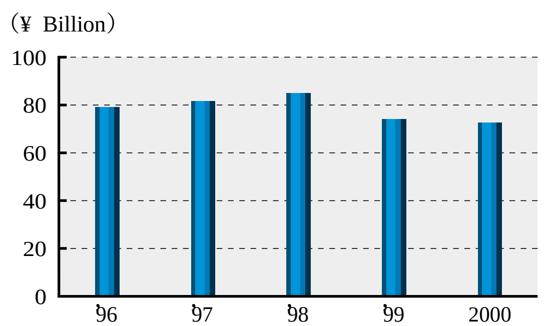
Corporate Data As of March 31, 2000

Corporate Name	TOKYO OHKA KOGYO CO., LTD.	
Founded	1940	
Corporate Headquarters	150 Nakamaruko, Nakahara-ku, Kawasaki, Kanagawa 211-0012, JAPAN	
Common Stock	Authorized	200,000,000 shares
	Issued	50,600,000 shares
Capitalized	¥14,640 million	
Shareholders	14,991	
Employees	1,757	

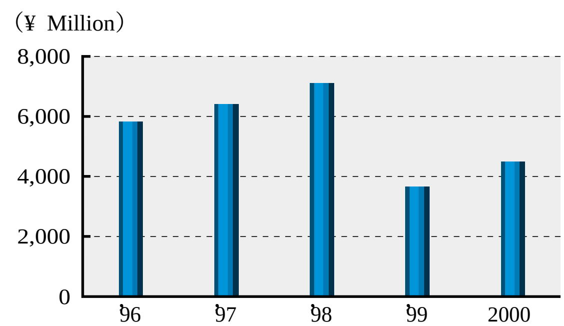
Financial Review

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries

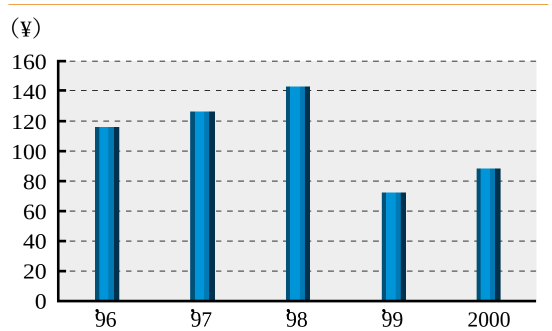
Net Sales



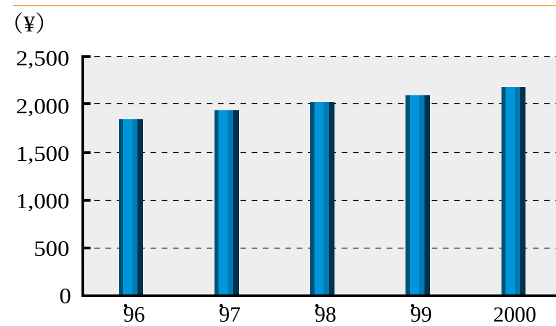
Net Income



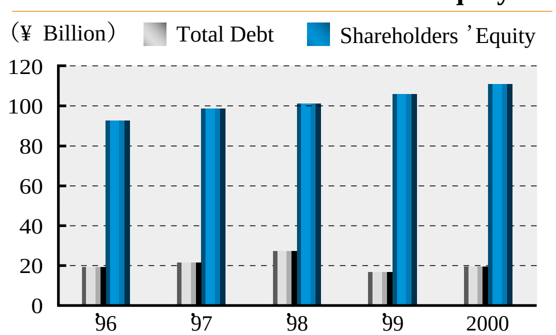
Net Income per Share



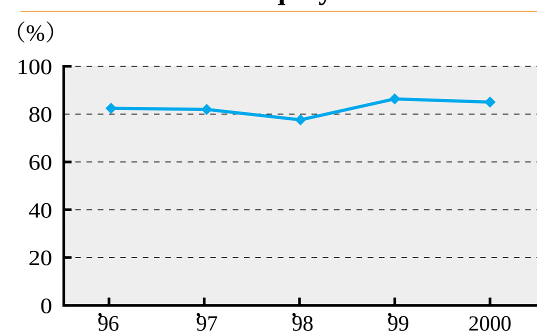
Shareholders' Equity per Share



Total Debt and Shareholders' Equity



Shareholders' Equity to Total Assets



To our shareholders

It gives me great pleasure to take this opportunity to report, to our shareholders and friends, the financial results of Tokyo Ohka Kogyo Co., Ltd., and consolidated subsidiaries, for the fiscal year, ended March 31, 2000.

