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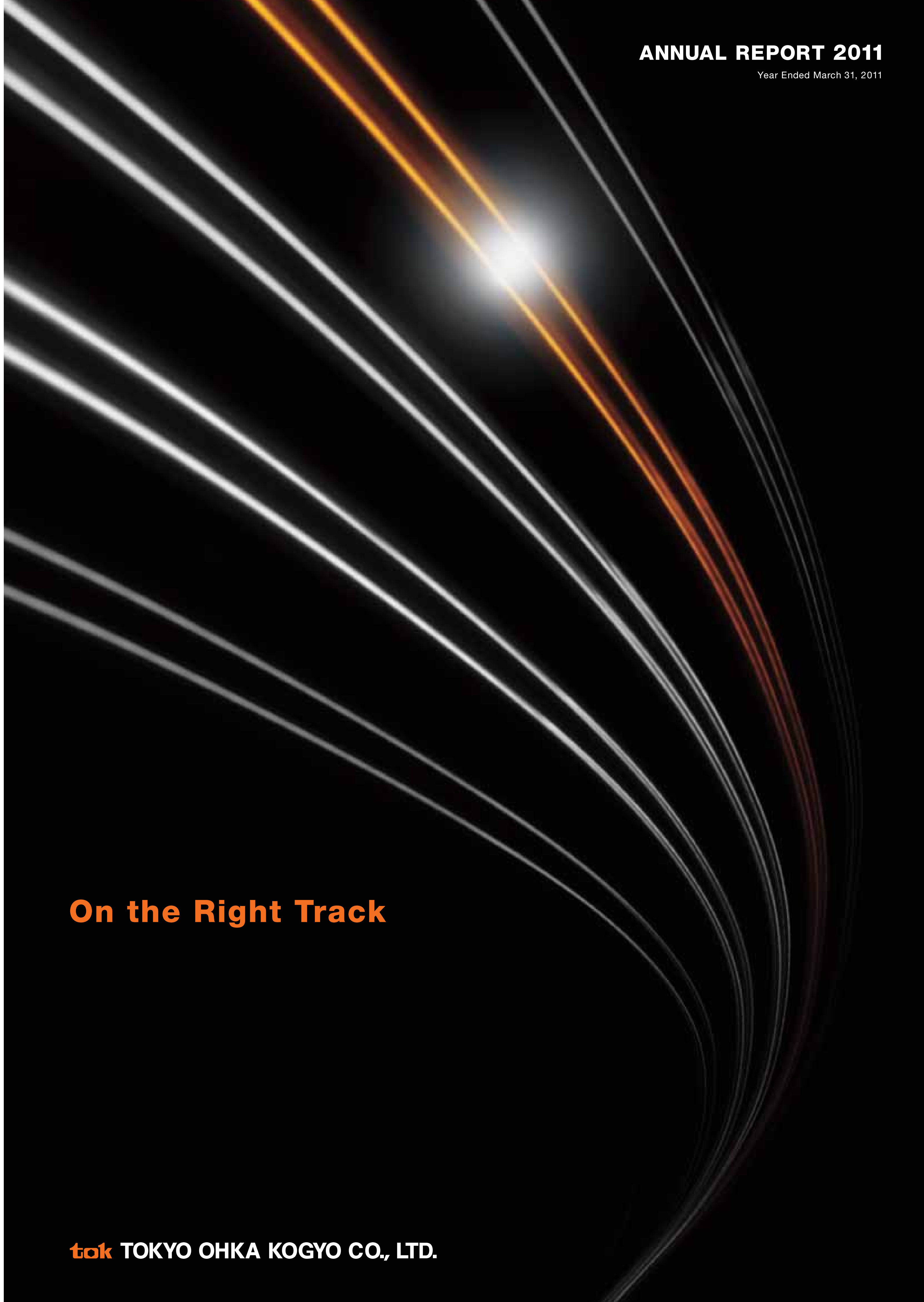


ANNUAL REPORT 2011

Year Ended March 31, 2011

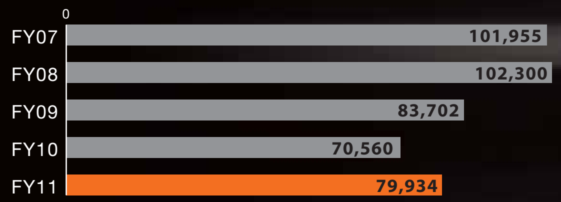
On the Right Track

tok TOKYO OHKA KOGYO CO., LTD.

Financial Highlights

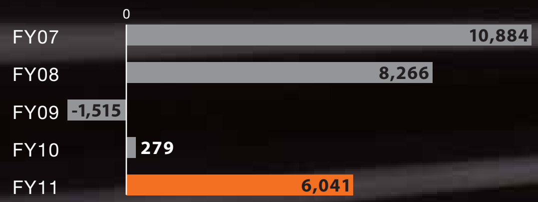
TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
For the years ended March 31

Net Sales
(Millions of Yen)



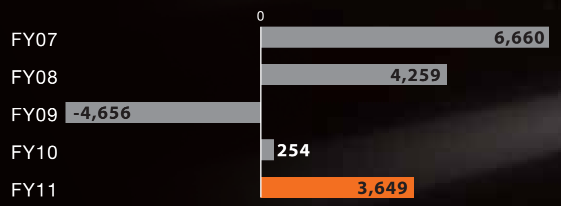
+13.3%

Operating Income (Loss)
(Millions of Yen)



+21.6 times

Net Income (Loss)
(Millions of Yen)



+14.3 times

Cash Dividends per Share
(Yen)

+¥3

Toward Achieving Sustained Growth

Contents

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 2011" refers to the 12-month period ended March 31, 2011 (April 1, 2010 – March 31, 2011).

Having marked the 70th anniversary of the Company's foundation, we forge ahead seeking sustained growth with the "Rebirth" of TOK

Ikuo Akutsu
President & Chief Executive Officer

A Message from the New President

First, I would like to take this opportunity to report that I have been appointed to the position of the President and Chief Executive Officer of TOK at the general shareholders meeting on June 28, 2011.

TOK marked the 70th anniversary of its foundation on October 25, 2010. The history of TOK goes back to 1940, when the Company was established as a chemical manufacturer and supplier of caustic potash and soda. The development of phosphor bonding material for black and white televisions was a major stepping stone which transformed TOK into a manufacturer of electronic materials. The development of negative photoresists led to the manufacturing of photoresists for manufacturing semiconductors, which has become the pillar of our business, and eventual entry into process equipment business. Today, TOK is one of the major global manufacturers of materials for electronics.

TOK has grown through the creation of new core businesses, always keeping in step with the times. Global competition will continue to challenge us. In order for us to achieve sustained growth in such an environment, we recognize that we must have the keen foresight to pursue new directions and capture every business opportunity we encounter.

