※記載事項の修正

2012 年 3 月期アニュアルレポートにおいて、下記の箇所に誤記がありましたので、お詫びするとともに下記の通り修正致します。

＜修正箇所＞

39 ページ

⑶ Information about sales, profit (loss), assets and other items is as follows:

(2012) Increase in property, plant and equipment and intangible assets

(誤) 1,737 → (正) 3,273

(2011) Increase in property, plant and equipment and intangible assets

(誤) 4,393 → (正) 1,737

TOKYO OHKA KOGYO CO., LTD.

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http://www.tok.co.jp/en/

Annual Report 2012

Year Ended March 31, 2012

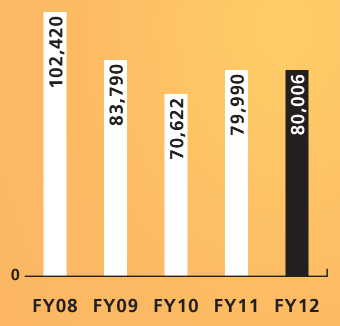
A focus on core competences

TOKYO OHKA KOGYO CO., LTD.

Financial **Highlights**

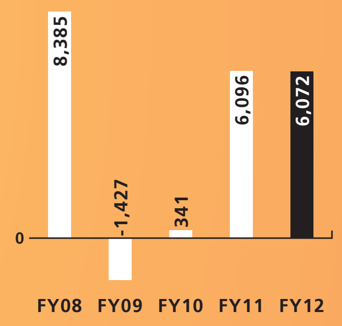
TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
For the Years Ended March 31

Net Sales Millions of Yen



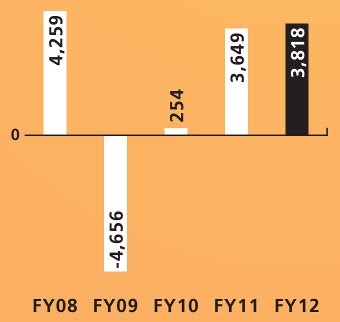
+0.0%

Operating Income (Loss) Millions of Yen



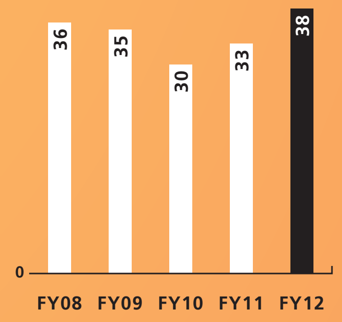
−0.4%

Net Income (Loss) Millions of Yen



+4.6%

Cash Dividends per Share Yen

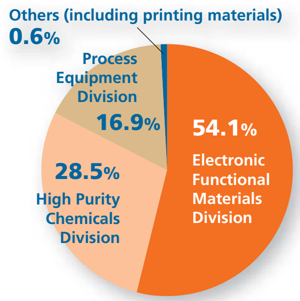


+¥5

Note: Technology support fees, which have previously been presented as part of non-operating income, are to be presented as part of net sales starting from the second quarter of FY12. As a result of this change, both net sales and operating income increased ¥112 million. Note that this change did not have an impact on income before income taxes and minority interests. Retroactive adjustments have been made to net sales and operating income in FY11 and earlier in light of this change.

Contents

TOK **at a Glance**



Tok's activities are guided by corporate policies with four core principles: "Continue efforts to enhance our technology," "Raise the quality levels of our products," "Contribute to society" and "Create a frank and open-minded business culture."

We are dedicated to promoting *monozukuri* (the art of manufacturing) to contribute to the creation of the future in harmony with many demands. At the same time, our operations will continue to reflect a firm commitment to corporate social responsibility.

Our objective is to sustain growth in corporate value as we remain an innovative company that can meet the high expectations of all stakeholders.

Material Business

Electronic Functional Materials Division

We offer a diverse range of photoresist*, which is a widely used material that is essential for the microprocesses involved in the manufacture of semiconductors, LCDs, semiconductor packagings and other electronic products. We also supply materials for forming interlayer insulating film and planarizing insulation film, which are required as advanced microprocesses in semiconductors raise the number of layers of circuitry. TOK contributes to progress in the electronics industry by developing and supplying products that offer higher performance and quality.

*Photoresist: A photosensitive resin that acts and changes chemically when exposed to light.

High Purity Chemicals Division

As a comprehensive manufacturer of photoresist, TOK uses its knowledge of this material to supply a wide variety of photoresist-related chemicals such as developing solution, stripping solution, rinsing solution, thinner and other chemicals. In addition, TOK manufactures inorganic and organic chemicals used in a wide range of industries.

Equipment Business

Process Equipment Division

This equipment includes photoresist coating and developing machines used to manufacture LCD panels as well as a variety of semiconductor manufacturing equipment. By developing photoresist along with related materials and equipment, the synergetic effects can be generated to the fullest. In this way, TOK can strongly support its customers.

Forward-looking statements

This annual report contains forward-looking statements that describe future prospects of TOKYO OHKA KOGYO CO., LTD. (the Company) in terms of business planning, earnings and management strategies. Such statements are based on management' s judgement, derived from information available to it at the time such information was prepared. Readers are cautioned not to rely solely on these forward-looking statements, as actual results and strategies may differ substantially according to changes in the Company' s business environment.

Note: The accounting period covers a 12-month period beginning April 1 and ending March 31 the following year. In this annual report, "fiscal 2012" refers to the 12-month period ended March 31, 2012 (April 1, 2011 – March 31, 2012).

With an understanding of our ideal image 10 years hence, we will forge ahead with the "Rebirth of TOK"

Ikuo Akutsu
President & Chief Executive Officer

Operating Results for the Fiscal Year Ended March 31, 2012

Despite a harsh business environment, we maintained earnings at a level comparable to the previous year on the back of successful efforts to improve our profit structure

The business environment throughout the fiscal year ended March 31, 2012 was extremely harsh. This was largely attributable to disruptions in the supply chain caused by the Great East Japan Earthquake, the floods in Thailand, the debt crisis in Europe, and prolonged appreciation in the value of the yen, which hovered at historically high levels. Demand from the semiconductor sector, a key market for the Company's products, was volatile during the fiscal year under review. On the one hand, our results were favorably impacted by the underlying strength of rapid expansion in the smart phone and tablet device markets. On the other hand, the drop in personal computers and LCD television sets placed considerable downward pressure on demand.

Under these circumstances, consolidated net sales for the fiscal year ended March 31, 2012 were virtually unchanged from the previous fiscal year amounting to ¥80,006 million. Accounting for the provision made to allowance for doubtful accounts in the material business during the fourth quarter, operating income edged down 0.4% year on year to ¥6,072 million. Net income for the fiscal year under review was ¥3,818 million, up 4.6% compared with the fiscal year ended March 31, 2011.

Material Business

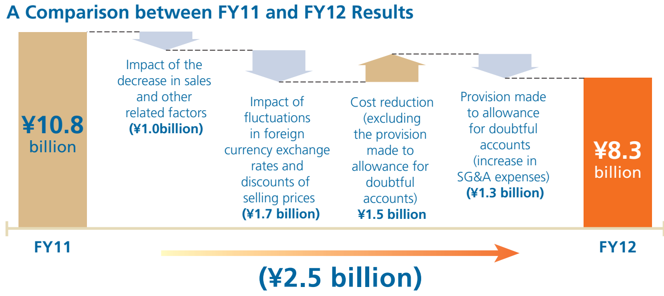
Despite a downturn in sales attributable to such factors as the transfer of a business, advanced semiconductor materials continued to record substantial growth

In the material business, sales declined 6.8% to ¥66,622 million. In specific terms, ¥3,222 million of the year-on-year decline of ¥4,834 million reflected the Company's decision to transfer its printing material business. On an individual division basis, sales of high purity chemicals declined ¥2,335 million. This was mainly due to the drop in shipment volumes on the back of the substantial decline in production by domestic users caused by the Great East Japan Earthquake as well as lower unit prices. In contrast, sales in the electronic functional materials division increased ¥673 million. This reflected robust sales largely in Asia of ArF excimer laser photoresists, an advanced material used in the manufacture of semiconductors, which increased nearly 35% year on year.

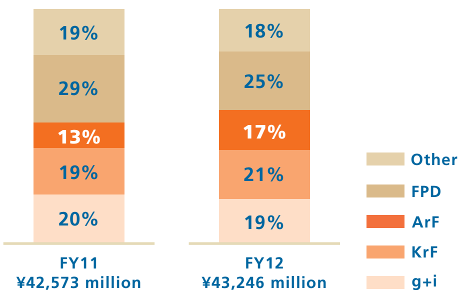
From a profit perspective, operating income exceeded plans through to the third quarter of the fiscal year under review. After bringing to account the provision made to allowance for doubtful accounts during the fourth quarter, operating income in the material business fell 23.1% to ¥8,280 million.

Breakdown of the Increase and Decrease in Operating Income in the Material Business

A Comparison between FY11 and FY12 Results



Composition of Electronic Functional Material Sales



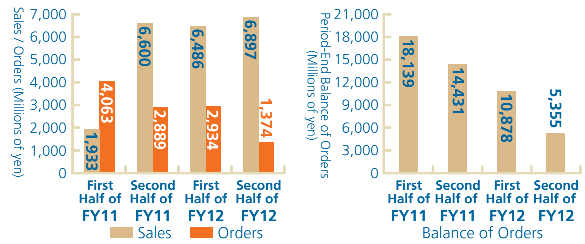
Equipment Business

Achieved a return to the black for the first time in four fiscal years; indications of an increase in orders for TSV process

In the fiscal year ended March 31, 2012, sales in the equipment business increased substantially on the back of successful efforts to promote and complete inspections upon shipment and delivery of equipment. Buoyed by contributions from the implementation of business structural reforms, TOK also recorded a profit at the operating income level for the first time in four fiscal years.

The balance of orders decreased ¥5,523 million to ¥5,355 million. This was largely attributable to cutbacks in capital expenditure by LCD panel manufacturers resulting in a drop in LCD coating machine orders. On a brighter note, orders for TSV process have begun to increase. Moving forward, plans are in place to accelerate the shift to TSV process as the cornerstone of the equipment business in the fiscal year ending March 31, 2013.

Trends in the Equipment Business



Outlook for the Fiscal Year Ending March 31, 2013

Plans for a substantial increase in earnings due mainly to material business growth; continued profit in the equipment business despite a drop in sales

Looking ahead, the global economy is expected to remain shrouded in uncertainty. Despite a recovery in economic conditions owing mainly to a positive turnaround in the U.S. economy, this uncertainty is attributable to such factors as the short-term price of crude oil, which continues to hover at a high level, and the negative burden of persistent and prolonged deflation.

Under these circumstances, demand for smart phone, tablet devices, and other terminals is projected to remain strong throughout the fiscal year ending March 31, 2013. Products for advanced semiconductor products and high resolution displays are also anticipated to expand.

In the material business, the forecast increase in ArF photoresist shipments to device manufacturers in the U.S. is projected to underpin continued firm trends. At the same time, the introduction of new high purity chemical products is estimated to contribute to increased shipments to North America and Asia. Accounting for each of the aforementioned factors, overall sales and earnings in the material business are forecast to increase.

In the equipment business, sales are expected to decline significantly reflecting the drop in orders. Driven by the positive effects of structural reform and improvements in business profitability, we anticipate this business will remain in the black in the fiscal year ending March 31, 2013.

On a companywide basis, results will benefit from the absence of the provision made to allowance for doubtful accounts in the fiscal year ended March 31, 2012 and the resultant increase in costs. Relieved of this considerable burden, the decline in sales and earnings in the equipment business is expected to be offset by improved profits in the material business. In overall terms, TOK is projecting a decrease in sales and an increase in earnings for the fiscal year ending March 31, 2013.

Accelerating initiatives aimed at the "Rebirth of TOK"

Moving forward, we will implement the following five priority measures in the fiscal year ending March 31, 2013 in an effort to bring about the "Rebirth of TOK" and put in place a flexible framework based on an ideal image of the Company 10 years hence.

In the semiconductor market, which is expected to enjoy ongoing growth, we will promote efforts aimed at further uncovering semiconductor advanced materials. In addition to solidifying the Company's firm foothold in the advanced semiconductor materials field, we will put forward microprocess technology proposals including the introduction of new and innovative offerings in response to users' requirements and demands. Through these means, we plan to fortify core products and to expand this core business.

As an initiative designed to further upgrade and expand existing businesses, we will develop multiple applications for existing technologies. Taking full advantage of our accumulated technological expertise, we will work to cultivate additional opportunities in optical-, display-, MEMS-, and other related material businesses.

Moreover, we will actively work on developing new core technologies and creating new businesses. In the environment and energy fields, which are experiencing remarkable growth, we will seek out business opportunities, collaborate with other companies and universities with whom we share a common direction, and accelerate our participation in projects run by various research institutions. In this manner, we will bring about the early creation of new businesses that will form the core pillars of the Company's future growth going forward.

In the equipment business, we will promote TSV-driven business growth in response to the drop in capital expenditure by LCD panel manufacturers. Drawing on our inherent strengths and the ability to develop and deliver both materials and equipment, we will work diligently to expand sales of our Zero Newton® Through Silicon Via (TSV) process systems in an effort to secure the position of leading supplier in the market.