The consolidated sales of Tokyo Ohka Kogyo in the fiscal year, ended March 31, 2000 were ¥73,108 million, a reduction of 1.8% from the previous fiscal year. The ordinary income, on the other hand, reached ¥7,367 million, an increase of 7.0% over that of the previous fiscal year. This was due to improvements in efficiency of the Equipment Business, a reduction in depreciation at our Koriyama plant and the turnaround made by our consolidated subsidiary in the United States to restore profitability. The income before income taxes and minority interest has gained 4.5% over that of the previous fiscal year, bringing the total to ¥7,710 million. The net income was ¥4,483 million, an increase of 20.7% over that of the previous fiscal year.

Looking back at the global economy of this last fiscal year, the U.S. economy continued to show favorable conditions. The Japanese economy, showing negative growth in 1997 and 1998, has turned around to a positive growth due to respective government measures with large public sector investments as the catalyst. The Asian economy, which has suffered a currency crisis, is now showing signs of recovery. There were some positive aspects during the last fiscal year, but unstable currency exchange rates (including the Euro currency of the European Community started in January last year), caused transitions of the overall global economy to continue in an unpredictable way and created situations that were not very encouraging.

The electronics industry, our major supply destination, experienced active facility investments aimed at increasing the production of liquid crystal displays in Japan and Asian countries, with a brisk business performance in the personal computer and mobile communications equipment markets. From the effects of digitized conversion of home appliances, the semiconductor market is also turning around and heading in a positive direction. All these signs indicate that we may be heading into a more favorable situation.

Under these circumstances we strive to secure our superior position in the cutting-edge microfabrication field. We will achieve this by strengthening our product lineup of photoresists for excimer lasers (starting to be introduced in earnest into the most advanced manufacturing processes), as well as by engaging in aggressive development of the next-generation photoresist and inter-layer dielectric materials.

We have also been engaged in the pioneering processes of promising fields such as package materials that are expected to undergo rapid growth along with a rise in the level of semiconductor packages. In the LCD field, we have started offering manufacturing equipment which satisfies the need for producing larger-sized LCD panels, and have been successful in making sales. We have therefore been engaged in business developments by taking advantage of our strengths in both material and equipment areas.

As a part of our effort to make a worldwide manufacturing and supply organization, to provide fast and stable supplies to our users, we have started production of auxiliary chemical products for photoresist at our joint venture company in Taiwan. While engaged in aggressive implementation of various activities both internationally and domestically, we have also undertaken corporate-wide efforts to rationalize and raise the level of efficiency, working toward the improvement of our business performance. The results, however, were restrained to the levels described previously, due to the slightly lower sales record in the European region compared to the previous year and the large impact created by the effects of the appreciation of the yen.

We can expect to see continued steady market conditions for the European and Asian economies in the future. At this point, however, the future of the U.S. economy, which has been enjoying favorable conditions, is not clear. As for the Japanese economy, although private sector activities are expected to bring the economy slowly into recovery, there are still concerns, such as continued difficulties with employment, individual spending hovering at low levels, as well as the fluctuating trends of the currency exchange rate. The environment that surrounds the companies shall continue to be one that requires our focused attention at all times.

Under these conditions, we at Tokyo Ohka Kogyo have placed special emphasis on the cutting-edge electronics field, such as semiconductor, flat panel display and package mounting materials that is sure to continue to grow in the future. In these fields, Tokyo Ohka Kogyo have set up two pillars of a management strategy, "diversified developments in microfabrication technologies" and "strengthening of materials and equipment (M & E) strategies". With these two pillars, we shall continue to establish our business activities aggressively in the global market.

Akira Yokota
President

Consolidated Balance Sheets

Years Ended March 31, 2000 and 1999

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries

ASSETS	Millions of Yen 2000	Millions of Yen 1999	Thousands of U.S. Dollars (Note 1) 2000
CURRENT ASSETS:			
Cash and cash equivalents	**¥ 45,510**	¥ 39,347	**$ 429,346**
Marketable securities (Note 3)	**47**	47	**449**
Receivables:			
Trade notes	**6,425**	5,773	**60,615**
Trade accounts	**16,968**	16,479	**160,083**
Other	**844**	587	**7,965**
Allowance for doubtful receivables	**(116)**	(185)	**(1,098)**
Inventories (Note 4)	**14,843**	13,598	**140,036**
Deferred tax assets (Note 9)	**568**		**5,367**
Prepaid expenses and other current assets	**737**	603	**6,955**
Total current assets	**85,830**	76,253	**809,721**
PROPERTY, PLANT AND EQUIPMENT (Note 5):			
Land	**7,034**	7,162	**66,366**
Buildings and structures	**43,430**	43,875	**409,718**
Machinery and equipment	**35,131**	34,323	**331,428**
Furniture and fixtures	**7,815**	8,241	**73,732**
Construction in progress	**2,314**	1,686	**21,838**
Total	**95,727**	95,289	**903,085**
Accumulated depreciation	**(57,702)**	(53,616)	**(544,360)**
Net property, plant and equipment	**38,024**	41,673	**358,724**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	**3,189**	3,202	**30,086**
Investments in an unconsolidated subsidiary and an affiliate	**7**	7	**70**
Lease deposits	**573**	576	**5,413**
Accumulated insurance premiums	**518**	494	**4,887**
Deferred tax assets (Note 9)	**903**		**8,521**
Foreign currency translation adjustments	**939**	54	**8,864**
Other assets	**403**	489	**3,806**
Total investments and other assets	**6,535**	4,824	**61,651**
TOTAL	**¥ 130,390**	¥ 122,752	**$1,230,097**