Operating Results of the Fiscal Year Ended March 31, 2011

The effects of massive business structural reforms coupled with increased demand for semiconductors and LCDs led to a dramatic increase in sales and earnings

In the fiscal year ended March 31, 2011, we achieved a remarkable recovery after the "Rebirth" of TOK because of the continuing effects of massive business structural reforms which began in the fiscal year ended March 31, 2009, as well as a favorable turn in the external environment. The world economy turned to recovery supported by the stimulus measures implemented by various governments and increased exports mainly by emerging countries. At the same time, the semiconductor and LCD panel markets expanded with a firming trend in the shipments of LCD television sets in addition to the increased demand for smartphones and tablet devices.

In this environment, consolidated net sales for the fiscal year ended March 31, 2011, increased 13.3% to ¥79,934 million as a result of strong demand in recovering markets despite some impact from the appreciating yen. With a reduction of deficits in the equipment business in addition to increased sales in the material business and reductions in various expenses through cost-cutting measures, consolidated operating income jumped 21.6 times to ¥6,041 million and consolidated net income achieved a dramatic increase of 14.3 times to ¥3,649 million.

With respect to the effects of the Great East Japan Earthquake of March 11, 2011, on the TOK Group, we posted an extraordinary loss from the disaster of ¥409 million to cover contingency costs for the repair of damaged equipment at Koriyama Plant (Fukushima) and Utsunomiya Plant (Tochigi) and coping with the impact of planned black-outs at the Sagami Operation Center and other offices. However, we suffered no deaths or injuries among our employees and our manufacturing activities escaped major damage, therefore our losses of operation were limited.

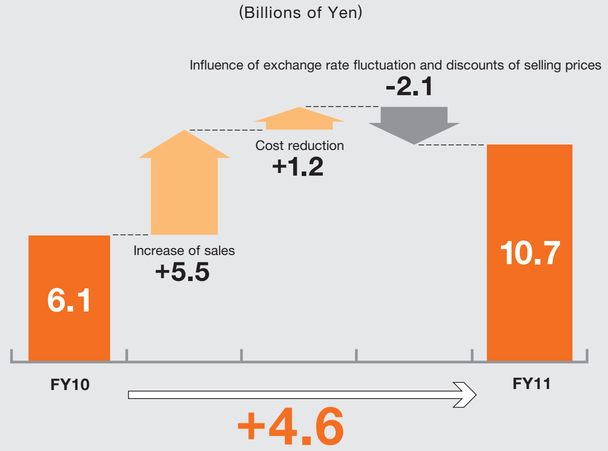
Material Business

Both sales and earnings increased significantly: strong growth in advanced semiconductor materials

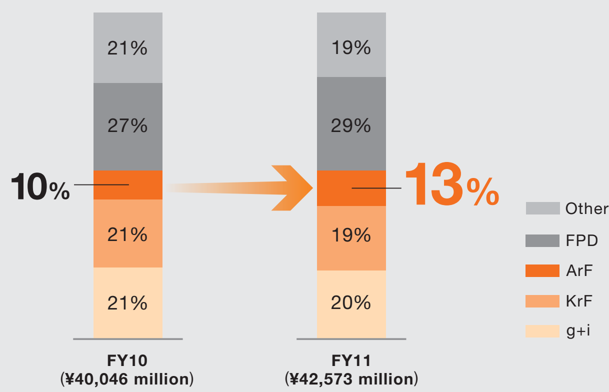
In the material business, both sales and earnings increased dramatically during the fiscal year ended March 31, 2011. On a full-year basis, sales increased 9.8% from the previous fiscal year to ¥71,403 million and operating income increased 75.1% to ¥10,717 million. Increased sales of photoresists used to manufacture semiconductors and LCDs in electronic functional materials and increased shipment of high value-added products mainly to North America in high purity chemicals made significant contributions to the increases.

Looking at individual products, shipments of ArF excimer laser photoresists, particularly to Asia, increased more than 40% from the previous fiscal year. We are expecting shipments to memory device manufacturers in Japan to also increase during the fiscal year ending March 31, 2012, and are planning for further growth of this product.

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



Sales Composition for Electronic Functional Materials



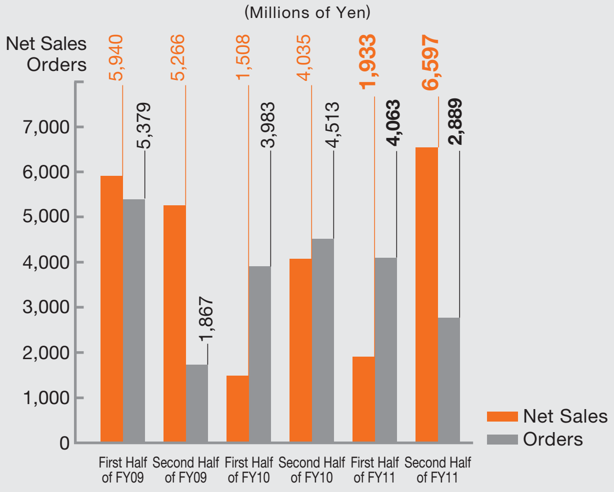
Equipment Business

Operating loss continues, but much smaller than in the previous fiscal year

In the equipment business, sales increased despite a decline in orders in the fiscal year ended March 31, 2011. As a result, operating loss was smaller than in the previous fiscal year.

Orders declined on a full-year basis due to the stagnation of new capital expenditures among LCD panel manufacturers, our main customers. However, sales increased by 53.9% to ¥8,530 million as a result of the posting of the sales of the first float coating systems (FCSs), the final acceptance of which was delayed during the previous year. This innovative system applies color photoresists while constantly repositioning glass substrates as required. Operating loss was ¥1,384 million, which was smaller than the ¥2,208 million reported in the previous fiscal year.

Equipment Business Performance (Half yearly basis)



Business Structural Reforms

The bold execution of the transfer of the printing material business

TOK transferred the printing materials division to Eastman Kodak Company (USA) effective March 1, 2011, from the perspective of the selection and concentration of management resources. The decision on the transfer was made as a measure of the business structural reforms we had been carrying out since January 2009, which included conducting an early retirement program with extra benefits (June 2009), transfer of all of TOK's shares of a subsidiary in Europe (February 2010) and the closure of Ikuno Plant (March 2010). With the implementation of the unprecedented scope of reforms measures, we successfully accomplished significant cost reductions. We are now ready to concentrate our management resources on our core microprocess technology and new business domains which will be the pillars of our future.

In the equipment business, we will focus our efforts on expanding sales of the wafer handling systems for through silicon via (TSV) process, which is our new flagship product, as well as a joint project with IBM for the development of a thin film solar cell production process using copper, zinc, tin, sulfur and selenium (CZTS).

Outlook for the Fiscal Year Ending March 31, 2012

Lower sales and earnings forecasted in the material business: Equipment business expected to return to profits after four years of losses

In the fiscal year ending March 31, 2012, we expect demand for smartphones and tablet devices to continue to increase. The semiconductor and LCD panel markets are also expected to expand.

In the material business, we expect sales and earnings to fall due to a decrease in sales as a result of the transfer of the printing material business and falling prices of some products as well as the anticipated influence of fluctuations in foreign exchange rates and rising oil prices. We are, however, certain that we will significantly increase the sales of ArF excimer laser photoresists in the fiscal year ending March 31, 2012. The shipment of ArF excimer laser photoresists to a major memory device manufacturer in Japan which began in the second half of the fiscal year ended March 31, 2011, is expected to make a significant contribution to the improvement of our business performance.