As another key initiative, we will also take initial steps to put in place a new medium-term plan incorporating a variety of measures that will enable us to expand the scope of our business activities. Moving forward, we will strive to achieve the ultimate goal of becoming a stable and sustainable enterprise.

TOK has continued to evolve on the strengths of its material and equipment businesses. In an era of unparalleled uncertainty, however, it is imperative that the Company master the ability to adapt swiftly to significant changes in its environment and to consistently excel in the creation of new businesses.

Priority Measures in the Fiscal Year Ending March 31, 2013

- Promote efforts aimed at further uncovering and expanding advanced semiconductor materials
- Develop multiple applications for existing technologies
  Marketing of optical- and other related materials
- Work on developing new core technologies and creating new businesses
- Promote TSV-driven growth in the equipment business
  Marketing in the environment and energy fields
- Take initial steps to put in place a new medium-term plan

Accelerate efforts to bring about the "Rebirth of TOK"

To Our Shareholders and Investors

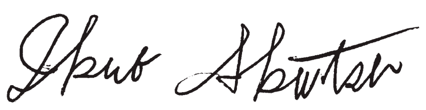
In addition to promoting sustained corporate value growth, we will continuously return profits to shareholders

Distributing earnings to shareholders is one of our highest priorities. Our basic policy is to maintain dividend payouts by taking into consideration performance trends and general financial conditions as well as the current level of distribution, while ensuring sufficient internal reserves necessary for the Company to become increasingly competitive and profitable.

For the fiscal year ended March 31, 2012, we increased the dividend per share by ¥5 to ¥38.

Looking ahead, we will boldly take up the challenge of developing multiple applications for existing businesses and creating new businesses in an effort to further increase corporate value. Every effort will be made to achieve the sustained growth of our corporate value and to bring about the "Rebirth of TOK".

As we work toward achieving our goals, we kindly request your continued support and understanding.



Ikuo Akutsu
President & Chief Executive Officer

Strengthening our position in advanced semiconductor materials and engaging in the diversified development of new business fields by expanding efforts to uncover core technologies

Focusing on the ArF excimer laser photoresist market which continues to grow amid intense microprocess technology development

Currently, the most widely used photoresist advanced semiconductor material is the ArF excimer laser photoresist. While use of the immersion lithography process commenced in earnest from around 2008, more recently we are witnessing the shift in demand from this process, which utilizes topcoats (protection films), to topcoat-less lithography. Moreover, research and development activities are moving steadily toward further improvements in miniaturization encompassing double- and quadruple-patterning technologies.

In current highly advanced semiconductor manufacturing, the process for 2Xnm node has entered mass production, and we are already concentrating on accelerating the development of photoresists for the upcoming 1Xnm node.

The ArF excimer laser photoresist market was initially formed shortly after the turn of the century. Currently the market's scale is estimated at between ¥35 and ¥40 billion. Buoyed by the ongoing aggressive development of miniaturization technologies, we anticipate the market will continue to experience growth.

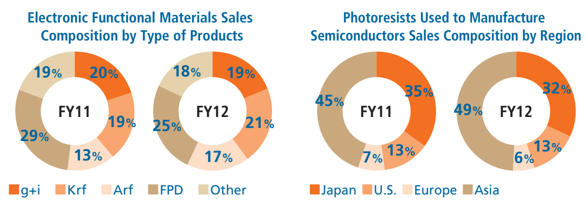
* Immersion lithography process: An exposure technology that fills the space between the photoresist and the lens of the exposure equipment with pure water.

Promoting robust sales of ArF excimer laser photoresist advanced semiconductor materials mainly for immersion use

Sales of ArF excimer laser photoresists increased nearly 35% in the fiscal year ended March 31, 2012. Accounting for close to 60% of total ArF excimer laser photoresist sales, the highly advanced immersion ArF excimer laser photoresist contributed significantly to this increase and continues to expand at a dizzying pace.

In addition, sales of ArF excimer laser photoresists to users in Asia focusing mainly on Korea and Taiwan continue to expand, accounting for nearly half of the sales of photoresists used to manufacture semiconductors in the fiscal year ended March 31, 2012. Looking ahead, TOK will fine-tune its marketing activities to users in this increasingly important region and work diligently to further boost business opportunities.

(Reference) The Electronic Functional Materials Division



Putting in place state-of-the-art immersion ArF excimer laser photoresist facilities and a structure that is capable of increased production

In the fiscal year ended March 31, 2012, TOK constructed a new production line at its Koriyama Plant taking into consideration the Company's growing market share in ArF excimer laser photoresists and the upswing in sales volumes. Following the substantial increase in production capacity, TOK is confident that it can more than meet the projected growth potential of the immersion ArF excimer laser photoresist market going forward. As a highly advanced photoresist production line, the Company has placed considerable emphasis on ensuring a contamination free workplace environment. In addition to securing clean room facilities across the entire manufacturing area, various initiatives include the automation of photoresist filling operations.

The new Koriyama Plant facility

TOK has also developed and maintains an immersion ArF excimer laser photoresist production line at its Sagami Operation Center. This forms part of the Company's Business Continuity Plan (BCP) initiatives and ensures an appropriate backup structure and systems.

The status of semiconductor next generation process material development

Photoresist development activities in response to next generation light sources
EUV exposure technology

Extreme ultraviolet (EUV) light with a wavelength of 13.5nm is regarded as a leading candidate as an ArF next generation light source. While there are a number of hurdles to be overcome before full commercialization can be realized, TOK is taking the lead in the development of photoresists for EUV.

Collaborating with semiconductor and equipment manufacturers while at the same time participating in consortia on further development and improvements, TOK is making efforts to resolve a variety of issues to meet the advanced requirement levels for higher resolution, lower LWR (line-width roughness: the roughness of photoresist patterns) and higher sensitivity — properties which are in a trade-off relationship to each other.

TOK Resist Development Roadmap

ITRS2011 Roadmap (Year)		11	12	13	14	15	16	17	18
DRAM 1/2 pitch (nm)		36	32	28	25	23	20	18	16
Flash 1/2 pitch (nm)		22	20	18	17	15	14	13	12
TOK Resist/Technology candidate									
45nm	(ArF) Immersion resist								
32nm	(ArF) Immersion resist								
	(DPT) Posi/Posi double patterning								
	(EUV) PAG blend resist system								
22nm	(EUV) PAG bound resist system								
	(DPT) Double patterning multiple pattern								
	(ArF) Immersion resist for specific patterning								
16nm	(EUV) PAG bound resist with sub process								
	(ArF) Immersion resist for specific patterning								
	ML2 (Mask Less Lithography)								
	Directed Self Assembly								

Next generation miniaturization technology development activities that do not use existing exposure technologies
Directed self-assembly (DSA) technology

In the semiconductor industry, several candidate next generation miniaturization technologies are attracting attention in the post-immersion ArF era. Principal candidates include the EUV, EB, nanoimprint and self-assembly technologies. Of this group, TOK is placing particular emphasis on DSA technology and is taking steps to advance research and development in this area.

Self-assembly technology is a method that facilitates the spontaneous expression of molecule clusters that are distinguished by their regular structures by controlling interaction between molecules. Recognizing the need for polymer orientation control using guide pattern induction, the semiconductor industry refers to this method as "directed self-assembly (DSA) technology". DSA technology entails coating the substrate with block polymers, that is, copolymers that exhibit different polarities, under appropriate conditions. The phase separation* created by the collation of these same polymers forms a useful pattern prompting consideration for use in semiconductor patterning.

* Polymer phase separation: the phenomenon when two or more types of incompatible polymers are mixed together creating a spontaneous separation

New architecture activities aimed at improving the density of semiconductor devices
Zero Newton®* wafer handling system for TSV process: Offering a source of total support technologies

Having effectively reached the limits of surface semiconductor miniaturization, demand for 3D-package technologies is steadily growing. In response, steps have been taken to stack very thin semiconductor chip layers while forming TSVs to make devices with higher density and more compact dimensions.

Provided by TOK, this Zero Newton® wafer handling system is a breakthrough technology that realizes both wafer thinning and making TSVs with ease by attaching a support plate to the silicon wafer to reinforce it. The support plate and silicon wafer can be easily separated without any stress after making TSVs.

Stacked thin silicon wafers

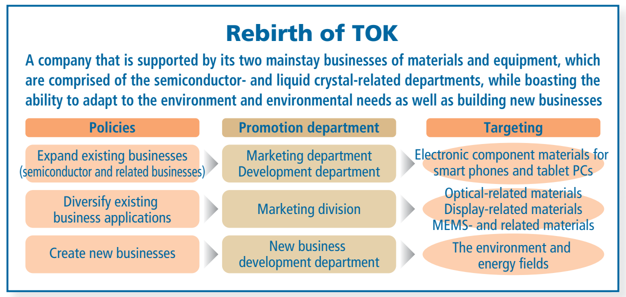
TOK supplies removable adhesives, support plates, and adhesive removers. In addition, we manufacture support plate bonding and debonding machines. This allows us to provide customers with total support technology that encompasses both materials and equipment. Moving forward the Company is making efforts to expand sales.

* The name "Zero Newton®" comes from the fact that the support plate can be removed without any stress on the silicon wafer, and the process can be accomplished without using any force.

Promoting diversified development with respect to new business domains
Acquiring the ability to adapt to the environment and environmental needs as a part of efforts to build new businesses

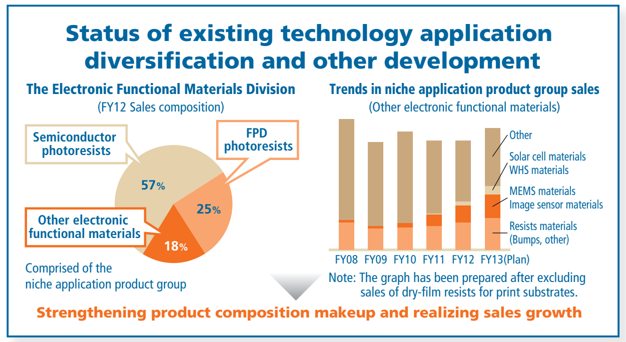
Acquiring the ability to adapt to the environment and environmental needs as a part of efforts to build new businesses is essential to further enhancing sustainable growth potential. While photoresists used to manufacture semiconductors currently comprise a core business of the TOK Group, we took up the challenge of pursuing this business from the 1960s amid comments from within the Company questioning whether coating wafers with resists would indeed lead to a viable business.

Turning to our existing business expansion endeavors, we will work to further deepen and broaden core products while maintaining our competitive advantage. In the fiscal year ended March 31, 2012, we established the Marketing Division. This division is charged with the responsibility of uncovering business opportunities with the aim of horizontally expanding existing businesses.



In addition, TOK set up the New Business Development Department. This division will take the lead in creating new businesses while engaging in marketing activities mainly in the environment and energy fields.

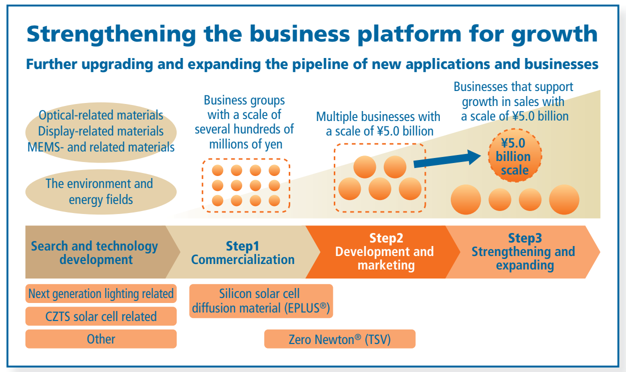
Promoting the diversified application of existing technologies



Developing diversified applications for existing technologies is extremely important in bringing added depth and strengthening TOK's earnings base. The products in question include thick film resists used in bump formations, MEMS materials employed in the manufacturing process for inkjet nozzles and lens resists applied to CMOS image sensor micro-lenses. Expectations are that sales will grow from their current levels. TOK is forecasting a year-on-year growth rate of at least 10% in the fiscal year ending March 31, 2013. Compared with the previous fiscal year, certain products sales are projected to double.

Upgrading and expanding the scale of business unit sales to ¥5.0 billion

In an effort to bolster our business base with an eye to future growth, we are striving to build, upgrade and expand business units to a scale that is capable of generating ¥5.0 billion in sales. For example, TOK's black resists used to manufacture LCD color filters suffered from declining prices and an influx of new market participants. This naturally placed downward pressure on the Company's market share. Capturing the need for high-definition displays for use in the manufacture of smart phones, however, the black resist business unit has evolved into a business unit that boasts ¥5.0 billion in sales. Looking ahead, we will select from the variety of products mentioned above and as a first step foster individual businesses to a point where each business is capable of generating sales of ¥1.0 billion. Further down the road, TOK will nurture each business into a major pillar that supports the Group as a whole by further reinforcing sales and marketing activities.