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen 2000	Millions of Yen 1999	Thousands of U.S. Dollars (Note 1) 2000
CURRENT LIABILITIES:			
Short-term borrowings (Note 6)	¥ **178**	¥ 86	$ **1,679**
Payables:			
Trade notes	**3,431**	4,056	**32,371**
Trade accounts	**5,670**	3,987	**53,498**
Construction and other	**2,644**	1,954	**24,947**
Income taxes payable	**1,354**	1,731	**12,781**
Accrued expenses	**2,407**	2,264	**22,709**
Advances from customers	**2,185**	330	**20,617**
Deferred tax liabilities (Note 9)	**4**		**42**
Other current liabilities	**126**	901	**1,196**
Total current liabilities	**18,003**	15,312	**169,845**
LONG-TERM LIABILITIES:			
Long-term debt (Note 6)	**48**	87	**455**
Liability for employees' retirement benefits (Note 7)	**308**	282	**2,914**
Liability for directors' and corporate auditors' retirement benefits (Note 7)	**747**	679	**7,055**
Deferred tax liabilities (Note 9)	**165**		**1,558**
Other long-term liabilities	**109**	343	**1,034**
Total long-term liabilities	**1,379**	1,393	**13,018**
MINORITY INTERESTS	**244**	218	**2,308**
SHAREHOLDERS' EQUITY (Note 8):			
Common stock, ¥50 par value-authorized, 200,000,000 shares; issued and outstanding, 50,600,000 shares	**14,640**	14,640	**138,117**
Additional paid-in capital	**15,207**	15,207	**143,470**
Retained earnings	**80,913**	75,978	**763,337**
Total shareholders' equity	**110,762**	105,827	**1,044,925**
TOTAL	**¥ 130,390**	¥ 122,752	**$1,230,097**

Consolidated Statements of Income

Years Ended March 31, 2000 and 1999

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
NET SALES	¥ **73,108**	¥ 74,444	$ **689,705**
COST OF SALES	**49,592**	52,069	**467,854**
Gross profit	**23,516**	22,375	**221,851**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**16,400**	15,702	**154,722**
Operating income	**7,115**	6,673	**67,128**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**132**	261	**1,253**
Interest expense	**(33)**	(18)	**(315)**
Valuation loss on marketable and investment securities	**(13)**	(65)	**(125)**
Foreign currency transaction loss-net	**(281)**	(176)	**(2,659)**
Royalty income	**591**	207	**5,584**
Gain (loss) on sales and disposals of property, plant and equipment-net	**(84)**	250	**(801)**
Gain on sales of investment securities		206	
Profit accruing from insurance	**412**		**3,895**
Loss on disposal of inventories	**(77)**	(199)	**(728)**
Other-net	**(51)**	236	**(486)**
Other income-net	**595**	703	**5,616**
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	**7,710**	7,376	**72,744**
INCOME TAXES (Note 9):			
Current	**3,124**	3,649	**29,477**
Deferred	**103**		**979**
Total income taxes	**3,228**	3,649	**30,457**
MINORITY INTERESTS	**0**	(11)	**7**
NET INCOME	¥ **4,483**	¥ 3,715	$ **42,294**

PER SHARE OF COMMON STOCK (Note 2.l):	Yen		U.S.Dollars
Net income	¥ **88.60**	¥ 73.42	$ **0.83**
Cash dividends applicable to the year	**23.00**	20.00	**0.21**

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Years Ended March 31, 2000 and 1999

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries

	Thousands	Millions of Yen		
	Outstanding Number of Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings
BALANCE, APRIL 1, 1998	50,600	¥ 14,640	¥ 15,207	¥ 73,377
Net income				3,715
Cash dividends paid:				
Final for prior year, ¥10.0 per share				(505)
Interim for current year, ¥10.0 per share				(505)
Bonuses to directors and corporate auditors				(101)
BALANCE, MARCH 31, 1999	50,600	14,640	15,207	75,978
Cumulative effect of deferred income taxes to the beginning retained earnings				1,545
Net income				4,483
Cash dividends paid:				
Final for prior year, ¥10.0 per share				(505)
Interim for current year, ¥10.0 per share				(505)
Bonuses to directors and corporate auditors				(82)
BALANCE, MARCH 31, 2000	**50,600**	**¥ 14,640**	**¥ 15,207**	**¥ 80,913**