In the equipment business, we expect a substantial increase in sales. We are planning on a return to profitability in this business in the fiscal year ending March 31, 2012, after four years of losses as we expect the profitability of individual equipment will improve from the previous fiscal year.

Overall, we are planning on higher sales and earnings by offsetting the expected decrease in sales and earnings of the material business with the increased sales and earnings of our equipment business.

Initiatives with a Focus on the Future

Starting in the fiscal year ending March 31, 2012, we will concentrate our efforts on measures to ensure the sustained growth of the "Rebirth" of TOK based on the accomplishments of the business structural reforms in the past years. Although we operate in an uncertain environment affected by the appreciation of yen and rising resource and material prices, we will ensure that we steadily implement all required measures from long-term perspectives and our vision of the future TOK in order to realize our growth strategies.

Our goal is to achieve sustainable earnings growth. We have launched two key approaches to accomplish this goal: First, in order to strengthen the foundation to support stable growth, we reinforce our established business domains by the aggressive introduction of new products. Second, in order to strengthen our growth potential, we strive to foster new business domains that surpass our existing business domains so as to transform our business portfolio.

In order to build a stronger foundation for stable growth through reinforcing established business domains, specifically, we will introduce new products which include next generation process materials for semiconductors, materials for displays, and optical materials, and expedite commercialization of the products for wafer handling systems for TSV process, solar cell production process, and nanoimprint technology. To strengthen our growth potential, we are promoting a marketing strategy that combines sales and development expertise in an effort to capture potential needs of our users, and implementing measures that will widen the scope of our business. With these two approaches, we will work hard to develop growth areas which will be our future growth engine.

To Our Shareholders and Investors

Developing effective growth strategies for sustained growth in corporate value

Distributing earnings to shareholders is one of our highest priorities. Our basic policy is to maintain dividend payouts by taking performance trends and general financial conditions as well as the current level into consideration, and, from a long-term perspective, by ensuring the sufficiency of internal reserve considered essential for the Company to improve its ability to be more competitive and more profitable.

For the fiscal year ended March 31, 2011, we increased the dividend per share by ¥3 to ¥33.

While we expect uncertainties to remain in the business environment for some time to come, we will make every effort to sustain growth of corporate value for the "Rebirth" of TOK.

We ask for your continued support and understanding.

September 2011

Ikuo Akutsu
President & Chief Executive Officer

To Achieve the Goal of Sustained Growth with the "Rebirth" of TOK: We took the first step toward reinforcing established business domains and creating new business domains

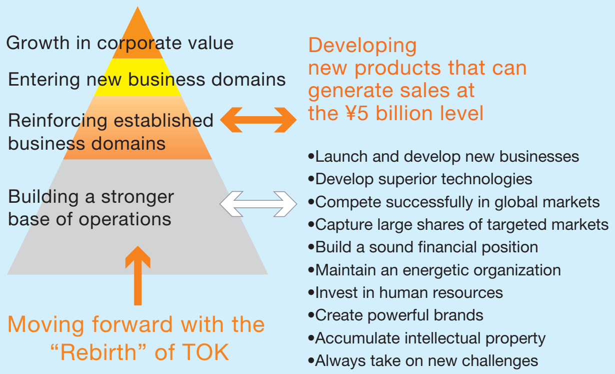
Taking Bold Steps Toward Where We Want to Be: With the successful reorganization, we are on track to launch and develop new businesses

With the successful completion of the business structural reforms that started in the fiscal year ended March 31, 2009, the "Rebirth" of TOK has taken the first step of its drive to achieve sustainable earnings growth in the Company. We will continue to accelerate our efforts toward the realization of our vision for the future of TOK.

TOK has established the goal of achieving sustainable earnings growth driven by the new business domains that are not limited to our established business domains. We must transform our business portfolio, and this is the most important management theme. In order to achieve our goal, we created a "New Business Development Dept." which combined the functions of the Marketing Dept. and the Research and Development Dept. relating to new businesses. With the organic combination of the know-how amassed in these two departments, we will demonstrate our technological potential in a wide range of fields so as to continue expanding our business domains.

Our current target is to launch and develop new businesses as quickly as possible that can generate sales at the ¥5 billion level.

Moving forward with the "Rebirth" of TOK



Two Approaches to Transforming TOK's Business Portfolio

Moving faster to reinforce established business domains and entering new business domains

We have two approaches to transforming our business portfolio.

The first approach is reinforcing established business domains. In our established business domains, we will focus our efforts on promising fields to build on our strong points of functional polymer patterning and coating technologies, after consideration of profitability and growth potential in these fields. The semiconductor manufacturing and LCD manufacturing fields are two areas we are targeting. To grow in these areas, we will introduce new products like next generation process materials for semiconductors, optical elements (organic electroluminescence, LED), optical components (micro lens), micro electro mechanical systems (MEMS) and materials used to make displays.

We will also work to expand sales of the products associated with wafer handling systems for through silicon via (TSV) process (the Zero Newton®*1 wafer handling system) that we developed and expedite the early commercialization of the products relating to the CZTS*2 solar cell production process and nanoimprint technology.*3

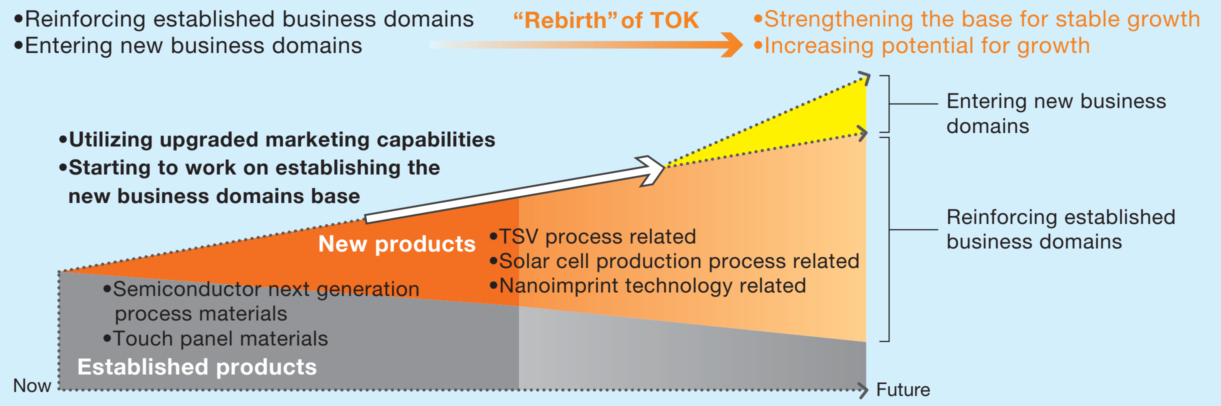
*1. The name "Zero Newton®" comes from the fact that the support plate can be removed without any stress on the silicon wafer, and the process can be accomplished without using any force.