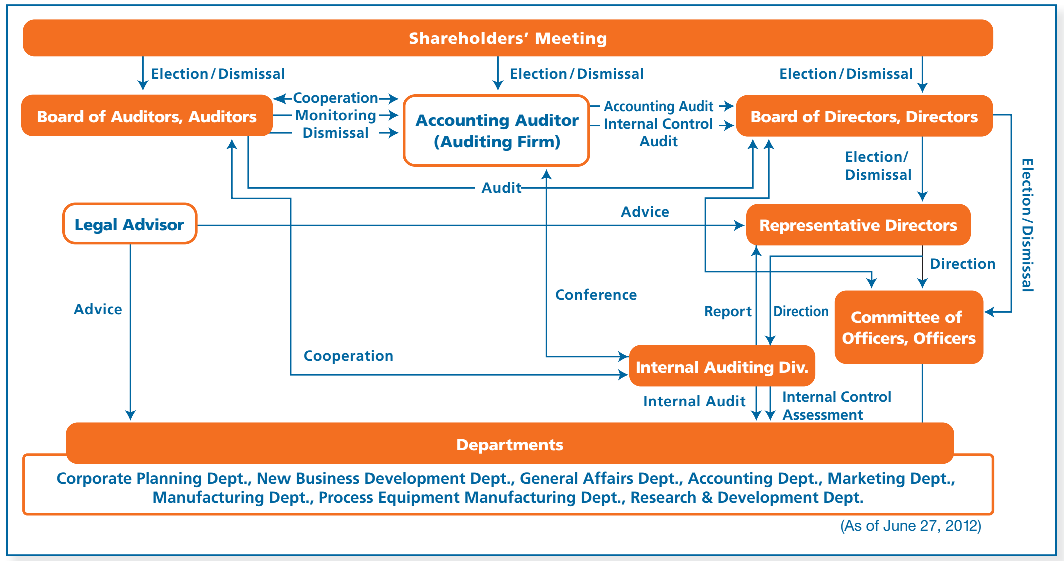


Basic Concept

Aiming to become a company that earns the trust of all stakeholders, TOK regards the establishment of corporate governance: that is the means to maintain a sound and transparent management and to enhance its operational efficiency with speeding up of the decision-making process as one of the most important management issues.

Corporate Governance System

As a company with corporate auditors, TOK employs the corporate auditor system. We are taking actions to strengthen audits performed by the corporate auditors with the greater authority endowed by the Japanese Companies Act. In addition, TOK is taking advantage of the benefits of reforms to its Board of Directors, establishment of the officer system, and the election of an independent outside director to fortify the management decision-making and supervisory function and the business execution function while clarifying responsibility for performing these functions. We are convinced that these measures are the most effective means to upgrade our corporate governance.



>> Directors and Board of Directors

As of June 27, 2012, we had seven directors, including one outside director. The tenure of the directors is one year. This permits quickly responding to changes in the operating environment and clarifies accountability for the directors concerning operating results in each fiscal year. To make the activities of the directors more transparent and reinforce the Board's supervisory function, there is one independent outside director. In addition, the director system has a flat structure with two levels: representative directors and directors. This creates a framework that allows the Board of Directors to fulfill its responsibilities by effectively reaching management decisions and supervising the Company's management.

>> Officers and Committee of Officers

As of June 27, 2012, we had 13 officers, including six officers also serving as directors. While taking steps to strengthen the Board of Directors' functions in management decision making and supervision, TOK has the Committee of Officers made up of officers to reinforce its business execution capabilities. The committee members include the chief executive officer, the chief operating officer, senior executive officers, executive officers and officers. Those officers' ranks derive from differences in business responsibilities and other considerations.

>> Auditors and Board of Auditors

As of June 27, 2012, we had three auditors, two of whom were outside auditors. The auditors attend meetings of the Board of Directors, the Committee of Officers, and other important meetings. These duties are performed in accordance with auditing standards (Corporate Auditor Auditing Regulations), the auditing policy, the division of tasks, and other considerations. In addition, the auditors check the performance of directors by receiving reports from directors and other corporate staff, and requesting an explanation if necessary. For financial audits, the auditors receive reports from the accounting auditor and use other means, including requesting an explanation if necessary, to verify the suitability of financial accounting methods and the results of these audits.

>> Internal Auditing Division

The Internal Auditing Division, under the direct control of the President, comprised four full-time staff members as of June 27, 2012. In addition to internal audits, this division offers support, proposals, and advice for continuous improvement through evaluations of the effectiveness of internal controls in financial reporting.

Status of Outside Directors

>> Our relationship with outside directors and outside auditors

- Outside director Mr. Jiro Makino is the President of Makino Milling Machine Co., Ltd.
- Outside auditor Mr. Haruhiko Gyoda was formerly employed by Tokio Marine & Nichido Fire Insurance Co., Ltd., with which the Company conducts insurance-related business under regular and standard terms and conditions. But in the context of the nature and scale of this business relationship, this business has no effect on the independence of Gyoda as an outside auditor.
- Outside auditor Mr. Yukio Muro is the President of Ryoshin DC Card Co., Ltd. Also, he was formerly employed by Mitsubishi UFJ Trust and Banking Corporation, with which the Company conducts business, under regular and standard terms and conditions, relating to the deposits of funds and outsourcing of work for stock operations. But in the context of the nature and scale of this business relationship, this business has no effect on the independence of Muro as an outside auditor.

>> The main activities of outside directors

Name	Attendance at Board of Directors and Board of Auditors meetings
Jiro Makino (outside director)	Attended 13 of 14 Board of Directors meetings during the fiscal year ended March 2012 (attendance rate, 93%).
Haruhiko Gyoda (outside auditor)	Attended 14 of 14 Board of Directors meetings and 14 of 14 Board of Auditors meetings during the fiscal year ended March 2012 (attendance rate, 100%).
Yukio Muro (outside auditor)	After his appointment on June 28, 2011, attended 10 of 10 Board of Directors meetings and 10 of 10 Board of Auditors meetings during the fiscal year ended March 2012 (attendance rate, 100%).

>> Directors' Remuneration

Company directors' remuneration consists of fixed-salary remuneration, company performance-related remuneration, and subscription warrants (stock options). Of these, the company performance-related remuneration is a bonus payment, with the amount being based on the company's fiscal year results. Within the remuneration framework approved at the General Meeting of Shareholders , the Board of Directors discusses both the performance of the Company and the individual to decide if a bonus is appropriate and if so, the amount. The purpose of subscription warrants (stock options) is to further increase directors' motivation toward improving the Company's results and corporate value and also to boost their morale. Directors receive subscription warrants following discussions among the Board of Directors to decide on the appropriate number of rights to be allocated to each director within the remuneration framework approved at the General Meeting of Shareholders . Outside directors do not receive subscription warrants (stock options).

Remuneration totals paid to directors and auditors (fiscal year ended March 2012)

Position	Number of directors and auditors	Total Remuneration
Directors	7	¥311 million
Auditors	4	¥ 35 million
Total	11	¥346 million

Notes:
1. The above table includes one auditor (outside auditor) and remuneration paid to him, who retired on the conclusion of the 81st Ordinary General Meeting of Shareholders held on June 28, 2011.
2. The directors' remuneration total does not include the part paid to directors as their employee salary and employee bonus when they also hold the position of employee.
3. The directors' remuneration total includes ¥29 million of provision for directors' bonuses to seven directors (of whom, one was an outside director) for operations during the fiscal year.
4. Within the amounts listed above, the total remuneration paid to the one outside director and three outside auditors was ¥23 million.

Corporate Social Responsibility

As a company that uses many chemicals, TOK complies with laws and regulations and gives appropriate recognition to environment impacts that may arise in the process of our business activities. We undertake many environmental activities. Among them are an energy conservation program, a "3R Campaign" (reduce, reuse and recycle), and stringent procedures for safely managing chemicals. Furthermore, we also have compliance, risk management, and other systems, as well as employee training programs. We also exercise care to provide employees with a pleasant workplace environment.

TOK's mission is to contribute broadly to social progress through supplying superior products. As a company engaged in monozukuri (the art of manufacturing), we intend to carry out our corporate social responsibilities in ways that are grounded in our core business. We report on our efforts in the CSR Report that we issue each year and on our website.

CSR Report 2012

Compliance

TOK is striving to increase the awareness among each and every company officer and employee of the importance of compliance. In addition, it has created a system to ensure that all officers and employees observe laws and regulations, the articles of incorporation, and the Company regulations. This system includes the TOK Group Compliance Standards of Conduct, which was established to clarify the shared values and standards of conduct that the TOK Group expects of all of its members.

In addition, the internal reporting system facilitates the early detection and resolution of violations of laws, regulations, and standards of conduct. Reports can be submitted using an internal route, the corporate auditors, or an external route (legal advisor). Furthermore, we have a clear policy of preventing dismissals and negative consequences for individuals who submit reports, except in cases where reports are dishonest or inappropriate.

In the event of a violation of laws, regulations, the standards of conduct, and other guidelines, the Compliance Committee, which is chaired by the Company President, conducts an investigation. Based on the result, disciplinary actions are taken as required. In addition, the committee determines measures to prevent a reoccurrence of this type of incident and puts these measures in place throughout the Company.

Moreover, the Company conducts training and education on compliance for officers and employees and is working to increase the awareness among them of the importance of compliance.

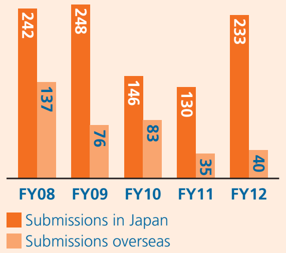
TOK Group Compliance Standards of Conduct Handbook (Second edition)

Intellectual Property Strategy

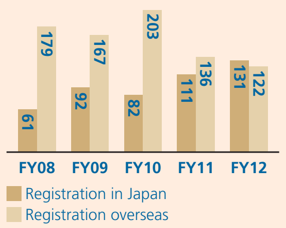
TOK' s intellectual property strategy includes the following elements: 1) aggressively protecting our intellectual property, 2) avoiding infringing on the rights of other companies, and 3) proactively utilizing the intellectual property that we have created.

We view intellectual property as a critical resource for ensuring market supremacy as well as freedom to evolve our business. By proactively applying for patents on the fruits of our R&D activities, we aim to appropriately protect this intellectual property and put it to effective use, and this should bolster our competitive strength. We have adopted comprehensive measures to ensure that we do not infringe on the intellectual property rights of other companies. At the same time, if another company should infringe on our rights, we will address this by exercising our rights or making strategic use of licensing agreements.

Number of Patent Applications Submitted



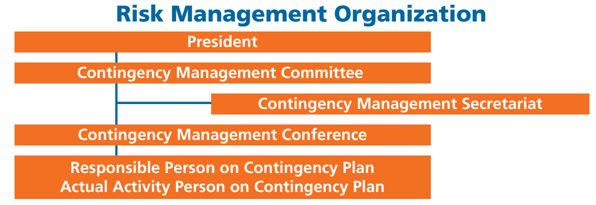
Number of Patents Registered



Risk Management

With a view to appropriately accommodating various risks that can have a significant effect on business activities, TOK has prepared a Contingency Plan, and has a Contingency Management Secretariat and a Contingency Management Committee which is chaired by the manager of the General Affairs Department. We take actions to anticipate risks during ordinary times, establish preventive measures, and make all employees aware of these actions. Meanwhile, we make every possible effort to work on risk management, anticipating event of an emergency.

Risk Management Organization



Board of Directors, Corporate Auditors and Officers

(As of June 27, 2012)

Board of Directors

Representative Director,
President & Chief Executive Officer
Ikuo Akutsu

Representative Director,
Chief Operating Officer
Koichi Kaihatsu

Director,
Senior Executive Officer
Kobun Iwasaki
Department Manager, Marketing Dept.

Director,
Officer
Hidekatsu Kohara
Department Manager,
Manufacturing Dept.

Director,
Officer
Hiroji Komano
Department Manager,
New Business Development Dept.

Director,
Officer
Harutoshi Sato
Department Manager,
Research and Development Dept.

Director
Jiro Makino
(President, Makino Milling Machine Co., Ltd.)

Corporate Auditors

Standing Statutory Auditor
Kenji Tazawa

Auditor
Haruhiko Gyoda

Auditor
Yukio Muro
(President, Ryoshin DC Card Co., Ltd.)

Officers

Officer
Jun Iwasa
Deputy Department Manager,
Manufacturing Dept. and General Manager,
Sagami Operation Center

Officer
Atsuro Shibagaki
Deputy Department Manager, Marketing Dept.

Officer
Hajime Fujishita
Department Manager,
Process Equipment Manufacturing Dept.

Officer
Kunio Mizuki
Department Manager, General Affairs Dept.

Officer
Yoichi Shibamura
Department Manager, Accounting Dept.

Officer
Yoshio Hagiwara
Department Manager, Corporate Planning Dept.

Officer
Jun Jang
President, TOK KOREA CO., LTD

Notes:
Mr. Jiro Makino is an outside director. Mr. Haruhiko Gyoda and Mr. Yukio Muro are outside auditors. The Company has designated Mr. Jiro Makino, Mr. Haruhiko Gyoda and Mr.Yukio Muro independent directors in accordance with regulations of the Tokyo Stock Exchange and notified therein.