	Thousands of U.S. Dollars (Note 1)		
	Common Stock	Additional Paid-in Capital	Retained Earnings
BALANCE, MARCH 31, 1999	$ 138,117	$ 143,470	$ 716,782
Cumulative effect of deferred income taxes to the beginning retained earnings			14,583
Net income			42,294
Cash dividends paid:			
Final for prior year, $0.09 per share			(4,773)
Interim for current year, $0.09 per share			(4,773)
Bonuses to directors and corporate auditors			(776)
BALANCE, MARCH 31, 2000	**$ 138,117**	**$ 143,470**	**$ 763,337**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years Ended March 31, 2000 and 1999

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	**2000**
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 7,710**	¥ 7,376	**$ 72,744**
Adjustments for :			
Income taxes paid	**(3,500)**	(5,834)	**(33,028)**
Depreciation and amortization	**5,327**	6,524	**50,263**
Provision for doubtful receivables	**(69)**	(18)	**(655)**
Provision for retirement benefits	**94**	(47)	**890**
Foreign currency transaction gain-net	**(14)**	(15)	**(141)**
Loss (gain) on sales and disposals of property, plant and equipment	**84**	(250)	**801**
Gain on sales of investment securities		(206)	
Bonuses to directors and corporate auditors	**(82)**	(101)	**(776)**
Changes in assets and liabilities, net of effects from newly consolidated subsidiaries:			
Decrease (increase) in trade notes and accounts receivables	**(1,140)**	1,978	**(10,762)**
Decrease (increase) in inventories	**(1,245)**	2,844	**(11,745)**
Increase (decrease) in trade notes and accounts payables	**1,061**	(2,174)	**10,012**
Increase (decrease) in advances from customers	**1,855**	(1,497)	**17,500**
Other-net	**(174)**	(228)	**(1,644)**
Net cash provided by operating activities	**9,906**	8,346	**93,458**
INVESTING ACTIVITIES:			
Increase in time deposits	**(331)**		**(3,126)**
Purchases of property, plant and equipment	**(2,424)**	(6,572)	**(22,874)**
Proceeds from sales of property, plant and equipment	**1**	399	**17**
Proceeds from sales of investment securities		284	
Other-net	**(57)**	119	**(545)**
Net cash used in investing activities	**(2,812)**	(5,769)	**(26,529)**
FINANCING ACTIVITIES:			
Increase (decrease) in short-term borrowings-net	**112**	(95)	**1,056**
Repayments of long-term debt	**(27)**	(27)	**(262)**
Proceeds from long-term debt		47	
Issuance of common stock to minority shareholder	**29**	19	**276**
Dividends paid	**(1,012)**	(1,012)	**(9,550)**
Net cash used in financing activities	**(898)**	(1,068)	**(8,480)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(32)**	(153)	**(307)**
INCREASE IN CASH AND CASH EQUIVALENT	**6,162**	1,354	**58,141**
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARY, BEGINNING OF YEAR		40	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**39,347**	37,952	**371,205**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 45,510**	¥ 39,347	**$ 429,346**

See notes to consolidated financial statements.

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

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. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which TOKYO OHKA KOGYO CO., LTD. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥106 to $1, the approximate rate of exchange at March 31, 2000. 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.

Amounts of less than one million yen have been rounded off. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation - The consolidated financial statements include the accounts of the Company and all of its significant subsidiaries (together, the "Companies"). Effective April 1, 1998, the accounts of TOK TAIWAN CO., LTD., a foreign subsidiary of the Company, have been included in the consolidation, due to the increased significance of its total assets, net sales, net income and retained earnings.

Investments in an unconsolidated subsidiary and a 25% owned affiliate 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 excess of the cost of the Company's investments in consolidated subsidiaries accounted for by the equity method, over the underlying equity at the respective dates of acquisition, 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 Companies is eliminated.

b. Cash and 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 which mature within three months of the date of acquisition.

c. ***Inventories -*** Merchandise, work in process and raw materials and supplies are stated at cost determined by the first-in, first-out method. Finished products are stated at average cost. Inventories of semiconductor manufacturing equipment are stated at cost determined by the individual identification method, which are included in raw materials, work in process and finished products.

d. ***Marketable and Investment Securities -*** Listed securities included in marketable and investment securities are stated at the lower of cost or market, cost being determined by the moving-average method. Other securities are stated at cost determined by the moving-average method.

e. ***Property, Plant and Equipment -*** Property, plant and equipment are stated at cost. Depreciation is computed by the declining-balance method over the estimated useful lives of the assets for the Company and its domestic consolidated subsidiaries, and by the straight-line method for foreign consolidated subsidiaries. The range of useful lives is principally from 3 to 60 years for buildings and structures, from 4 to 8 years for machinery and equipment and from 2 to 20 years for furniture and fixtures.

f. ***Retirement Benefits -*** The Company has a contributory funded pension plan covering substantially all of its employees.