*2. CZTS (copper, zinc, tin, sulfur, selenium) is a composite material used in the form of a polycrystalline thin film to make solar cells.

*3. Nanoimprint technology: A technology which transfers a pattern formed in a mold by pressing the mold against a resin on a substrate. This approach differs from conventional photolithography technology.

The second approach is entering new business domains. Launching and developing new core businesses is vital to reaching our goal of achieving sustainable earnings growth. The New Business Development Dept. will play a pivotal role in our efforts to launch and develop new businesses and strengthen our growth potential making full use of our expanded marketing functions.

Reinforcing established business domains and entering new business domains



Reinforcing established business domains: New products for the semiconductor and LCD manufacturing fields

In our established business domains, technologies are advancing in new directions in the semiconductor and LCD manufacturing fields, which account for the majority of TOK's earnings at present. We plan to position ourselves for growth by introducing new products in both of these fields.

Semiconductor next generation process materials

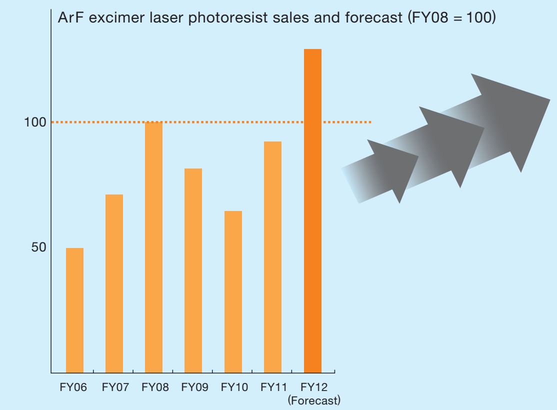
Increasing our share of the immersion ArF excimer laser photoresist market

Semiconductor manufacturing processes are expected to advance from immersion lithography process* using topcoats (protection films) to topcoat-less lithography, and shift to double patterning technology. In current highly advanced semiconductor manufacturing, the process for 3Xnm node has entered mass production, and we are already concentrating on accelerating the development of photoresists for the upcoming 2Xnm node.

Advances in microprocess technology will lead to an increase in the total value of photoresists. This will open up greater opportunities for TOK as a company with expertise in photoresists and associated materials. Sales of TOK's ArF excimer laser photoresists are starting to climb steadily. Our objective is to capture a larger share of the market for these photoresists by further speeding up the development of versions for next generation processes.

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

Semiconductor next generation process materials



EUV exposure technology: TOK participates in a consortium to promote product development for further advances in microprocess technology

As progress continues in the development of extreme ultraviolet (EUV) lithography, which uses light with a wavelength of 13.5nm, TOK is taking the lead in creating photoresists for EUV in order to achieve further miniaturization.

Participating in consortia and collaborating with semiconductor manufacturers on developments and improvements, we are making efforts to solve a variety of issues to meet the advanced levels of the requirements for higher resolution, lower LWR (line-width roughness: the roughness of photoresist pattern) and higher sensitivity—properties which are in a trade-off relationship to each other.

TOK participates in EUVL Infrastructure Development Center, Inc. (EIDEC), a new consortium established in January 2011 to develop EUV lithography and related technologies so as to engage in the development of technologies for 1Xnm node.

Reinforcing established business domains: Rapid commercialization of new products in applied business fields

To make greater application of our existing microprocess technologies, we have been developing products associated with wafer handling systems for TSV process, the CZTS solar cell production process, and nanoimprint technology. To build a more powerful base for growth, we plan to realize rapid commercialization of new products in each of these three fields and make efforts to expand those products.

Zero Newton® wafer handling system for TSV process: Offering a source of total support technologies

Demand for 3D-package technology is growing. This technology involves stacking very thin semiconductor chip layers and forming TSVs to make devices with higher density and more compact dimensions.

Developed by TOK, the 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.

TOK supplies removable adhesive, support plates, and adhesive remover. In addition, we manufacture support plate bonding and debonding machines. This allows us to provide customers with total support technology and we are making efforts to expand this technology.

CZTS solar cell production process: Joint development project under way with IBM

We are taking part in a joint project with IBM to develop a chemical compound type CZTS solar cell production process and aiming to commercialize the photovoltaic absorber* material and coating machine. This process is expected as next generation solar cells that can potentially achieve higher energy conversion efficiency, along with better productivity.

To develop CZTS solar cell production processes, we utilize our coating technology for large substrates. This is one of our greatest strengths in the field of LCD manufacturing. The cost of these production processes will be much lower due to higher manufacturing efficiency and the smaller amount of materials used.

* The photovoltaic absorber is where light is absorbed and converted into electricity.

Nanoimprint technology: Targeting many opportunities to promote the use of products incorporating nanoimprint technology, mainly by HDD manufacturers

TOK is developing a resin for nanoimprinting at room temperature. TOK used interlayer insulating film technology gained from the Company's involvement in the field of semiconductor manufacturing to develop this new resin. This new resin simplifies the nanoimprint process by eliminating the need for heat processing and ultraviolet light when the mold is pressed onto the substrate. We have also developed a coating machine which raises productivity by simultaneously coating both sides of a substrate with resin. Furthermore, the characteristics of the finished coating are excellent.

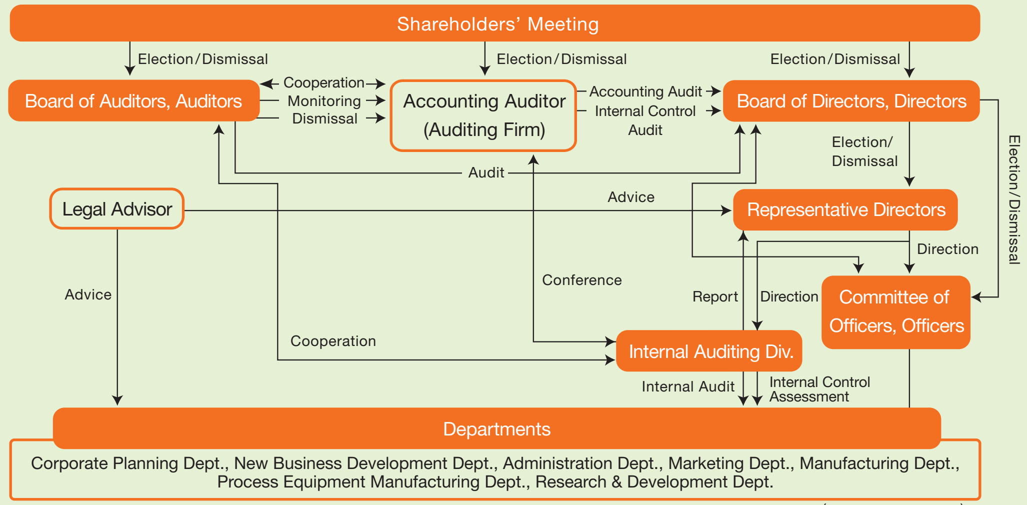
We will aggressively promote the use of products incorporating nanoimprint technology, mainly by HDD manufacturers.