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
For the Years Ended March 31, 2008, 2009, 2010, 2011, and 2012

	Millions of Yen					Thousands of U.S. Dollars
	2008	2009	2010	2011	**2012**	**2012**
For the year:						
Net sales	¥ 102,420	¥ 83,790	¥ 70,622	¥ 79,990	**¥ 80,006**	**$ 975,693**
Material business	86,148	72,554	65,071	71,456	**66,622**	**812,463**
Equipment business	16,340	11,325	5,629	8,622	**13,493**	**164,549**
Operating income (loss)	8,385	(1,427)	341	6,096	**6,072**	**74,053**
Income (loss) before income taxes and minority interests	7,352	(5,325)	114	6,427	**6,577**	**80,207**
Net income (loss)	4,259	(4,656)	254	3,649	**3,818**	**46,562**
Investment in plant and equipment	6,574	3,270	1,320	1,699	**3,162**	**38,572**
Depreciation and amortization	7,693	7,297	5,418	4,393	**4,038**	**49,251**
R&D costs	8,095	8,542	6,949	6,360	**6,157**	**75,094**
Per share data (Yen / U.S. Dollars)**:**						
Basic net income (loss)	¥ 91.50	¥ (102.00)	¥ 5.66	¥ 81.08	**¥ 84.86**	**$ 1.03**
Cash dividends applicable to the year	36.00	35.00	30.00	33.00	**38.00**	**0.46**
Net assets	2,775.38	2,591.43	2,578.30	2,579.72	**2,641.28**	**32.21**
At the year-end:						
Total assets	¥ 159,633	¥139,338	¥138,122	¥147,085	**¥ 138,767**	**$ 1,692,292**
Total long-term liabilities	2,198	2,205	2,350	2,105	**2,613**	**31,866**
Total equity	129,834	118,377	117,658	118,567	**119,590**	**1,458,421**
Ratios (%)**:**						
Operating margin (loss)	8.2	(1.7)	0.5	7.6	**7.6**	
Ratio of R&D costs to net sales	7.9	10.2	9.8	8.0	**7.7**	
Return (loss) on equity	3.3	(3.8)	0.2	3.1	**3.3**	
Equity ratio	79.9	83.7	84.0	79.5	**85.1**	

Notes: 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥82 to US$1, the approximate Tokyo foreign exchange market rate as of March 30, 2012.
2. Net sales by business segment include intersegment sales.
3. Technology support fees, which have previously been presented as part of non-operating income, are to be presented as part of net sales starting from the second quarter of the year ended March 31, 2012. Accompanying the recent changes in the operating environment, the Company is aggressively promoting the transfer of its manufacturing technology and know-how, including its patent rights, to partner companies and other companies for commercialization as one of its main businesses. Accordingly, technology support fees have been included in net sales for the purpose of clearly displaying the results of these business activities, as the amount of technology support fees received is expected to increase in the future.
As a result of this change, both net sales and operating income increased ¥112 million in the fiscal year ended March 31, 2012. Note that this change did not have an impact on income before income taxes and minority interests. Retroactive adjustments have been made to net sales and operating income in FY11 and earlier in light of this change.

Results of Operations

Net Sales

In the fiscal year ended March 31, 2012, consolidated net sales increased ¥16 million, or 0.0%, from the previous fiscal year, to ¥80,006 million. Net sales in the first half increased ¥3,469 million, or 9.3% over the same period last year, to ¥40,961 million and net sales in the second half decreased ¥3,452 million, or 8.1%, to ¥39,044 million.

In the electronics industry, which serves the major customers for our Group's products, although shipment volume for PCs was weak in the semiconductor market, shipment volume was up overall, underpinned by robust demand for smartphones and tablet devices. Meanwhile, the LCD market lagged due to a marked decrease in demand for LCD TVs.

Cost of Sales, SG&A Expenses and Operating Income

Cost of sales decreased ¥546 million, or 1.0% from the previous fiscal year, to ¥55,040 million due to a decrease in labor costs and transportation costs while the cost of sales ratio declined 0.7 percentage points to 68.8%. As a result, gross profit increased ¥563 million, or 2.3%, to ¥24,966 million.

Selling, general and administrative (SG&A) expenses increased ¥587 million, or 3.2% from the previous fiscal year, to ¥18,893 million because of increases in the provision made to allowance for doubtful accounts, despite declines in depreciation and amortization , warehousing costs, and transportation costs.

Although gross profit increased, operating income decreased ¥24 million, or 0.4%, from the previous fiscal year, to ¥6,072 million due to an increase in SG&A expenses.

Income before Income Taxes and Minority Interests and Net Income

Although the gain on reversal of allowance for doubtful accounts and gain on insurance adjustment decreased, income before income taxes and minority interests increased ¥149 million, or 2.3% from the previous fiscal year, to ¥6,577 million due to an increase in foreign exchange gains and a decrease in losses from a natural disaster.

Net income was ¥3,818 million, an increase of ¥168 million, or 4.6 % from the previous fiscal year.

Results by Business Segment

*Intersegment sales or transfers have not been eliminated.

[Material Business]

The transfer of the printing material business on March 1, 2011 resulted in a ¥3,222 million decrease in sales, which was a contributing factor in the sales decline of ¥4,834 million, or 6.8% from the previous fiscal year, to ¥66,622 million in the material business. In terms of profits, operating income decreased ¥2,489 million, or 23.1% from the previous fiscal year, to ¥8,280 million, as a result of provision made to allowance for doubtful accounts.

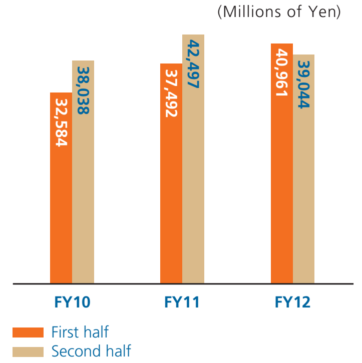
Electronic Functional Materials Division

In the electronic functional materials division, sales increased ¥673 million, or 1.6% from the previous fiscal year to ¥43,246 million.

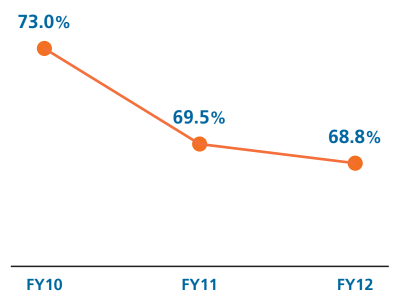
In photoresists used to manufacture semiconductors,

Net Sales (Half yearly basis)

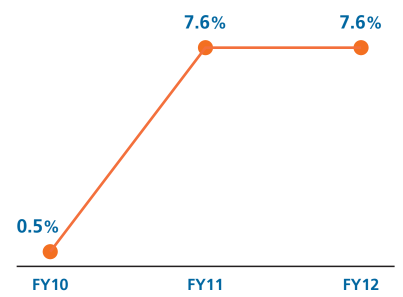
(Millions of Yen)



Ratio of Cost of Sales to Net Sales



Operating Margin



although sales of general purpose products were down due to a decreased utilization rate among domestic users, sales were strong overall as a result of increased sales of excimer laser photoresists in Asia due to the growing demand for smartphones and other devices. Meanwhile, in photoresists used to manufacture LCDs, although sales were up for products for high-definition displays, sales were down overall from the previous fiscal year due to a decreased utilization rate among LCD panel manufacturers and the advance of local production among overseas subsidiaries. In photoresists for semiconductor packaging, sales increased from the previous fiscal year thanks to the success of marketing activities focused on Asia.

High Purity Chemicals Division

In the high purity chemicals division, sales decreased ¥2,335 million, or 9.3% from the previous fiscal year, to ¥22,789 million.

Contributing factors include a marked decrease in shipment volume due to a decreased utilization rate among users and a particularly large drop in domestic production due to the Great East Japan Earthquake, as well as a decrease in sales prices, causing sales of photoresist-related chemicals used to manufacture semiconductors and photoresist-related chemicals used to manufacture LCDs to perform poorly.

[Equipment Business]

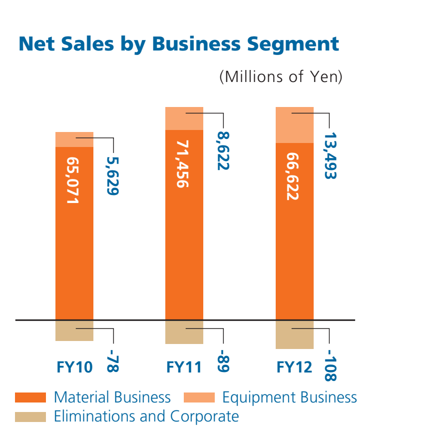
Process Equipment Division

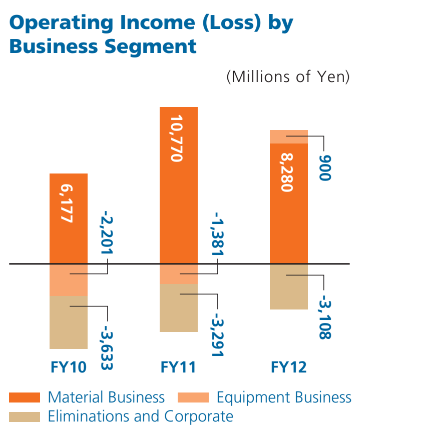
Sales of LCD panel manufacturing equipment increased significantly from the previous fiscal year as a result of a focus put on accelerating the completion of tests by customers leading to the final acceptance of equipment that had been delivered in the Asia region.

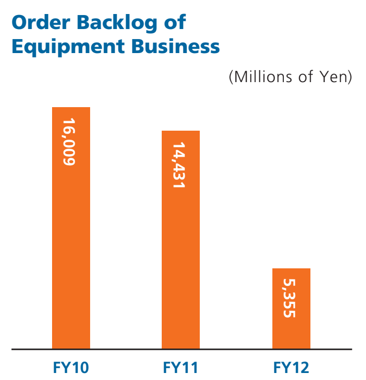
As a result, sales in the equipment business were ¥13,493 million, an increase of ¥4,870 million, or 56.5% from the previous fiscal year. Operating income was ¥900 million, an increase of ¥2,282 million compared to the previous fiscal year, as well as the first time in four years a profit was posted for this business segment.

Orders declined ¥2,643 million, or 38.0% from the previous fiscal year, to ¥4,308 million as LCD panel manufacturers scaled back their capital expenditures and the launch of production for the 3D packaging market became delayed. Orders were ¥2,934 million in the first half and ¥1,374 million in the second half.

The balance of orders at the end of the fiscal year decreased ¥9,076 million, or 62.9% from the balance at the end of the previous fiscal year, to ¥5,355 million.







Financial Condition and Cash Flows

Balance Sheet

Total assets at March 31, 2012, were ¥138,767 million, a decrease of ¥8,317 million from the previous fiscal year-end.

Total current assets decreased ¥10,843 million to ¥82,955 million. This decrease was due largely to decreases of ¥8,602 million in inventories, ¥2,231 million in trade notes and accounts receivable, and ¥1,172 million in deferred tax assets, although there was an increase of ¥2,049 million in cash and cash equivalents and time deposits.

Net property, plant and equipment decreased ¥1,233 million to ¥29,182 million mainly as a result of an increase in accumulated depreciation.

Total investments and other assets increased ¥3,761 million to ¥26,630 million. This increase was due largely to increases of ¥4,000 million in long-term time deposits and ¥468 million in investment securities, although there was a decrease of ¥493 million in deferred tax assets.

Total liabilities were ¥19,177 million, a decrease of ¥9,340 million from the previous fiscal year-end. Major factors for the decrease included decreases of ¥7,829 million for advances from customers and ¥1,793 million for trade note and accounts payable included in total current liabilities, although there was an increase of ¥488 million in long-term loans payable.

Total equity at the end of the fiscal year was ¥119,590 million, an increase of ¥1,022 million from the previous fiscal year-end. Major factors for the increase included an increase in retained earnings by ¥2,197 million due to the posting of ¥3,818 million in net income, although there were dividend payments of ¥1,620 million and a decrease of ¥603 million for foreign currency translation adjustments.

As a result, the equity ratio was 85.1% at the end of the fiscal year.

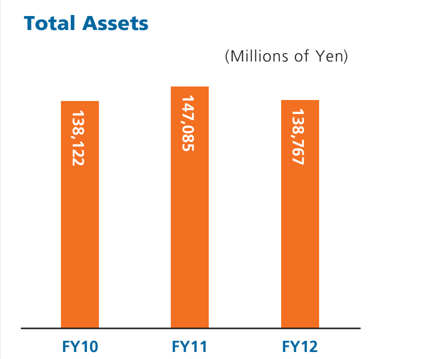
Cash Flows

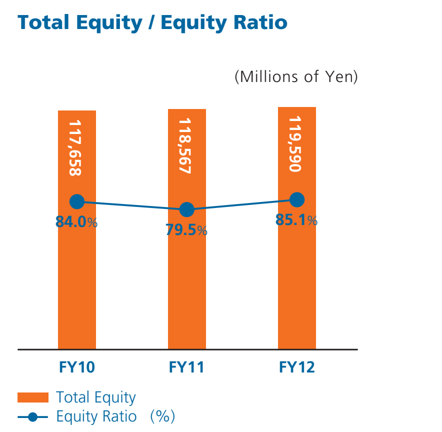
Net cash provided by operating activities was ¥11,882 million, a decrease of ¥3,469 million from the previous fiscal year due to decreases in advances from customers and in trade notes and accounts payable, in spite of a decrease in inventories, and the recording of income before income taxes and minority interests and depreciation and amortization.