The amounts contributed to the fund, including prior service cost which is amortized over 6 years, are charged to income when paid.

In addition, the annual provisions for retirement benefits for certain employees of the Companies, which are not covered by the above contributory funded pension plan, are calculated to state the liability at the amount that would be required if all of them retired at each balance sheet date.

The annual provisions for retirement benefits for directors and corporate auditors are calculated to state the liability at the amount that would be required if all of them retired at each balance sheet date.

The provisions for the above retirement benefits are not funded.

g. ***Leases -*** Leases are mainly accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

h. ***Income Taxes -*** Effective April 1, 1999, the Company and its domestic consolidated subsidiaries adopted an accounting method for interperiod allocation of income taxes based on the asset and liability method. The cumulative effect of the application of interperiod tax allocation in prior years in the amount of ¥1,545 million is included as an adjustment to retained earnings as of April 1, 1999. Such cumulative effect is calculated by applying the income tax rate stipulated by enacted tax laws as of April 1, 1999.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

i. ***Appropriations of Retained Earnings -*** Appropriations of retained earnings at each year end are reflected in the financial statements for the following year upon shareholders' approval.

j. ***Foreign Currency Transactions -*** Short-term receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates at each balance sheet date.

Long-term receivables denominated in foreign currencies are generally translated into Japanese yen at historical exchange rates. In the case where there is significant fluctuation of currencies with possible exchange losses, long-term receivables denominated in foreign currencies are translated at the current exchange rates as of each balance sheet date.

k. ***Foreign Currency Financial Statements -*** The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the current exchange rates as of the balance sheet date except for shareholders' equity, which is translated at the historical exchange rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" in the accompanying consolidated balance sheets. Revenue and expense accounts of the foreign consolidated subsidiaries are also translated into yen at the current rate.

l. ***Per Share Information -*** The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each year. The average number of common shares used in the computation was 50,599,919 shares for 2000 and 50,599,938 shares for 1999.

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.

m. ***Reclassifications -*** Certain reclassifications have been made in the 1999 financial statements to conform to the classifications used in the 2000 financial statements. These reclassifications had no effect on previously reported net income or total shareholders' equity.

n. ***Cash Flow Statements -*** Until March 31, 1999, consolidated statements of cash flows were not required as part of the basic financial statements in Japan but were presented as additional information. Due to the change of accounting standards for consolidated statements, effective April 1, 1999, the consolidated statements of cash flows are required as part of the basic financial statement. The 1999 consolidated statement of cash flows is presented in accordance with the new accounting standards.

3. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2000 and 1999, consisted of marketable equity securities.

Carrying amounts and aggregate market values of current and non-current marketable equity securities at March 31, 2000 and 1999, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Current:			
Carrying amount	¥ **47**	¥ 47	$ **449**
Aggregate market value	**79**	84	**747**
Unrealized gain	¥ **31**	¥ 36	$ **297**
Non-current:			
Carrying amount	¥ **2,573**	¥ 2,586	$ **24,281**
Aggregate market value	**6,038**	4,417	**56,964**
Unrealized gain	¥ **3,464**	¥ 1,830	$ **32,682**

The differences between the above carrying amounts and the amounts shown in the consolidated balance sheets consist principally of non-marketable securities.

4. INVENTORIES

Inventories at March 31, 2000 and 1999, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Merchandise	¥ **1,016**	¥ 133	$ **9,587**
Finished products	**6,149**	5,394	**58,018**
Work in process	**4,435**	4,803	**41,848**
Raw materials and supplies	**3,241**	3,267	**30,582**
Total	¥ **14,843**	¥ 13,598	$ **140,036**

5. PROPERTY, PLANT AND EQUIPMENT

Depreciation expense for the years ended March 31, 2000 and 1999, was ¥5,265 million ($49,679 thousand) and ¥6,464 million, respectively.

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2000 and 1999, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Unsecured loans from minority shareholder, 7.5%	¥ **19**		$ **184**
Bank overdrafts, 4.125% (2000) and 4.375% (1999)	**158**	¥ 86	**1,495**
Total	¥ **178**	¥ 86	$ **1,679**

Long-term debt at March 31, 2000 and 1999, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Unsecured loans from a financial institution for employees' housing loans	¥ **27**	¥ 40	$ **255**
Unsecured loans from minority shareholder, ranged from 5.57% to 8%, due serially to 2000	**21**	47	**200**
Total	¥ **48**	¥ 87	$ **455**

7. RETIREMENT BENEFITS

Under the pension plan, substantially all of the employees of the Company terminating their employment are, in most circumstances, entitled to pension payments based on their average pay during employment, years of service and certain other factors.