Basic Concept

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

Corporate Governance System

As a company with corporate auditors, TOK employs the corporate auditor system. We are taking actions to upgrade audits performed by the corporate auditors by using the greater authority of these auditors based on the Japanese Companies Act. In addition, TOK is using 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 using these systems to strengthen management is the most effective means of upgrading corporate governance.



(As of June 28, 2011)

Directors and Board of Directors

As of June 28, 2011, we had seven directors, including one outside director. The term 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 Board of Directors 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 with regard to reaching management decisions and supervising the Company's management.

Officers and Committee of Officers

As of June 28, 2011, we had 13 officers, including five officers doubling as directors. While taking steps to strengthen the Board of Directors' functions in management decision making and supervision, TOK has the Committee of Officers, which is made up of all officers, to reinforce its business execution functions. The committee members include the chief executive officer, the chief operating officer, senior executive officers, executive officers and officers. The committee provides for differences in the business responsibilities and other items concerning each officer.

Auditors and Board of Auditors

As of June 28, 2011, 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 items. In addition, the auditors check the performance of directors by receiving reports from directors and others, and requesting an explanation when necessary. For financial audits, the auditors receive reports from the accounting auditor and use other means, including requesting an explanation when necessary, to verify the suitability of financial accounting methods and the results of these audits.

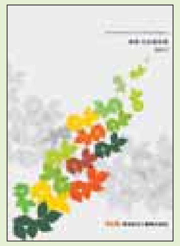
Internal Auditing Division

The Internal Auditing Division, under the direct control of the President, comprised four full-time staff members as of June 28, 2011. In addition to internal audits, this division offers suggestions, proposals, and advice for continuous improvement through evaluations of the effectiveness of internal controls for financial reporting.

Corporate Social Responsibility

As an organization 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 Environmental and Social Report that we issue each year and on our website.



Environmental and Social Report 2011

Compliance

We set up the TOK Group Compliance Standards of Conduct, establishing a framework for officers and employees to observe the laws, regulations, our articles of incorporation, and the Company regulations.

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.

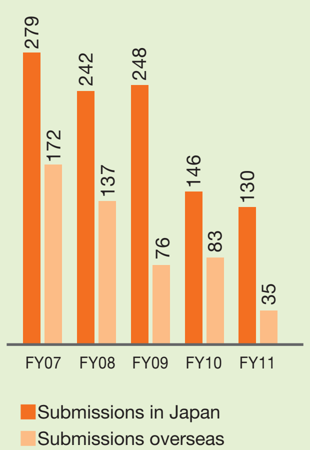
TOK Group Compliance Standards of Conduct Handbook (Second edition)

Intellectual Property Strategy

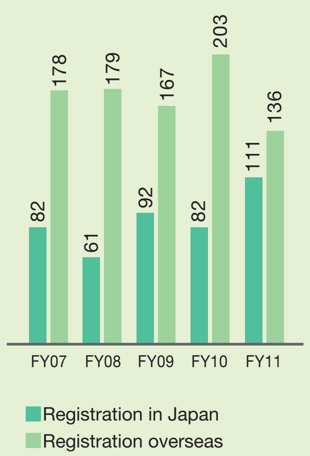
TOK's intellectual property strategy includes the following elements: 1) aggressively protecting our intellectual property, 2) avoiding infringing on the rights of other companies, and 3) proactively utilizing the intellectual property that we have created.

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



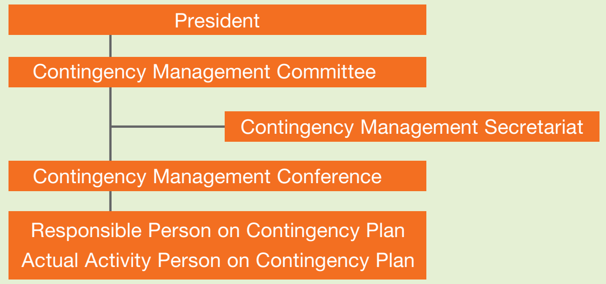
Number of Patents Registered



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 Administration 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.

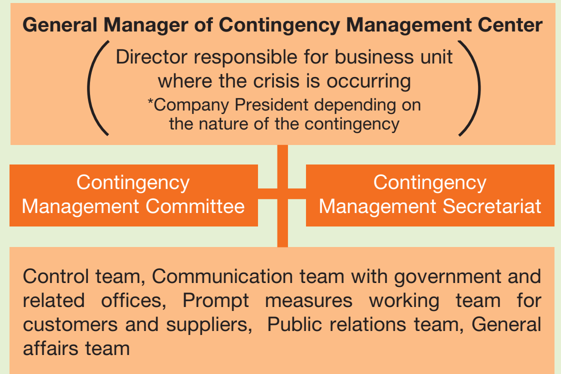
Risk Management Organization



Contingency Management Committee

TOK has established the Contingency Management Committee chaired by the manager of the Administration Department and consisting of operating department managers. In ordinary times, the Committee reviews the risk management system of the TOK Group and formulates risk management policies. Upon the occurrence of the Great East Japan Earthquake in March 2011, the Contingency Management Center was set up at the headquarters. Later, the Contingency Management Center maintained close communications with the affected regions in order to discuss actions to be taken for early solution of any problems and to issue instructions.

Composition of Contingency Management Center



An Example of the Risk Management System in Action: Emergency response to the Great East Japan Earthquake

While TOK was fortunate to have suffered no deaths or injuries of its employees in the massive earthquake which occurred on March 11, 2011, our Koriyama Plant (Fukushima Prefecture) and Utsunomiya Plant (Tochigi Prefecture) sustained minor damage to some of their buildings and manufacturing equipment. Miyagi SP* suffered losses from damage to the products stored at its facility. Immediately after the earthquake, we went into action to restore the operation. As the result of the concerted efforts of the Group companies, TOK resumed its production activities on March 16.

*SP: Controlled-atmosphere stock point

■ Establishment of the Contingency Management Center

- Immediately after the occurrence of the earthquake, the Contingency Management Center was set up on the first floor of the headquarters with the President at its helm. The Center set to work by gathering information on the state of physical and human damage from all operational sites.
- Later, the Center monitored the status of the restoration work and discussed the measures to be implemented for the reconstruction of the damaged sites through telephone and video conferencing with the personnel at various locations.

■ Relocation of data servers for information systems

- As measures to cope with the event of planned blackouts, earthquakes, fires, or floods, some of the data servers located in the headquarters computer center have been relocated to a data center in another area equipped with private power generation systems.