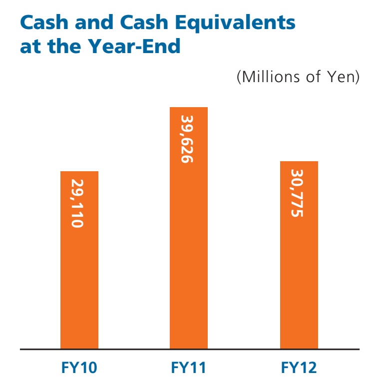
Net cash used in investing activities increased ¥15,605 million to ¥18,523 million due to payments into long-term time deposits and the purchases of property, plant and equipment in spite of inflow from withdrawal of long-term time deposits.

Net cash used in financing activities increased ¥329 million to ¥1,844 million as a result of dividends paid and others.

As a result, cash and cash equivalents on March 31, 2012 was ¥30,775 million, a decrease of ¥8,851 million from the balance of ¥39,626 million at the end of the previous fiscal year.







The TOK Group conducts business activities in every region of the world in a diverse range of fields. When carrying out these business activities, it encounters a variety of risk factors that may have a detrimental impact on its financial conditions and management performance. The risks described below are solely those that the Group judged to be most significant as of March 31, 2012 and do not constitute all of its risk factors.

1 Industrial and economic change-related risk

The Group conducts its business within the electronics industry and a characteristic of this industry's market is its major cyclical changes in demand. In particular, materials and devices for semiconductors and LCDs are extremely affected by such demand trends. Also, due to the rapid speed of technological innovation in this industry and the complexity and diversity of user needs, market conditions often changes, as do prices in response to these changes. These factors may have an impact on the Group's business results.

2 Exchange rate fluctuation-related risk

The Group is focusing its energies into developing its businesses in the markets of North America, Europe, and Asia, which are expected to expand in the future, and has production and sales bases in these regions. Some of the Group's overseas transactions are yen-denominated, while for others it carries out risk hedging through forward exchange contracts. However, if exchange rate fluctuations are greater than forecast, this may have an impact on the Group's business results.

3 Research and development-related risk

In order for the Group to maintain its competitiveness in the electronics industry, where technological innovation occurs at a rapid pace, it carries out R&D to provide products that precisely reflect user needs. However, realizing technological innovation and anticipating changes to user needs are not easy tasks and regardless of how much management resources it invests into R&D, due to unforeseeable reasons it may not produce the hoped-for results. This may have an impact on the Group's business results.

4 Intellectual property-related risk

In carrying out its business activities, the Group has acquired a diverse portfolio of intellectual property, to which it grants licenses to third parties. Also, when it deems it necessary or useful to do so, it acquires licenses from third parties in order to use their intellectual property. If the Group is unable to safeguard and maintain its own intellectual property rights or acquire third party rights as anticipated, it may become a party in a dispute or lawsuit relating to these rights. The costs incurred due to these events may have an impact on the Group's business results.

5 Raw material procurement-related risk

The Group uses various raw materials in its production activities and it aims to stably procure these materials by maintaining a network of multiple suppliers. However, its production activities may be affected by a delay or suspension in the supply of raw materials due to problems at the manufacturers of these materials. This may have an impact on the Group's business results. In addition, an increase in the price of raw materials may have an impact on its business results.

6 Product liability-related risk

Within the process in which the Group supplies its products to customers who then use them, problems may occur that originate in a product defect. The Group has insurance to cover product liability compensation payments, but insurance may not be able to cover the entire amount that have to be paid. Therefore, if such a problem occurs it may have an impact on the Group's business results.

7 Natural disaster and accident-related risk

The Group has established manufacturing plants both within Japan and overseas. In the event of a natural disaster, such as an earthquake, or an unforeseen accident, such as a fire or an explosion, it may have to suspend its production activities and delay product shipments. The Group may also have to pay repair or replacement costs at the damaged plant. These events may have an impact on the Group's business results.

8 Environment-related risk

The Group uses various types of chemical substance within its production activities and has strict rules to ensure they are handled safely. However, in the event of an accident involving the leakage of chemical substances, the Group's reputation within society may be affected, it may have to pay costs as compensation or in order to carry out counter measures, and it may have to suspend production activities. These factors may have an impact on the Group's business results.

In addition, the Group always observes the various environment-related laws and regulations in each country where it conducts its business activities. However, in the future these laws and regulations may be made stricter the Group may be forced to pay additional costs or limit its business activities. These factors may have an impact on the Group's business results.

9 Legal risk

When conducting its business activities throughout the world, the Group must acquire approval for business and investment activities and observe each government's regulations relating to restrictions on imports and exports. In addition, it must observe laws and regulations relating to trade, monopolies, international taxation, the environment, and recycling. If there are major revisions to any of these laws and regulations, or if the Group fails to precisely understand their requirements, or if for any reason it is unable to observe them, then this may have an impact on the Group's business results.

10 Overseas business activity-related risk

The Group carries out production and sales activities in North America and Asia and sales activities in Europe. However, in its overseas business activities it constantly faces the following types of risk; unexpected revisions to laws and regulations; a weakening of the industrial base; difficulties in securing the required personnel; and the possibility of terrorist attacks, conflicts, and natural disasters. If any of these risks are actualized, it may obstruct the Group's overseas business activities and have an impact on its business results.

11 Information leakage risk

The Group possesses confidential business information and also information relating to various other companies and individuals. It implements thorough measures to ensure the security of all the information it handles, but if due to some unforeseeable event information leaks outside of the Group, this may damage its reputation within society and it may have to pay liability payments for the damage caused to a company or individual whose information was leaked. These factors may have an impact on the Group's business results.

Consolidated Balance Sheets

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
March 31, 2012 and 2011

ASSETS	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
CURRENT ASSETS:			
Cash and cash equivalents (Note 14)	¥ 30,775	¥ 39,626	$ 375,313
Time deposits (Note 14)	19,298	8,397	235,341
Receivables:			
Trade notes and accounts (Note 14)	19,083	21,315	232,724
Other	484	522	5,907
Allowance for doubtful accounts	(334)	(97)	(4,084)
Inventories (Note 4)	11,655	20,258	142,143
Deferred tax assets (Note 11)	1,391	2,564	16,970
Prepaid expenses and other current assets	601	1,213	7,338
Total current assets	82,955	93,799	1,011,655
PROPERTY, PLANT AND EQUIPMENT (Note 5)**:**			
Land	8,358	8,370	101,932
Buildings and structures	49,928	53,110	608,883
Machinery and equipment	39,992	42,104	487,711
Furniture and fixtures	14,417	15,775	175,826
Leased assets	—	27	—
Construction in progress	491	429	5,990
Total	113,188	119,818	1,380,343
Accumulated depreciation	(84,005)	(89,402)	(1,024,463)
Net property, plant and equipment	29,182	30,415	355,880
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 14)	5,101	4,633	62,211
Investments in and advanced to an unconsolidated subsidiary and associated companies	472	366	5,765
Long-term time deposits (Note 14)	18,000	14,000	219,512
Deferred tax assets (Note 11)	1,935	2,429	23,609
Other assets	1,119	1,440	13,657
Total investments and other assets	26,630	22,869	324,756
TOTAL	¥138,767	¥147,085	$1,692,292

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
CURRENT LIABILITIES:			
Payables:			
Trade notes and accounts (Note 14)	¥ 6,622	¥ 8,415	$ 80,757
Construction and other	2,562	2,311	31,255
Income taxes payable	400	442	4,880
Accrued expenses	2,924	3,568	35,662
Advances from customers	3,348	11,177	40,835
Deferred tax liabilities (Note 11)	118	139	1,445
Other current liabilities (Notes 6 and 14)	587	357	7,167
Total current liabilities	16,564	26,412	202,004
LONG-TERM LIABILITIES:			
Long-term loans payable (Notes 6 and 14)	488	—	5,951
Liability for retirement benefits (Note 7)	1,408	1,328	17,177
Deferred tax liabilities (Note 11)	617	675	7,528
Other long-term liabilities	99	101	1,208
Total long-term liabilities	2,613	2,105	31,866
COMMITMENTS (Note 13)			
EQUITY (Notes 9 and 18)**:**			
Common stock—authorized, 197,000,000 shares; issued, 46,600,000 shares	14,640	14,640	178,542
Capital surplus	15,207	15,207	185,462
Retained earnings	94,131	91,933	1,147,947
Treasury stock—at cost, 1,595,776 shares in 2012 and 1,595,228 shares in 2011	(3,537)	(2,929)	(43,134)
Accumulated other comprehensive income (loss):			
Unrealized gain on available-for-sale securities	1,098	953	13,391
Foreign currency translation adjustments	(3,499)	(2,896)	(42,677)
Total	118,041	116,910	1,439,531
Minority interests	1,548	1,657	18,889
Total equity	119,590	118,567	1,458,421
TOTAL	¥138,767	¥147,085	$1,692,292

See notes to consolidated financial statements.

Consolidated Statements of Income

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
Years Ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	**2012**
NET SALES	**¥80,006**	¥79,990	**$975,693**
COST OF SALES (Notes 7, 12 and 13)	**55,040**	55,587	**671,229**
Gross profit	**24,966**	24,402	**304,464**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 7, 12 and 13)	**18,893**	18,305	**230,410**
Operating income	**6,072**	6,096	**74,053**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**246**	239	**3,005**
Foreign exchange gain (loss)—net	**104**	(55)	**1,276**
Subsidy income	**130**	130	**1,592**
Loss on impairment of long-lived assets (Note 5)	**(73)**	—	**(891)**
Equity in earnings of affiliate	**117**	111	**1,435**
Gain on reversal of allowance for doubtful accounts	**—**	384	**—**
Gain on insurance adjustment	**—**	253	**—**
Losses from a natural disaster (Note 10)	**—**	(409)	**—**
Other—net	**(21)**	(324)	**(264)**
Other income (expenses)—net	**504**	330	**6,153**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**6,577**	6,427	**80,207**
INCOME TAXES (Note 11)**:**			
Current	**867**	1,027	**10,579**
Prior years	**—**	(131)	**—**
Deferred	**1,660**	1,673	**20,247**
Total income taxes	**2,527**	2,569	**30,826**
NET INCOME BEFORE MINORITY INTERESTS	**4,049**	3,857	**49,380**
MINORITY INTERESTS IN NET INCOME	**(231)**	(208)	**(2,818)**
NET INCOME	**¥ 3,818**	¥ 3,649	**$ 46,562**

	Yen		U.S. Dollars
	2012	2011	**2012**
PER SHARE OF COMMON STOCK (Notes 2.u and 17)**:**			
Basic net income	**¥84.86**	¥81.08	**$1.03**
Cash dividends applicable to the year	**38.00**	33.00	**0.46**

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
Years Ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	**2012**
NET INCOME BEFORE MINORITY INTERESTS	**¥4,049**	¥3,857	**$49,380**
OTHER COMPREHENSIVE INCOME (Note 16)**:**			
Unrealized loss on available-for-sale securities	**144**	(524)	**1,766**
Foreign currency translation adjustments	**(701)**	(956)	**(8,551)**
Share of other comprehensive loss in associates	**(11)**	(9)	**(142)**
Total other comprehensive loss	**(568)**	(1,490)	**(6,927)**
COMPREHENSIVE INCOME (Note 16)	**¥3,481**	¥2,366	**$42,453**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 16)**:**			
Owners of the parent	**¥3,359**	¥2,222	**$40,968**
Minority interests	**121**	144	**1,484**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
Years Ended March 31, 2012 and 2011

	Thousands	Millions of Yen								
						Accumulated Other Comprehensive Income (Loss)				
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2010	45,006	¥14,640	¥15,207	¥89,634	¥(2,927)	¥1,477	¥(1,993)	¥116,039	¥1,618	¥117,658
Net income	—	—	—	3,649	—	—	—	3,649	—	3,649
Cash dividends paid:										
Final for prior year, ¥15.0 per share	—	—	—	(675)	—	—	—	(675)	—	(675)
Interim for current year, ¥15.0 per share	—	—	—	(675)	—	—	—	(675)	—	(675)
Purchase of treasury stock	(1)	—	—	—	(2)	—	—	(2)	—	(2)
Disposal of treasury stock	0	—	—	(0)	0	—	—	0	—	0
Net change in the year	—	—	—	—	—	(524)	(902)	(1,426)	38	(1,387)
BALANCE, MARCH 31, 2011	45,004	14,640	15,207	91,933	(2,929)	953	(2,896)	116,910	1,657	118,567
Net income	**—**	**—**	**—**	**3,818**	**—**	**—**	**—**	**3,818**	**—**	**3,818**
Cash dividends paid:										
Final for prior year, ¥18.0 per share	**—**	**—**	**—**	**(810)**	**—**	**—**	**—**	**(810)**	**—**	**(810)**
Interim for current year, ¥18.0 per share	**—**	**—**	**—**	**(810)**	**—**	**—**	**—**	**(810)**	**—**	**(810)**
Purchase of treasury stock	**(316)**	**—**	**—**	**—**	**(613)**	**—**	**—**	**(613)**	**—**	**(613)**
Disposal of treasury stock	**2**	**—**	**—**	**(0)**	**5**	**—**	**—**	**5**	**—**	**5**
Net change in the year	**—**	**—**	**—**	**—**	**—**	**144**	**(603)**	**(458)**	**(108)**	**(567)**
BALANCE, MARCH 31, 2012	**44,690**	**¥14,640**	**¥15,207**	**¥94,131**	**¥(3,537)**	**¥1,098**	**¥(3,499)**	**¥118,041**	**¥1,548**	**¥119,590**