The net assets in the fund, including a government pension fund required by a Japanese law were ¥5,626 million ($53,037 thousand) at March 31, 1999 (the most recent date of available information).

Retirement benefits for certain employees of the Companies, which are not covered by the above pension plan, are determined by reference to their rate of pay at the time of termination, years of service and certain other factors.

Retirement benefits for directors and corporate auditors are paid subject to approval of the shareholders in accordance with the Japanese Commercial Code.

Total provisions for pension costs and retirement benefits charged to income were ¥712 million ($6,720 thousand) and ¥586 million for the years ended March 31, 2000 and 1999, respectively.

8. SHAREHOLDERS' EQUITY

Under the Japanese Commercial Code (the "Code"), at least 50% of the issue price of new shares with a minimum of the par value, is to be designated as stated capital. The portion which is to be designated as stated capital is determined by resolution of the Board of Directors. Proceeds in excess of the amounts designated as stated capital are credited to additional paid-in capital. The Company may transfer portions of additional paid-in capital to stated capital by resolution of the Board of Directors.

Under the Code, the Company is required to appropriate as a legal reserve portions of retained earnings in the amount equal to at least 10% of cash payments appropriated in each financial period, including cash dividends and bonuses to directors and corporate auditors until the reserve equals 25% of the stated capital. This reserve is not available for cash dividends but may be used to reduce a deficit by resolution of the shareholders or transferred to the stated capital by resolution of the Board of Directors. In the consolidated financial statements, the legal reserve, which totals ¥1,457 million ($13,748 thousand) in 2000 and ¥1,347 million in 1999, is included in the retained earnings.

The Company may also transfer portions of unappropriated retained earnings to stated capital by resolution of the shareholders.

Under the Code, the Company may issue new shares of its common stock to the existing shareholders without consideration pursuant to resolution of the Board of Directors as a stock split. The Company may make such a stock split to the extent that the amount calculated by multiplying the number of issued shares after the stock split by par value per share does not exceed the stated capital and that the amount calculated by dividing the total amount of shareholders' equity by the number of issued shares after the stock split shall not be less than ¥50.

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

Under the Code, the amount available for dividends is based upon retained earnings as recorded on the books of the Company. At March 31, 2000, retained earnings recorded on the books of the Company was ¥77,318 million ($729,421 thousand) which is available for future dividends subject to the approval of the shareholders and legal reserve requirements.

9. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local taxes based on income which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 41.6% in 2000 and 47.2% in 1999. Foreign subsidiaries are subject to income taxes of the countries in which they operate. The actual effective tax rates in the accompanying consolidated statements of income for 2000 and 1999 differed from the normal effective statutory rates due principally to (1) non-recognition of the tax effects of temporary differences between tax and financial reporting and (2) certain expenses that are permanently non-deductible for tax purposes.

The tax effects of significant temporary differences and loss carry forwards which resulted in deferred tax assets and liabilities at March 31, 2000, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets:		
Deferred tax assets:		
Accrued expense for bonuses to employees	¥ 207	$ 1,961
Other	378	3,566
Total	585	5,527
Deferred tax liabilities	17	160
Net deferred tax assets	**¥ 568**	**$ 5,367**
Non-current assets:		
Deferred tax assets:		
Liability for directors' and corporate auditors' retirement benefits	¥ 311	$ 2,935
Property and equipment	669	6,319
Other	119	1,129
Total	1,100	10,383
Deferred tax liabilities—Property and equipment	197	1,862
Net deferred tax assets	**¥ 903**	**$ 8,521**
Current liabilities:		
Deferred tax liabilities	**¥ 4**	**$ 42**
Non-current liabilities:		
Deferred tax liabilities—Property and equipment	¥ 292	$ 2,756
Deferred tax assets	126	1,197
Net deferred tax liabilities	**¥ 165**	**$ 1,558**

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥5,752 million ($56,157 thousand) and ¥5,494 million for the years ended March 31, 2000 and 1999, respectively.

11. LEASES

The Companies lease certain buildings and structures, machinery, computer hardware, software and other assets.

Total lease payments under finance leases for the years ended March 31, 2000 and 1999, were ¥451 million ($4,258 thousand) and ¥443 million, respectively.