■ Future improvements to risk management

- Development and improvement of a documentation system relating to risk management
- Reorganization of the system by which to check and confirm the safety of employees during an emergency
- Creation of a business continuity plan (BCP) specifically designed for the event of an earthquake

Six-Year Summary

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2006, 2007, 2008, 2009, 2010, and 2011

	Millions of Yen						Thousands of U.S. Dollars
	2006	2007	2008	2009	2010	**2011**	**2011**
For the year:							
Net sales	¥ 98,514	¥101,955	¥102,300	¥ 83,702	¥ 70,560	**¥ 79,934**	**$ 963,069**
Material business	80,338	83,038	86,071	72,495	65,016	**71,403**	**860,288**
Equipment business	18,175	18,916	16,229	11,206	5,543	**8,530**	**102,780**
Operating income (loss)	10,544	10,884	8,266	(1,515)	279	**6,041**	**72,785**
Income (loss) before income taxes and minority interests	11,324	11,119	7,352	(5,325)	114	**6,427**	**77,436**
Net income (loss)	6,656	6,660	4,259	(4,656)	254	**3,649**	**43,969**
Investment in plant and equipment	6,962	8,531	6,574	3,270	1,320	**1,699**	**20,476**
Depreciation and amortization	5,502	5,931	7,693	7,297	5,418	**4,393**	**52,931**
R&D costs	5,683	6,487	8,095	8,542	6,949	**6,360**	**76,628**
Per share data (Yen / U.S. Dollars)**:**							
Basic net income (loss)	¥ 142.34	¥ 142.37	¥ 91.50	¥ (102.00)	¥ 5.66	**¥ 81.08**	**$ 0.97**
Cash dividends applicable to the year	33.00	36.00	36.00	35.00	30.00	**33.00**	**0.39**
Total equity	2,650.50	2,750.81	2,775.38	2,591.43	2,578.30	**2,579.72**	**31.08**
At the year-end:							
Total assets	¥165,681	¥166,610	¥159,633	¥139,338	¥138,122	**¥147,085**	**$1,772,115**
Total long-term liabilities	2,222	2,108	2,198	2,205	2,350	**2,105**	**25,366**
Total equity	123,915	131,074	129,834	118,377	117,658	**118,567**	**1,428,525**
Ratios (%)**:**							
Ratio of operating income (loss) to net sales	10.7	10.7	8.1	(1.8)	0.4	**7.6**	
Ratio of R&D costs to net sales	5.8	6.4	7.9	10.2	9.8	**8.0**	
Return (loss) on equity	5.6	5.3	3.3	(3.8)	0.2	**3.1**	
Equity ratio	74.8	77.3	79.9	83.7	84.0	**79.5**	

Notes: 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥83 to US$1, the approximate Tokyo foreign exchange market rate as of March 31, 2011.
2. Net sales by business segment exclude intersegment sales.
3. Total equity, total equity per share, the return on equity and the equity ratio for the year ended March 31, 2006, are total shareholders' equity, total shareholders' equity per share, the return on equity and the equity ratio, respectively, for the year with no adjustments.

Management's Discussion and Analysis

Results of Operations

Net Sales

In the fiscal year ended March 31, 2011, consolidated net sales increased ¥9,374 million, or 13.3%, from the previous fiscal year, to ¥79,934 million. Net sales in the first half increased ¥4,908 million, or 15.1% over the same period last year, to ¥37,478 million and net sales in the second half increased ¥4,466 million, or 11.8%, to ¥42,456 million.

The electronics industry benefited from increased demand for smartphones and tablet devices as well as government stimulus measures in various countries, which helped to expand the semiconductor and LCD markets steadily. As a result, net sales for the fiscal year ended March 31, 2011, saw an increase.

Cost of Sales, SG&A Expenses and Operating Income

Despite decreases in depreciation and amortization and labor costs, the cost of sales for the current fiscal year increased ¥4,038 million, or 7.8% from the previous fiscal year, to ¥55,587 million due to increases in material and transportation costs which accompanied the increased sales. However, the cost of sales ratio declined 3.5 percentage points to 69.5%. As a result, gross profit increased ¥5,335 million, or 28.1%, to ¥24,347 million.

Selling, general and administrative (SG&A) expenses decreased ¥426 million, or 2.3% from the previous fiscal year, to ¥18,305 million because of declines in depreciation and amortization, replacement supplies for research activities, and allowance for doubtful receivables even though personnel expenses increased due to increases in salaries and benefits.

Operating income increased ¥5,761 million, or 21.6 times from the previous fiscal year, to ¥6,041 million due to an increase in gross profit and a reduction in SG&A expenses.

Income before Income Taxes and Minority Interests and Net Income

Although the Company posted losses from the disaster caused by the Great East Japan Earthquake, income before income taxes and minority interests increased ¥6,312 million, or 56.3 times from the previous fiscal year, to ¥6,427 million. In addition to improved operating income, this was due to increases in gain on reversal of allowance for doubtful accounts and gain on insurance adjustment.

Net income for the current fiscal year was ¥3,649 million, an increase of ¥3,394 million, or 14.3 times from the previous fiscal year.

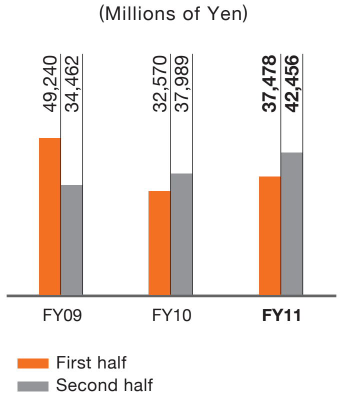
Results by Business Segment

*Adjusted for intersegment sales

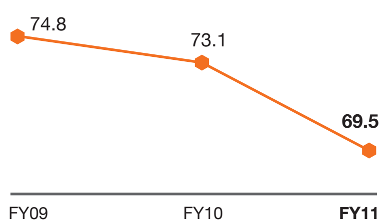
[Material Business]

In the fiscal year ended March 31, 2011, sales were firm in the material business, increasing ¥6,387 million, or 9.8% from the previous fiscal year to ¥71,403 million, due to increased demand for smartphones and tablet devices. Operating income increased ¥4,595 million, or 75.1% from the previous fiscal year, to ¥10,717 million, as a result of the increased profit generated by the increase in sales as

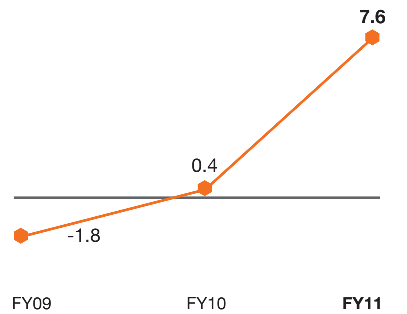
Net Sales (Half yearly basis)



Ratio of Cost of Sales to Net Sales



Ratio of Operating Income (Loss) to Net Sales



well as a successful reduction in various expenses through the business structural reforms, although fluctuating foreign currency exchange rates and discounts of selling prices had a negative effect on earnings.

■ **Electronic Functional Materials Division**

In the electronic functional materials division, sales increased ¥2,526 million, or 6.3% from the previous fiscal year to ¥42,573 million.

Sales of photoresists used to manufacture semiconductors, ArF excimer laser photoresists in particular, increased mainly in Asia due to growing demand for smartphones and tablet devices. Sales of photoresists used to manufacture LCDs also increased due to increased demand for LCD television sets. Sales of coating sources for film formation, however, declined due to difficult market conditions.

■ **High Purity Chemicals Division**

In the high purity chemicals division, sales increased ¥3,443 million, or 15.9% from the previous fiscal year, to ¥25,124 million.