	Thousands of U.S. Dollars (Note 1)								
					Accumulated Other Comprehensive Income (Loss)				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2011	$178,542	$185,462	$1,121,143	$(35,723)	$11,624	$(35,317)	$1,425,731	$20,215	$1,445,946
Net income	**—**	**—**	**46,562**	**—**	**—**	**—**	**46,562**	**—**	**46,562**
Cash dividends paid:									
Final for prior year, $0.21 per share	**—**	**—**	**(9,879)**	**—**	**—**	**—**	**(9,879)**	**—**	**(9,879)**
Interim for current year, $0.21 per share	**—**	**—**	**(9,879)**	**—**	**—**	**—**	**(9,879)**	**—**	**(9,879)**
Purchase of treasury stock	**—**	**—**	**—**	**(7,479)**	**—**	**—**	**(7,479)**	**—**	**(7,479)**
Disposal of treasury stock	**—**	**—**	**(0)**	**68**	**—**	**—**	**68**	**—**	**68**
Net change in the year	**—**	**—**	**—**	**—**	**1,766**	**(7,360)**	**(5,593)**	**(1,325)**	**(6,918)**
BALANCE, MARCH 31, 2012	**$178,542**	**$185,462**	**$1,147,947**	**$(43,134)**	**$13,391**	**$(42,677)**	**$1,439,531**	**$18,889**	**$1,458,421**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
Years Ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	**2012**
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 6,577**	¥ 6,427	**$ 80,207**
Adjustments for:			
Income taxes paid	**(1,008)**	(869)	**(12,304)**
Income taxes paid for prior years	**29**	101	**363**
Depreciation and amortization	**4,038**	4,393	**49,251**
Provision for doubtful accounts	**795**	(427)	**9,695**
Foreign exchange loss —net	**282**	546	**3,440**
Loss on impairment of long-lived assets	**73**	—	**891**
Losses from a natural disaster	**—**	409	**—**
Changes in assets and liabilities:			
Decrease (increase) in trade notes and accounts receivable	**1,995**	(1,908)	**24,329**
Decrease (increase) in inventories	**8,414**	(1,360)	**102,609**
(Decrease) increase in trade notes and accounts payable	**(1,709)**	154	**(20,850)**
(Decrease) increase in advances from customers	**(7,829)**	7,010	**(95,479)**
Other—net	**225**	874	**2,752**
Net cash provided by operating activities	**11,882**	15,352	**144,909**
INVESTING ACTIVITIES:			
(Deposit) disbursements for time deposits—net	**(9)**	2,304	**(117)**
Purchases of property, plant and equipment	**(3,118)**	(1,028)	**(38,031)**
Payments into long-term time deposits	**(21,500)**	(12,500)	**(262,195)**
Withdrawal of long-term time deposits	**6,500**	7,000	**79,268**
Payments of loan receivable	**(3)**	(313)	**(42)**
Purchase of investment securities	**(422)**	(514)	**(5,147)**
Proceeds from transfer of business	**54**	2,099	**662**
Other—net	**(24)**	35	**(299)**
Net cash (used in) provided by investing activities	**(18,523)**	(2,917)	**(225,901)**
FINANCING ACTIVITIES:			
Proceed from long-term loans payable	**610**	—	**7,439**
Dividends paid	**(1,616)**	(1,347)	**(19,714)**
Dividends paid to minority shareholders	**(230)**	(105)	**(2,809)**
Disposal of treasury stock	**5**	0	**68**
Payments for purchase of treasury stock	**(613)**	(2)	**(7,479)**
Other—net	**0**	(59)	**0**
Net cash used in financing activities	**(1,844)**	(1,514)	**(22,495)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(365)**	(402)	**(4,453)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(8,851)**	10,516	**(107,941)**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**39,626**	29,110	**483,254**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥30,775**	¥39,626	**$ 375,313**
PROCEEDS FROM TRANSFER OF BUSINESS:			
Current assets		¥ 1,707	
Non-current assets		941	
Current liabilities		21	
Long-term liabilities		(455)	
Total		2,214	
Others		(23)	
Receivable for transfer of business		(91)	
Proceeds from transfer of business—net		¥ 2,099	

"Others" include costs of transfer of business.
See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
Years Ended March 31, 2012 and 2011

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2012 is disclosed in Note 16. In addition, "net income before minority interests" is disclosed in the consolidated statement of income from the year ended March 31, 2011.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2011 financial statements to conform to the classifications used in 2012.

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 ¥82 to $1, the approximate rate of exchange at March 30, 2012. 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 its nine significant subsidiaries (together, the "Group").

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

Investment in one associated company is accounted for by the equity method. Investments in the remaining one unconsolidated subsidiary and another associated company 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.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements—In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; (e) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and (f) exclusion of minority interests from net income, if contained.

c. Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method—In March 2008, the ASBJ issued ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments." The new standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method unless it is impracticable to determine adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP unless they are not material: (1) amortization of goodwill; (2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (3) expensing capitalized development costs of R&D; (4) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; (5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to the financial statements have been incorporated; and (6) exclusion of minority interests from net income, if contained. This standard was applicable to equity method of accounting for fiscal years beginning on or after April 1, 2010. The Company applied this accounting standard effective April 1, 2010.

d. Business Combination—In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures. In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development (IPR&D) acquired in the business combination is capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation. This standard was applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

e. 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.

f. Allowance for Doubtful Accounts—The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

g. Inventories—Merchandise, work in process, raw materials and supplies are stated at the lower of cost, determined by the first-in, first-out method, or net selling value. Finished products are stated at the lower of cost, determined by the average method, or net selling value. Inventories of manufacturing equipment are stated at the lower of cost, determined by the specific identification method, or net selling value, which are included in raw materials, work in process and finished products.

h. Investment Securities—Investment securities are classified and accounted for, depending on management's intent, as follows: (i) held-to-maturity debt securities, which are expected to be held-to-maturity with the positive intent and ability to hold to maturity are reported at amortized cost and (ii) available-for-sale securities, other than (i), are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

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

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

i. Property, Plant and Equipment—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed substantially by the declining-balance method based on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired after April 1, 1998 and lease assets of the Company and its consolidated domestic subsidiaries, and all property, plant and equipment of consolidated foreign subsidiaries. The range of useful lives is principally from 10 to 50 years for buildings and structures, and from 3 to 8 years for machinery and equipment, and furniture and fixtures. The useful lives for lease assets are the terms of the respective leases.

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

k. Other Assets—Intangible assets are stated at cost less accumulated amortization, which is calculated by the straight-line method principally over 5 years.

l. Retirement and Pension Plans

Retirement benefits to employees (including officers)—The Company and its certain consolidated subsidiaries have contributory funded pension plans and unfunded retirement benefit plans as defined benefit plans.

The companies principally accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at each balance sheet date, while retirement benefits to officers are provided to state the liability at the amount that would be required if all officers retired at the balance sheet date.

Prior service cost is amortized by the straight-line method over 10 years. Actuarial gains and losses are amortized by the straight-line method over 10 years from the next period in which they arise, respectively.

The Company and certain consolidated subsidiaries terminated their unfunded retirement allowance plan for officers on June 26, 2008.

Retirement benefits to directors and corporate auditors—Retirement benefits to directors and corporate auditors are provided to state the liability at the amount that would be required if all of them retired at the balance sheet date.

The Company and certain consolidated subsidiaries terminated their unfunded retirement allowance plans for directors and corporate auditors on June 26, 2008.

m. Asset Retirement Obligations—In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard was effective for fiscal years beginning on or after April 1, 2010.

n. Research and Development Costs—Research and development costs are charged to income as incurred.

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

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

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

All other leases are accounted for as operating leases.

p. Bonuses to Directors and Corporate Auditors—Bonuses to directors and corporate auditors are accrued at the year-end to which such bonuses are attributable.

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

r. Foreign Currency Transactions—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates as of the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

s. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation were shown as "Foreign currency translation adjustments" under accumulated other comprehensive income (loss) in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate.

t. Derivative and Hedging Activities—The Group uses derivative financial instruments to manage its exposures to the fluctuation in foreign currency exchange. Foreign currency forward contracts are utilized by the Group to hedge foreign currency exchange risk. The Group does not enter into derivatives for trading or speculative purposes.

Trade receivables and payables denominated in foreign currencies for which foreign currency forward contracts are used to hedge foreign currency exchange risk are translated at the contracted rate if the forward contracts qualify for hedge accounting.

u. Per Share Information—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised. Diluted net income per share of common stock assumes full exercise of outstanding warrants at the beginning of the year.

For the years ended March 31, 2012 and 2011, diluted net income per share is not disclosed because it is anti-dilutive.

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.

v. Additional Information

Accounting Changes and Error Corrections—In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions. (2) Changes in Presentations—When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior Period Errors—When an error in prior period financial statements is discovered, those statements are restated. This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Employee Stock Ownership Plan Trust

Pursuant to the resolution by the meeting of the Board of Directors held on January 11, 2012, the Company has introduced an employee incentive plan, "Employee Stock Ownership Plan (ESOP) Trust" ("Plan") for the purpose of enhancing benefit programs for the employees who will support future growth of the Company as well as increasing employees' incentive to work and awareness of management participation through granting incentive to raise stock price and improving corporate value for the medium and long-term perspective.

Under the Plan, the Company will establish a trust ("Trust") for certain employees who participate in the "Tokyo Ohka Employee Stock Ownership Plan" ("Company's ESOP") and meet certain requirements as its beneficiaries. The Trust will acquire the total number of the Company's shares expected to be acquired by the Company's ESOP over five years in advance, and subsequently sell these shares to the Company's ESOP on a certain date of every month.

Acquisition and sales of the Company's shares are accounted for under the assumption that the Company and the Trust are the same entity.

Accordingly, assets, including the Company's shares owned by the Trust, and liabilities, and profits and loss of the Trust are included in the Company's consolidated balance sheet, consolidated statement of income and consolidated statement of changes in equity.

The number of treasury stocks as of March 31, 2012 is as follows:

The number of treasury stocks:	1,909,076 shares
Of which, held by the Company:	1,595,776 shares
Of which, held by the Trust:	313,300 shares

3. INVESTMENT SECURITIES

Investment securities as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Non-current:			
Marketable equity securities	**¥4,890**	¥4,421	**$59,634**
Corporate bond	**170**	170	**2,073**
Total	**¥5,060**	¥4,591	**$61,707**

The costs and aggregate fair values of investment securities at March 31, 2012 and 2011 were as follows:

	Millions of Yen			
March 31, 2012	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Held-to-maturity	**¥ 170**	**¥ 4**	**¥ —**	**¥ 174**
Available-for-sale	**3,184**	**1,966**	**261**	**4,890**

	Millions of Yen			
March 31, 2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Held-to-maturity	¥ 170	¥ 7	¥ —	¥ 177
Available-for-sale	2,789	1,904	272	4,421

	Thousands of U.S. Dollars			
March 31, 2012	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Held-to-maturity	**$ 2,073**	**$ 60**	**$ —**	**$ 2,133**
Available-for-sale	**38,840**	**23,985**	**3,191**	**59,634**

The difference between the sum of the above fair values of the equity securities and cost of the held-to-maturity, and the amounts shown in the accompanying consolidated balance sheets consists of non-marketable securities whose fair values are not readily determinable.

4. INVENTORIES

Inventories at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Merchandise and finished products	**¥ 6,540**	¥13,760	**$ 79,767**
Work in process	**2,230**	3,191	**27,201**
Raw materials and supplies	**2,884**	3,305	**35,174**
Total	**¥11,655**	¥20,258	**$142,143**

5. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2012, and, as a result, recognized impairment losses of ¥73 million ($891 thousand) as other expense. The carrying amount of those assets was written down to the recoverable amount. No impairment loss was recognized in 2011.

For purpose of evaluating and measuring impairment, assets used for business are considered to constitute a group by each business unit. Idle properties are individually evaluated.

The recoverable amount of certain assets, which the Group plans to sell, was measured by their net selling price at disposition. The recoverable amount of certain assets used for business was measured at their value in use.

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

The amounts of short-term borrowings are included in "Other current liabilities" of the consolidated balance sheets.