Acquisition cost and accumulated depreciation as of March 31, 2000 were as follows:

	Millions of Yen			
	Buildings and Structures	Machinery and Equipment	Furniture and Fixtures	Total
Acquisition cost	¥ 110	¥ 458	¥ 2,508	¥ 3,077
Accumulated depreciation	3	23	974	1,001
Net leased property	**¥ 107**	**¥ 435**	**¥ 1,533**	**¥ 2,075**

	Thousands of U.S. Dollars			
	Buildings and Structures	Machinery and Equipment	Furniture and Fixtures	Total
Acquisition cost	$ 1,044	$ 4,322	$ 23,665	$ 29,032
Accumulated depreciation	34	218	9,196	9,449
Net leased property	**$ 1,009**	**$ 4,104**	**$ 14,468**	**$ 19,582**

Acquisition cost and accumulated depreciation as of March 31, 1999 were as follows:

Furnitures and Fixtures	Millions of Yen	Thousands of U.S. Dollars
Acquisition cost	¥ 2,180	$ 18,167
Accumulated depreciation	813	6,780
Net leased property	**¥ 1,366**	**$ 11,386**

Obligations under finance leases as of March 31, 2000 and 1999, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Due within one year	¥ 613	¥ 461	$ 5,790
Due after one year	1,461	905	13,791
Total	**¥ 2,075**	¥ 1,366	**$ 19,582**

The amounts of acquisition cost, depreciation and obligations under finance leases include the imputed interest expense portion. Depreciation expense which was not reflected in the consolidated statement of income, computed by straight-line method was ¥451 million ($4,258 thousand) and ¥443 million for the years ended March 31, 2000 and 1999, respectively.

12. SUBSEQUENT EVENT

On June 29, 2000, the shareholders approved the appropriation of retained earnings as follows:

(1) Appropriation of Retained Earnings

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends	¥ 657	$ 6,205
Transfer to legal reserve	74	698
Bonuses to directors and corporate auditors	82	776
Total	**¥ 814**	**$ 7,680**

(2) Purchase of Treasury Stock for Retirement and the Related Reduction of Retained Earnings

The Company is authorized to repurchase, by resolution of the Board of Directors, up to 5 million shares of the Company's stock for the purpose of canceling the shares and charging such amounts to retained earnings.

13. SEGMENT INFORMATION

(1) Business Segments

Prior to April 1, 1999, the Company did not disclose information about business segments, because the Companies were mainly engaged in one business segment which was the manufacture and sales of photoresists and related goods (Photoresists business), sales of which accounted for more than 90% of the total consolidated sales. Effective April 1, 1999, the Company changed the business segment criteria to consist of "Material business" and "Equipment business."

The former "Photoresists business" include equipment which is much different from photoresists in method and term of manufacture. In order to disclose the contents of the Companies' businesses more clearly and to reflect the organization of the Companies' management, the Company changed the segmentation.

Material business consists of photoresists and related materials, printing materials, and specialty chemicals.

Equipment business consists of semiconductor manufacturing equipment and LCD manufacturing equipment.

Information about business segments for the years ended March 31, 2000 and 1999, is as follows:

	Millions of Yen				
	2000				
	Material Business	Equipment Business	Total	Eliminations and Corporate	Consolidated
Sales to customers	¥ 65,253	¥ 7,855	¥ 73,108		¥ 73,108
Operating expenses	54,566	8,110	62,676	¥3,316	65,993
Operating income (loss)	**¥ 10,686**	**¥ (255)**	**¥ 10,431**	**¥ (3,316)**	**¥ 7,115**
Assets	**¥ 67,134**	**¥ 8,397**	**¥ 75,531**	**¥ 54,858**	**¥ 130,390**
Depreciation	**4,647**	**503**	**5,150**	**175**	**5,326**
Capital expenditures	**1,741**	**206**	**1,948**	**806**	**2,754**

	Thousands of U.S. Dollars				
	2000				
	Material Business	Equipment Business	Total	Eliminations and Corporate	Consolidated
Sales to customers	$ 615,596	$ 74,109	$ 689,705		$ 689,705
Operating expenses	514,776	76,515	591,291	$ 31,286	622,577
Operating income (loss)	**$ 100,820**	**$ (2,406)**	**$ 98,414**	**$ (31,286)**	**$ 67,128**
Assets	**$ 633,341**	**$ 79,219**	**$ 712,560**	**$ 517,536**	**$1,230,097**
Depreciation	**43,841**	**4,746**	**48,587**	**1,657**	**50,245**
Capital expenditures	**16,432**	**1,951**	**18,383**	**7,604**	**25,988**

	Millions of Yen				
	1999				
	Material Business	Equipment Business	Total	Eliminations and Corporate	Consolidated
Sales to customers	¥ 67,062	¥ 7,381	¥ 74,444		¥ 74,444
Intersegment sales		76	76	¥ (76)	
Total sales	67,062	7,457	74,520	(76)	74,444
Operating expenses	55,407	9,449	64,857	2,913	67,771
Operating income (loss)	**¥ 11,655**	**¥ (1,991)**	**¥ 9,663**	**¥ (2,989)**	**¥ 6,673**
Assets	**¥ 69,493**	**¥ 6,730**	**¥ 76,224**	**¥ 46,528**	**¥ 122,752**
Depreciation	**5,757**	**571**	**6,329**	**194**	**6,523**
Capital expenditures	**2,598**	**464**	**3,062**	**849**	**3,912**