Sales of photoresist-related chemicals used to manufacture semiconductors increased dramatically, mainly in North America, as a result of the Company's aggressive sales efforts. The photoresist-related chemicals used to manufacture LCDs increased in the shipment volume but sales increased only marginally due to a drop in product prices.

■ **Printing Materials Division**

In the printing materials division, sales increased ¥430 million, or 13.2% from the previous fiscal year, to ¥3,693 million. In the photopolymer printing plate category, increased sales of flexographic printing plates and general-purpose printing materials in the North America region contributed to sales surpassing the previous fiscal year result. Effective March 1, 2011, the printing material business of the Group was transferred to Eastman Kodak Company (USA).

[Equipment Business]

■ **Process Equipment Division**

Sales of LCD panel manufacturing equipment increased from the previous fiscal year as a result of efforts to accelerate the completion of tests by customers leading to the final acceptance of equipment that had been delivered, particularly in respect to equipment designed for large glass substrates.

As a result, sales in the equipment business were ¥8,530 million, an increase of ¥2,986 million, or 53.9% from the previous fiscal year. Operating loss was ¥1,384 million, an improvement of ¥823 million compared to the previous fiscal year.

Orders declined ¥1,543 million, or 18.2% from the previous fiscal year, to ¥6,952 million as LCD panel manufacturers scaled back their capital expenditures. Orders were ¥4,063 million in the first half and ¥2,889 million in the second half. The balance of orders at the end of the fiscal year decreased by ¥1,578 million, or 9.9% from the balance at the end of the previous fiscal year, to ¥14,431 million.

Financial Condition and Cash Flows

Balance Sheet

Total assets at March 31, 2011, were ¥147,085 million, an increase of ¥8,962 million from the previous fiscal year-end.

Total current assets increased ¥11,048 million to ¥93,799 million, due largely to increases of ¥9,631 million in cash and cash equivalents and time deposits, ¥675 million in trade notes and accounts receivable, and ¥255 million in deferred tax assets.

Net property, plant and equipment decreased ¥3,954 million to ¥30,415 million mainly as a result of the transfer of the printing material business and an increase in accumulated depreciation.

Total investments and other assets increased ¥1,869 million to ¥22,869 million. There were increases of ¥4,000 million of long-term time deposits and ¥122 million of long-term loans receivable although there was a decrease of ¥1,664 million in deferred tax assets.

Total liabilities were ¥28,517 million, an increase of ¥8,053 million from the previous fiscal year-end. Major factors for the increase included increases in total current liabilities of ¥7,010 million for advances from customers, ¥423 million for construction and other payable and ¥344 million for accrued expenses included in total current liabilities although there was a decrease of ¥186 million in liability for retirement benefits included in total long-term liabilities.

Total equity at the end of the fiscal year was ¥118,567 million, an increase of ¥909 million from the previous fiscal year-end. This was mainly the result of an increase of ¥2,299 million in retained earnings while foreign currency translation adjustments decreased by ¥902 million and unrealized gain on available-for-sale securities decreased by ¥524 million due to lower market prices of stocks.

As a result, the equity ratio was 79.5% at the end of the fiscal year.

Cash Flows

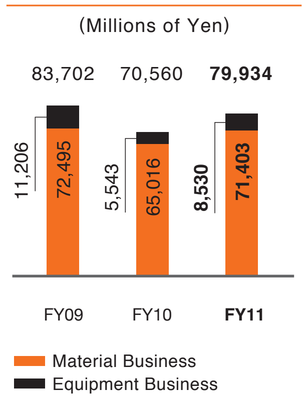
Net cash provided by operating activities was ¥15,352 million, an increase of ¥12,821 million from the previous fiscal year. Increases in income before income taxes and minority interests and depreciation and amortization as well as advances from customers offset increases in trade notes and accounts receivable as well as inventories.

Investing activities resulted in a net cash outflow of ¥2,917 million compared to a ¥3,973 million cash inflow in the previous fiscal year 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 and net decrease in time deposits.

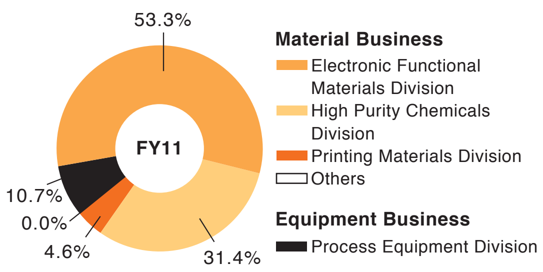
Net cash used in financing activities decreased ¥295 million to ¥1,514 million as a result of dividends paid and others.

As a result, cash and cash equivalents at March 31, 2011, was ¥39,626 million, an increase of ¥10,516 million from the balance of ¥29,110 million at the end of the previous fiscal year.

Net Sales by Business Segment

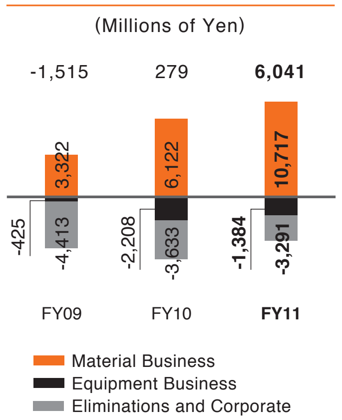


Net Sales Composition

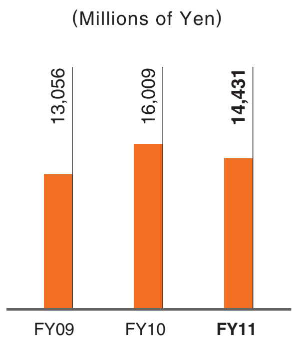


Note: Percentage figures show the share of consolidated sales. Each business percentage figure is adjusted for intersegment sales.

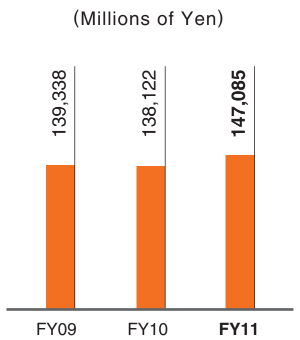
Operating Income (Loss) by Business Segment