Short-term borrowings at March 31, 2012 consisted of the following:

	Millions of Yen	Thousands of U.S. Dollars
	2012	**2012**
Unsecured loan from a bank, with average interest rate of 0.69%	**¥122**	**$1,487**
Total	**¥122**	**$1,487**

Long-term debt at March 31, 2012 consisted of the following:

	Millions of Yen	Thousands of U.S. Dollars
	2012	**2012**
Unsecured loan from a bank, with average interest rate of 0.69%	**¥488**	**$5,951**
Total	**¥488**	**$5,951**

The aggregate annual maturities of long-term debt during the next five years are summarized below:

Years ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2014	¥122	$1,487
2015	122	1,487
2016	122	1,487
2017	122	1,487

7. RETIREMENT AND PENSION PLANS

The Company and its certain consolidated subsidiaries have contributory funded pension plans and unfunded retirement benefit plans as defined benefit plans for employees. The Company has severance payment plans for directors and corporate auditors.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on their rate of pay at the time of termination, their average pay during employment, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee.

The liability for employees' retirement benefits at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Projected benefit obligation	**¥17,217**	¥14,251	**$209,969**
Fair value of plan assets	**(8,454)**	(7,833)	**(103,098)**
Employee retirement benefit trust	**(5,007)**	(4,947)	**(61,072)**
Unrecognized prior service cost	**379**	517	**4,623**
Unrecognized actuarial loss	**(2,838)**	(776)	**(34,616)**
Net liability	**¥ 1,296**	¥ 1,211	**$ 15,804**

The components of net periodic benefit costs for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Service cost	**¥623**	¥ 659	**$ 7,607**
Interest cost	**318**	314	**3,885**
Expected return on plan assets	**(122)**	(81)	**(1,494)**
Amortization of prior service cost	**(138)**	(138)	**(1,691)**
Recognized actuarial loss	**216**	403	**2,644**
Net periodic benefit costs	**¥898**	¥1,157	**$10,952**

Assumptions used for the years ended March 31, 2012 and 2011 are set forth as follows:

	2012	2011
Discount rate	**1.50%**	2.25%
Expected rate of return on plan assets:		
Contributory pension plan	**1.25%**	0.75%
Employee retirement benefit trust	**0.50%**	0.50%
Amortization period of prior service cost	**10 years**	10 years
Recognition period of actuarial gain/loss	**10 years**	10 years

The liabilities for retirement benefits at March 31, 2012 and 2011 for directors and corporate auditors are ¥112 million ($1,372 thousand) and ¥117 million, respectively. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

8. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Balance at beginning of year	**¥86**	¥103	**$1,057**
Reconciliation associated with passage of time	**0**	1	**8**
Others	**(2)**	(17)	**(28)**
Balance at end of year	**¥85**	¥ 86	**$1,037**

9. EQUITY

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

a. Dividends—Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

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

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

c. Treasury Stock and Treasury Stock Acquisition Rights—The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

10. LOSSES FROM A NATURAL DISASTER

Due to the Great East Japan Earthquake on March 11, 2011, the Group recognized losses from a natural disaster of ¥409 million as other expense for the year ended March 31, 2011.

The Group recognized losses from the following:

	Millions of Yen
	2011
Restoration costs	¥299
Loss on disposal of inventories	13
Other	96
Losses from a natural disaster	¥409

11. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.3% for the years ended March 31, 2012 and 2011. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities at March 31, 2012 and 2011, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Current assets:			
Deferred tax assets:			
Accrued expense for bonuses to employees	**¥ 544**	¥ 603	**$ 6,636**
Loss on valuation of inventories	**385**	774	**4,701**
Unrealized gains on inventories	**301**	311	**3,681**
Insurance for unpaid bonuses	**73**	78	**893**
Allowance for doubtful accounts	**69**	1	**845**
Tax loss carryforwards	**—**	837	**—**
Other	**149**	370	**1,818**
Less valuation allowance	**(72)**	(294)	**(879)**
Total	**1,451**	2,683	**17,697**
Deferred tax liabilities—other	**59**	119	**727**
Total	**59**	119	**727**
Net deferred tax assets	**¥1,391**	¥2,564	**$16,970**
Non-current assets:			
Deferred tax assets:			
Liability for retirement benefits	**¥2,190**	¥2,445	**$26,717**
Tax loss carryforwards	**330**	361	**4,029**
Loss on devaluation of investment securities	**259**	293	**3,162**
Subsidy income	**239**	312	**2,915**
Allowance for doubtful accounts	**218**	118	**2,667**
Loss on impairment of long-lived assets	**172**	568	**2,099**
Other	**214**	250	**2,619**
Less valuation allowance	**(703)**	(788)	**(8,585)**
Total	**2,921**	3,562	**35,626**
Deferred tax liabilities:			
Property and equipment	**371**	444	**4,532**
Unrealized gain on available-for-sale securities	**606**	679	**7,402**
Other	**6**	8	**82**
Total	**985**	1,132	**12,017**
Net deferred tax assets	**¥1,935**	¥2,429	**$23,609**
Current liabilities—Deferred tax liabilities	**¥ 118**	¥ 139	**$ 1,445**
Non-current liabilities:			
Deferred tax liabilities:			
Undistributed earnings of foreign subsidiaries	**¥ 567**	¥ 625	**$ 6,919**
Property and equipment	**142**	150	**1,733**
Total	**709**	775	**8,652**
Deferred tax assets—other	**(92)**	(100)	**(1,124)**
Net deferred tax liabilities	**¥ 617**	¥ 675	**$ 7,528**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2012 and 2011 is as follows:

	2012	2011
Normal effective statutory tax rate	**40.3%**	40.3%
Non-taxable dividend income	**(6.3)**	(1.6)
Different income tax rates applicable to income in certain foreign countries	**(7.1)**	(5.7)
Dividends from consolidated foreign subsidiaries eliminated for consolidation purposes	**6.2**	2.7
Adjustment for decrease in ending balance of deferred tax assets due to changes in tax rates	**6.0**	—
Equity in earnings of affiliate	**(0.7)**	(0.8)
Valuation allowance	**(0.2)**	3.9
Other—net	**0.2**	1.2
Actual effective tax rate	**38.4%**	40.0%

At March 31, 2012, the Company and certain subsidiaries have tax loss carryforwards aggregating approximately ¥958 million ($11,690 thousand) which are available to be offset against taxable income of the Company and such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Years ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2015	¥ 20	$ 248
2016	144	1,758
2017 and thereafter	794	9,683
Total	¥958	$11,690

As a result of the promulgation of "The Law to Revise the Income Tax, etc. in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure (Law No. 114/2011)" and "The Act on Special Measures for Securing Financial Resources Necessary for Reconstruction from the Great East Japan Earthquake (Law No. 117/2011)" on December 2, 2011, the corporate tax rates will be lowered and special corporate tax for reconstruction will be imposed from the fiscal years beginning on or after April 1, 2012.

In line with this, the statutory effective tax rate applied to the calculation of deferred tax assets and liabilities for temporary difference which is expected to be reversed during the period between the consolidated fiscal year beginning on or after April 1, 2012 and the consolidated fiscal year beginning on or after April 1, 2014 will be changed from 40.3% to 38.1%, and to 35.3% for temporary difference which is expected to be reversed from the consolidated fiscal year beginning on or after April 1, 2015.

As a result of this change, net deferred tax assets as of March 31, 2012 decrease by ¥321 million ($3,916 thousand), net deferred tax liabilities decrease by ¥15 million ($182 thousand) and income tax expenses-deferred increased by ¥392 million ($4,782 thousand).

12. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Selling, general and administrative expenses	**¥6,101**	¥6,296	**$74,409**
Cost of sales	**56**	63	**684**
Total	**¥6,157**	¥6,360	**$75,094**

13. LEASES

The Group leases certain buildings and structures, machinery, computer hardware, software and other assets.

Total lease payments under finance leases for the years ended March 31, 2012 and 2011 were ¥17 million ($216 thousand) and ¥19 million, respectively.

As discussed in Note 2.o, the Company accounts for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. Pro forma information of leased property, such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, interest expense, on an "as if capitalized" basis for the years ended March 31, 2012 and 2011 was as follows:

Acquisition cost and accumulated depreciation:

	Millions of Yen		
	2012		
	Buildings and Structures	Machinery and Equipment	Total
Acquisition cost	**¥233**	**¥7**	**¥241**
Accumulated depreciation	**97**	**7**	**104**
Net leased property	**¥136**	**¥0**	**¥136**

	Millions of Yen		
	2011		
	Buildings and Structures	Machinery and Equipment	Total
Acquisition cost	¥233	¥15	¥249
Accumulated depreciation	81	13	94
Net leased property	¥151	¥ 2	¥154

	Thousands of U.S. Dollars		
	2012		
	Buildings and Structures	Machinery and Equipment	Total
Acquisition cost	**$2,850**	**$97**	**$2,948**
Accumulated depreciation	**1,187**	**90**	**1,277**
Net leased property	**$1,662**	**$ 7**	**$1,670**

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within one year	**¥ 16**	¥ 17	**$ 197**
Due after one year	**120**	136	**1,472**
Total	**¥136**	¥154	**$1,670**

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 statements of income, computed by the straight-line method was ¥17 million ($216 thousand) and ¥19 million for the years ended March 31, 2012 and 2011, respectively.

The minimum rental commitments under noncancelable operating leases at March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within one year	**¥ 42**	¥ 51	**$ 520**
Due after one year	**63**	105	**775**
Total	**¥106**	¥157	**$1,296**

14. FINANCIAL INSTRUMENTS

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

(1) Group Policy for Financial Instruments

The Group invests cash surpluses in low risk financial assets. Such surpluses are generated from the Group's own operations. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables such as trade notes and accounts are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using forward foreign currency contracts. Investment securities, mainly equity instruments of customers and suppliers of the Group and held-to-maturity securities, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and accounts, are less than one year.

Derivatives mainly include forward foreign currency contracts, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables. Please see Note 15 for more detail about derivatives.

(3) Risk Management for Financial Instruments

Credit risk management

The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers by the credit administration department to identify the default risk of customers in the early stages. With respect to held-to-maturity securities, the Group manages its exposure to credit risk by limiting its funding to high credit rating bonds. With respect to derivatives, the Group manages its exposure to credit risk by limiting its contracts to major and creditworthy international financial institutions.

The maximum credit risk exposure of financial assets is limited to their carrying amounts as of March 31, 2012.

Market risk management (foreign exchange risk)

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk, which is managed monthly by currency, is hedged principally by forward foreign currency contracts. In addition, forward foreign currency contracts may be used at the maximum of expected amounts of foreign currency trade receivables and payables.

Investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used instead. Also please see Note 15 for the detail of fair value for derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2012	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	**¥30,775**	**¥30,775**	**¥ —**
Time deposits	**19,298**	**19,298**	**—**
Receivables—Trade notes and accounts	**19,083**	**19,083**	**—**
Investment securities:			
Held-to-maturity securities	**170**	**174**	**4**
Available-for-sale securities	**4,890**	**4,890**	**—**
Long-term time deposits	**18,000**	**17,963**	**(36)**
Total	**¥92,217**	**¥92,185**	**¥(31)**
Payables—Trade notes and accounts	**¥ 6,622**	**¥ 6,622**	**¥ —**
Short-term loans payable	**122**	**122**	**—**
Long-term loans payable	**488**	**488**	**—**
Total	**¥ 7,232**	**¥ 7,232**	**¥ —**

	Millions of Yen		
March 31, 2011	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥39,626	¥39,626	¥ —
Time deposits	8,397	8,397	—
Receivables—Trade notes and accounts	21,315	21,315	—
Investment securities:			
Held-to-maturity securities	170	177	7
Available-for-sale securities	4,421	4,421	—
Long-term time deposits	14,000	13,970	(29)
Total	¥87,931	¥87,909	¥(21)
Payables—Trade notes and accounts	¥ 8,415	¥ 8,415	¥ —
Total	¥ 8,415	¥ 8,415	¥ —

	Thousands of U.S. Dollars		
March 31, 2012	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	**$ 375,313**	**$ 375,313**	**$ —**
Time deposits	**235,341**	**235,341**	**—**
Receivables—Trade notes and accounts	**232,724**	**232,724**	**—**
Investment securities:			
Held-to-maturity securities	**2,073**	**2,133**	**60**
Available-for-sale securities	**59,634**	**59,634**	**—**
Long-term time deposits	**219,512**	**219,067**	**(444)**
Total	**$1,124,599**	**$1,124,214**	**$(384)**
Payables—Trade notes and accounts	**$ 80,757**	**$ 80,757**	**$ —**
Short-term loans payable	**1,487**	**1,487**	**—**
Long-term loans payable	**5,951**	**5,951**	**—**
Total	**$ 88,196**	**$ 88,196**	**$ —**

Cash and Cash Equivalents, and Time Deposits
The carrying values of cash and cash equivalents, and time deposits approximate fair value because of their short maturities.

Receivables—Trade Notes and Accounts
The carrying values of receivables—trade notes and accounts approximate fair value because of their short maturities.

Investment Securities
The fair values of investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The information of the fair value for the marketable and investment securities by classification is included in Note 3.

Long-Term Time Deposits
Long-term time deposits are measured at fair value using the discounted cash flow on deposits held at banks. The discounted rate used is the deposit interest rate assuming the same period.

Payables—Trade Notes and Accounts
The carrying values of payables—trade notes and accounts approximate fair value because of their short maturities.

Short-term loans payable
The carrying values of short-term loans payables approximate fair value because of their short maturities.

Long-term debts
Long-term debts bear floating interest, and therefore, the carrying values approximate fair value.