(2) Geographical Segments

Information about geographical segments for the years ended March 31, 2000 and 1999, is as follows:

	Millions of Yen						
	2000						
	Japan	North America	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Sales to customers	¥ 64,453	¥ 5,127	¥ 3,195	¥ 332	¥ 73,108		¥ 73,108
Interarea transfer	5,582	140			5,724	¥ (5,724)	
Total sales	70,035	5,267	3,196	332	78,832	(5,724)	73,108
Operating expenses	62,207	5,200	2,940	382	70,730	(4,737)	65,993
Operating income (loss)	**¥ 7,828**	**¥ 67**	**¥ 256**	**¥ (50)**	**¥ 8,102**	**¥ (986)**	**¥ 7,115**
Assets	**¥ 79,352**	**¥ 5,953**	**¥ 2,408**	**¥ 184**	**¥ 87,899**	**¥ 42,490**	**¥ 130,390**

	Thousands of U.S. Dollars						
	2000						
	Japan	North America	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Sales to customers	$ 608,050	$ 48,368	$ 30,150	$ 3,136	$ 689,705		$ 689,705
Interarea transfer	52,663	1,328	8		54,001	$ (54,001)	
Total sales	660,713	49,697	30,159	3,136	743,707	(54,001)	689,705
Operating expenses	586,859	49,057	27,738	3,612	667,267	(44,690)	622,577
Operating income (loss)	**$ 73,854**	**$ 640**	**$ 2,420**	**$ (476)**	**$ 76,439**	**$ (9,310)**	**$ 67,128**
Assets	**$ 748,612**	**$ 56,163**	**$ 22,719**	**$ 1,744**	**$ 826,239**	**$ 400,858**	**$1,230,097**

	Millions of Yen						
	1999						
	Japan	North America	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Sales to customers	¥ 64,649	¥ 5,860	¥ 3,915	¥ 18	¥ 74,444		¥ 74,444
Interarea transfer	5,222	94	155		5,471	¥ (5,471)	
Total sales	69,871	5,954	4,071	18	79,916	(5,471)	74,444
Operating expenses	62,453	6,117	3,809	47	72,428	(4,656)	67,771
Operating income (loss)	**¥ 7,417**	**¥ (162)**	**¥ 261**	**¥ (28)**	**¥ 7,488**	**¥ (814)**	**¥ 6,673**
Assets	**¥ 78,696**	**¥ 6,616**	**¥ 2,766**	**¥ 22**	**¥ 88,102**	**¥ 34,650**	**¥ 122,752**

(3) Sales to Foreign Customers

Information about sales to foreign customers of the Companies for the years ended March 31, 2000 and 1999, is as follows:

	Millions of Yen				
	2000				
	North America	Europe	Asia	Other Areas	Total
Sales to foreign customers (A)	¥ 7,836	¥ 4,415	¥ 16,597	¥ 26	¥ 28,876
Consolidated sales (B)					73,108
(A)/(B)	10.7%	6.1%	22.7%	0.0%	39.5%

	Thousands of U.S. Dollars				
	2000				
	North America	Europe	Asia	Other Areas	Total
Sales to foreign customers (A)	$ 73,932	$ 41,659	$ 156,582	$ 249	$ 272,424
Consolidated sales (B)					689,705
(A)/(B)	10.7%	6.1%	22.7%	0.0%	39.5%

	Millions of Yen				
	1999				
	North America	Europe	Asia	Other Areas	Total
Sales to foreign customers (A)	¥ 9,161	¥ 5,200	¥ 16,983	¥ 39	¥ 31,385
Consolidated sales (B)					74,444
(A)/(B)	12.3%	7.0%	22.8%	0.1%	42.2%

* * * * * *

INDEPENDENT AUDITORS' REPORT

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To the Board of Directors and Shareholders of
TOKYO OHKA KOGYO CO., LTD.:

We have examined the consolidated balance sheets of TOKYO OHKA KOGYO CO., LTD. and consolidated subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of TOKYO OHKA KOGYO CO., LTD. and consolidated subsidiaries as of March 31, 2000 and 1999, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period except for the change, with which we concur, in the segmentation by businesses as discussed in Note 13.

As described in Note 2, effective April 1, 1999, the consolidated financial statements have been prepared in accordance with new accounting standards for consolidated financial statements and interperiod allocation of income taxes.

Our examinations 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 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 29, 2000

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Corporate Auditors	Yusuke Ogawa
	Uichi Ota
	Motoyasu Sugiyama
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*We have moved to the above address on August 17, 2000.

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