Derivatives
The information of the fair value for derivatives is included in Note 15.

(b) Financial instruments whose fair value cannot be reliably determined

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Investments in equity instruments that do not have a quoted market price in an active market	**¥209**	¥103	**$2,550**

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen		
March 31, 2012	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years
Cash and cash equivalents	**¥30,775**	**¥ —**	**¥ —**
Time deposits	**19,298**	**—**	**—**
Receivables—Trade notes and accounts	**19,083**	**—**	**—**
Held-to-maturity securities	**—**	**—**	**170**
Long-term time deposits	**—**	**18,000**	**—**
Total	**¥69,157**	**¥18,000**	**¥170**

	Millions of Yen		
March 31, 2011	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years
Cash and cash equivalents	¥39,626	¥ —	¥ —
Time deposits	8,397	—	—
Receivables—Trade notes and accounts	21,315	—	—
Held-to-maturity securities	—	—	170
Long-term time deposits	—	14,000	—
Total	¥69,339	¥14,000	¥170

	Thousands of U.S. Dollars		
March 31, 2012	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years
Cash and cash equivalents	**$375,313**	**$ —**	**$ —**
Time deposits	**235,341**	**—**	**—**
Receivables—Trade notes and accounts	**232,724**	**—**	**—**
Held-to-maturity securities	**—**	**—**	**2,073**
Long-term time deposits	**—**	**219,512**	**—**
Total	**$843,379**	**$219,512**	**$2,073**

Please see Note 13 for obligations under finance leases.

15. DERIVATIVES

The Group enters into foreign currency forward contracts to hedge foreign currency exchange risk associated with certain assets and liabilities denominated in foreign currencies.

All derivative transactions are entered into to hedge foreign currency exposures incorporated within its business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amounts.

Derivative Transactions to Which Hedge Accounting is Applied

		Millions of Yen		
March 31, 2012	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.$	Receivables—Trade accounts	**¥2,567**	**¥—**	*****
Selling EUR	Receivables—Trade accounts	**159**	**—**	*****
Selling NT$	Receivables—Trade accounts	**408**	**—**	*****

		Millions of Yen		
March 31, 2011	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.$	Receivables—Trade accounts	¥3,464	¥—	*
Selling EUR	Receivables—Trade accounts	270	—	*
Selling NT$	Receivables—Trade accounts	1,344	—	*

		Thousands of U.S. Dollars		
March 31, 2012	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.$	Receivables—Trade accounts	**$31,313**	**$—**	*****
Selling EUR	Receivables—Trade accounts	**1,943**	**—**	*****
Selling NT$	Receivables—Trade accounts	**4,979**	**—**	*****

* The fair value of such foreign currency forward contracts in Note 15 is included in that of the hedged items (i.e., receivables—trade accounts).

16. COMPREHENSIVE INCOME

For the Year Ended March 31, 2012

Reclassification adjustments and tax effects regarding other comprehensive income for the year ended March 31, 2012 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2012	2012
Unrealized gain on available-for-sale securities:		
Recognized during the year	¥ 45	$ 560
Reclassification adjustments	26	319
Before tax effects adjustment	72	880
Tax effects	72	886
Unrealized gain on available-for-sale securities	144	1,766
Foreign currency translation adjustments:		
Recognized during the year	(701)	(8,551)
Tax effects	—	—
Foreign currency translation adjustments	(701)	(8,551)
Share of other comprehensive loss in companies accounted for by the equity method:		
Recognized during the year	(11)	(142)
Total other comprehensive income	¥(568)	$(6,927)

17. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2012 and 2011 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2012	Net Income	Weighted-Average Shares	EPS	
Basic EPS—Net income available to common shareholders	**¥3,818**	**44,990***	**¥84.86**	**$1.03**

	Millions of Yen	Thousands of Shares	Yen
Year Ended March 31, 2011	Net Income	Weighted-Average Shares	EPS
Basic EPS—Net income available to common shareholders	¥3,649	45,005	¥81.08

* Weighted-average shares for the year ended March 31, 2012 excluded the Company's shares held by the Employee Stock Ownership Plan Trust.

18. SUBSEQUENT EVENT

At the general shareholders meeting held on June 27, 2012, the Company's shareholders approved the following appropriation of retained earnings:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥20 ($0.24) per share	**¥900**	**$10,976**

19. SEGMENT INFORMATION

For the Years Ended March 31, 2012 and 2011

(1) Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of the Material Business and Equipment Business. The Material Business consists of photoresists and related materials and specialty chemicals. The Equipment Business consists of semiconductor manufacturing equipment and LCD manufacturing equipment.

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

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

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

	Millions of Yen				
	2012				
	Reportable Segment				
	Material Business	Equipment Business	Total	Reconciliations	Consolidated
Sales:					
Sales to customers	**¥66,622**	**¥13,384**	**¥80,006**	**¥ —**	**¥ 80,006**
Intersegment sales or transfers	**0**	**108**	**108**	**(108)**	**—**
Total sales	**¥66,622**	**¥13,493**	**¥80,115**	**¥ (108)**	**¥ 80,006**
Operating income (loss)	**¥ 8,280**	**¥ 900**	**¥ 9,181**	**¥ (3,108)**	**¥ 6,072**
Segment assets	**57,798**	**6,954**	**64,753**	**74,014**	**138,767**
Other:					
Depreciation	**3,526**	**203**	**3,729**	**309**	**4,038**
Increase in property, plant and equipment and intangible assets	**3,007**	**138**	**3,145**	**127**	**3,273**

Note: Reconciliations of

— Operating income (loss) amounting to ¥(3,108) million ($(37,913) thousand) include common costs of ¥(3,108) million ($(37,913) thousand), which are not allocated to reportable segments.

— Segment assets amounting to ¥74,014 million ($902,614 thousand) include working capital (the Company's cash, deposits, and long-term time deposits) and investment securities of ¥65,810 million ($802,572 thousand), which are not allocated to reportable segments.

— Increase in property, plant and equipment and intangible assets of ¥127 million ($1,558 thousand) is relevant to common assets.

	Millions of Yen				
	2011				
	Reportable Segment				
	Material Business	Equipment Business	Total	Reconciliations	Consolidated
Sales:					
Sales to customers	¥71,456	¥ 8,533	¥79,990	¥ —	¥ 79,990
Intersegment sales or transfers	0	89	89	(89)	—
Total sales	¥71,456	¥ 8,622	¥80,079	¥ (89)	¥ 79,990
Operating income (loss)	¥10,770	¥ (1,381)	¥ 9,388	¥ (3,291)	¥ 6,096
Segment assets	61,921	16,551	78,473	68,612	147,085
Other:					
Depreciation	3,787	269	4,056	336	4,393
Increase in property, plant and equipment and intangible assets	1,415	94	1,510	227	1,737

Note: Reconciliations of

— Operating income (loss) amounting to ¥(3,291) million include common costs of ¥(3,291) million, which are not allocated to reportable segments.

— Segment assets amounting to ¥68,612 million include working capital (the Company's cash, deposits, and long-term time deposits) and investment securities of ¥57,289 million, which are not allocated to reportable segments.

— Increase in property, plant and equipment and intangible assets of ¥227 million is relevant to common assets.

	Thousands of U.S. Dollars				
	2012				
	Reportable Segment				
	Material Business	Equipment Business	Total	Reconciliations	Consolidated
Sales:					
Sales to customers	$812,463	$163,230	$975,693	$ —	$ 975,693
Intersegment sales or transfers	0	1,319	1,319	(1,319)	—
Total sales	$812,463	$164,549	$977,012	$ (1,319)	$ 975,693
Operating income (loss)	$100,979	$ 10,987	$111,966	$ (37,913)	$ 74,053
Segment assets	704,860	84,817	789,677	902,614	1,692,292
Other:					
Depreciation	43,003	2,479	45,483	3,768	49,251
Increase in property, plant and equipment and intangible assets	36,671	1,692	38,364	1,558	39,922

Related Information

For the Years Ended March 31, 2012 and 2011

(1) Information about geographical areas

(a) Sales

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Japan	¥27,124	¥30,528	$330,788
Taiwan	18,931	18,095	230,871
Korea	16,528	10,423	201,572
U.S.A.	8,477	8,874	103,383
Other areas	8,944	12,067	109,078
Total	¥80,006	¥79,990	$975,693

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

(b) Property, Plant and Equipment

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Japan	¥26,616	¥27,569	$324,590
U.S.A.	2,190	2,380	26,708
Other areas	375	466	4,581
Total	¥29,812	¥30,415	$355,880

(2) Information about major customers

For the year ended March 31, 2012

Information is omitted as no customer accounted for more than 10% of total consolidated sales.

For the year ended March 31, 2011

	Sales	Related Segment Name
Name of Customers	Millions of Yen	
KOIKE SANGYO K.K.	¥8,266	Material Business

CAUTIONARY STATEMENT

The Company's financial statements in English have not been audited by independent auditors.
However, the original Japanese financial statements on which they are based have been audited by independent auditors.

Corporate Data

As of March 31, 2012

Corporate Name : TOKYO OHKA KOGYO CO., LTD.

Established : October 25, 1940

Corporate Headquarters : 150 Nakamaruko, Nakahara-ku, Kawasaki, Kanagawa 211-0012, JAPAN

Number of Employees : 1,520 (Consolidated)

Paid-in Capital : ¥14,640 million

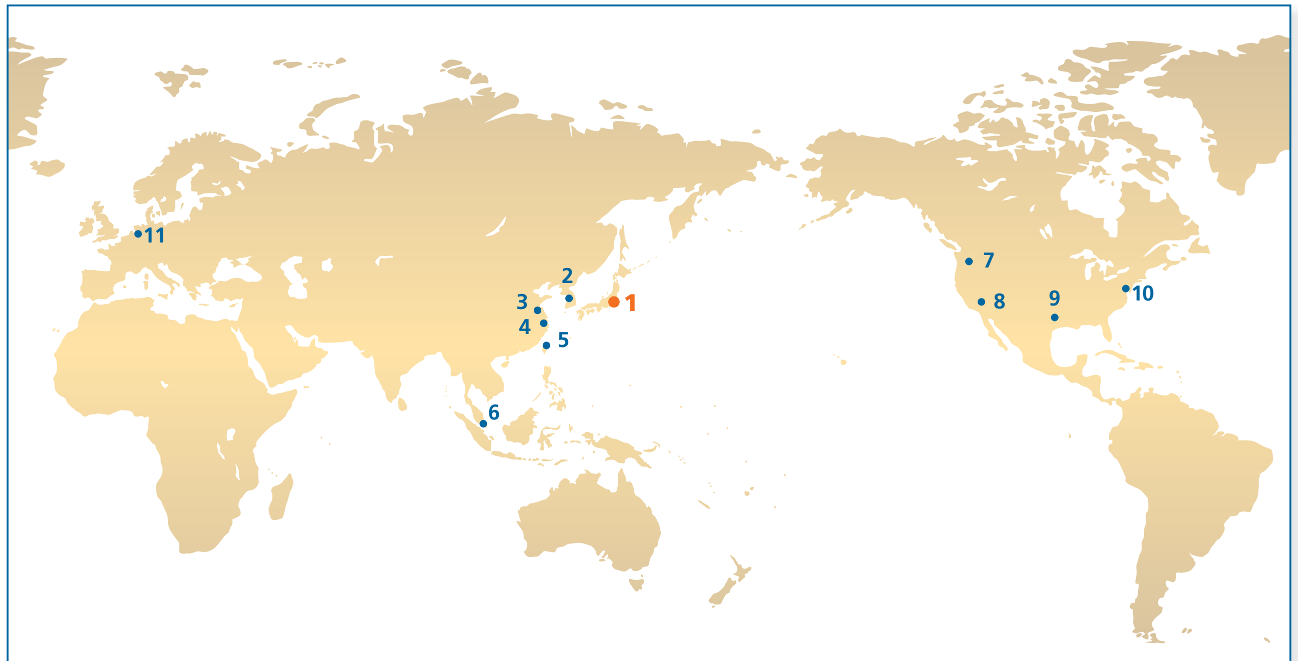
Web Site : http://www.tok.co.jp/en/

Stock Listing : Tokyo

Investor Relations Contact : Public Relations Division
150 Nakamaruko, Nakahara-ku,
Kawasaki, Kanagawa 211-0012, JAPAN
TEL. +81-44-435-3000
FAX. +81-44-435-3020

Global Network

As of March 31, 2012



1 **TOKYO OHKA KOGYO CO., LTD.**

2 **TOK KOREA CO., LTD.**
Headquarters (Seoul)

3 **CHANG CHUN TOK (CHANGSHU) CO., LTD.**
Headquarters / Changshu Plant (Changshu)

4 Shanghai Representative Office

5 **TOK TAIWAN CO., LTD.**
Headquarters (Hsinchu)
Miaoli Plant (Miaoli)

6 Singapore Office

TOKYO OHKA KOGYO AMERICA, INC.
7 Headquarters / Oregon Plant (Oregon)
8 Corporate Sales Office (California)
9 Texas Sales Office (Texas)
10 New York Sales Office (New York)

11 **TOKYO OHKA KOGYO EUROPE B.V.**
Headquarters (The Netherlands)