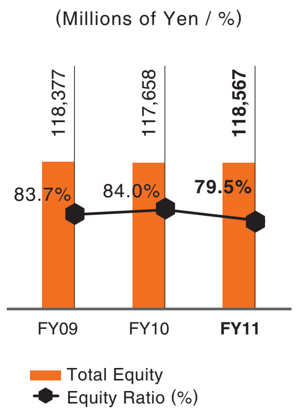
Order Backlog of Equipment Business



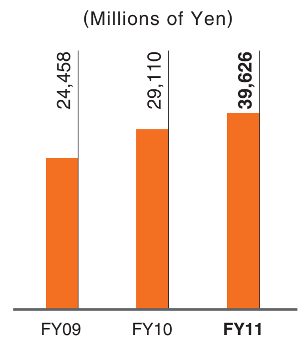
Total Assets



Total Equity / Equity Ratio



Cash and Cash Equivalents at the Year-End



Consolidated Balance Sheets

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
March 31, 2011 and 2010

ASSETS	Millions of Yen 2011	2010	Thousands of U.S. Dollars (Note 1) 2011
CURRENT ASSETS:			
Cash and cash equivalents (Note 14)	**¥ 39,626**	¥ 29,110	**$ 477,432**
Time deposits (Note 14)	**8,397**	9,283	**101,172**
Receivables:			
Trade notes and accounts (Note 14)	**21,309**	20,633	**256,736**
Other	**528**	570	**6,363**
Allowance for doubtful receivables	**(97)**	(299)	**(1,176)**
Inventories (Note 4)	**20,258**	19,999	**244,072**
Deferred tax assets (Note 11)	**2,564**	2,308	**30,897**
Prepaid expenses and other current assets	**1,213**	1,144	**14,620**
Total current assets	**93,799**	82,751	**1,130,117**
PROPERTY, PLANT AND EQUIPMENT (Note 5)**:**			
Land	**8,370**	8,618	**100,855**
Buildings and structures	**53,110**	56,576	**639,890**
Machinery and equipment	**42,104**	45,621	**507,280**
Furniture and fixtures	**15,775**	15,916	**190,066**
Leased assets	**27**	9	**333**
Construction in progress	**429**	258	**5,171**
Total	**119,818**	127,001	**1,443,597**
Accumulated depreciation	**(89,402)**	(92,630)	**(1,077,140)**
Net property, plant and equipment	**30,415**	34,370	**366,456**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 14)	**4,633**	5,076	**55,822**
Investments in and advanced to an unconsolidated subsidiary and associated companies	**366**	7	**4,418**
Long-term time deposits (Note 14)	**14,000**	10,000	**168,674**
Deferred tax assets (Note 11)	**2,429**	4,094	**29,267**
Other assets	**1,440**	1,822	**17,357**
Total investments and other assets	**22,869**	21,000	**275,541**
TOTAL	**¥147,085**	¥138,122	**$ 1,772,115**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2011	2010	Thousands of U.S. Dollars (Note 1) 2011
CURRENT LIABILITIES:			
Payables:			
Trade notes and accounts (Note 14)	**¥ 8,415**	¥ 8,318	**$ 101,391**
Construction and other	**2,311**	1,888	**27,855**
Income taxes payable	**442**	234	**5,326**
Accrued expenses	**3,568**	3,224	**42,997**
Advances from customers	**11,177**	4,167	**134,672**
Deferred tax liabilities (Note 11)	**139**	32	**1,678**
Other current liabilities (Note 6)	**357**	248	**4,301**
Total current liabilities	**26,412**	18,113	**318,223**
LONG-TERM LIABILITIES:			
Liability for retirement benefits (Note 7)	**1,328**	1,515	**16,009**
Asset retirement obligations (Note 8)	**86**		**1,044**
Deferred tax liabilities (Note 11)	**675**	803	**8,137**
Other long-term liabilities	**14**	32	**174**
Total long-term liabilities	**2,105**	2,350	**25,366**
COMMITMENTS (Note 13)			
EQUITY (Notes 9 and 18)**:**			
Common stock—authorized, 197,000,000 shares; issued, 46,600,000 shares	**14,640**	14,640	**176,390**
Capital surplus	**15,207**	15,207	**183,227**
Retained earnings	**91,933**	89,634	**1,107,636**
Treasury stock—at cost, 1,595,228 shares in 2011 and 1,593,863 shares in 2010	**(2,929)**	(2,927)	**(35,293)**
Accumulated other comprehensive income (loss):			
Unrealized gain on available-for-sale securities	**953**	1,477	**11,484**
Foreign currency translation adjustments	**(2,896)**	(1,993)	**(34,891)**
Total	**116,910**	116,039	**1,408,554**
Minority interests	**1,657**	1,618	**19,971**
Total equity	**118,567**	117,658	**1,428,525**
TOTAL	**¥147,085**	¥138,122	**$1,772,115**

Consolidated Statements of Income

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
NET SALES	**¥79,934**	¥70,560	**$963,069**
COST OF SALES (Notes 7, 12 and 13)	**55,587**	51,548	**669,731**
Gross profit	**24,347**	19,011	**293,337**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 7, 12 and 13)	**18,305**	18,731	**220,551**
Operating income	**6,041**	279	**72,785**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**239**	294	**2,886**
Foreign exchange (loss) gain—net	**(55)**	34	**(663)**
Subsidy income	**130**	218	**1,574**
Loss on impairment of long-lived assets (Note 5)		(398)	
Equity in earnings of affiliate	**111**	85	**1,346**
Gain on reversal of allowance for doubtful accounts	**384**	42	**4,628**
Gain on insurance adjustment	**253**		**3,051**
Loss on devaluation of investment securities	**(142)**		**(1,712)**
Extra early retirement benefits		(11)	
Extra retirement benefits		(343)	
Losses from a natural disaster (Note 10)	**(409)**		**(4,927)**
Other—net	**(127)**	(87)	**(1,533)**
Other income (expenses)—net	**385**	(165)	**4,650**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**6,427**	114	**77,436**
INCOME TAXES (Note 11)**:**			
Current	**1,027**	349	**12,376**
Prior years	**(131)**		**(1,586)**
Deferred	**1,673**	(535)	**20,166**
Total income taxes	**2,569**	(186)	**30,955**
NET INCOME BEFORE MINORITY INTERESTS	**3,857**	300	**46,480**
MINORITY INTERESTS IN NET INCOME	**(208)**	(45)	**(2,511)**
NET INCOME	**¥ 3,649**	¥ 254	**$ 43,969**

	Yen		U.S. Dollars
	2011	2010	2011
PER SHARE OF COMMON STOCK (Notes 2. *u* and 17)**:**			
Basic net income	**¥81.08**	¥ 5.66	**$0.97**
Cash dividends applicable to the year	**33.00**	30.00	**0.39**

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

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

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2011	2011
NET INCOME BEFORE MINORITY INTERESTS	**¥ 3,857**	**$ 46,480**
OTHER COMPREHENSIVE INCOME (Note 16):		
Unrealized loss on available-for-sale securities	**(524)**	**(6,317)**
Foreign currency translation adjustments	**(956)**	**(11,526)**
Share of other comprehensive loss in associates	**(9)**	**(119)**
Total other comprehensive loss	**(1,490)**	**(17,963)**
COMPREHENSIVE INCOME (Note 16)	**¥ 2,366**	**$ 28,517**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 16):		
Owners of the parent	**¥ 2,222**	**$ 26,780**
Minority interests	**144**	**1,737**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
Years Ended March 31, 2011 and 2010

	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, 2009	45,007	¥14,640	¥15,207	¥90,819	¥(2,925)	¥ 923	¥(2,033)	¥116,633	¥1,744	¥118,377
Net income				254				254		254
Cash dividends paid:										
Final for prior year, ¥17.0 per share				(765)				(765)		(765)
Interim for current year, ¥15.0 per share				(675)				(675)		(675)
Purchase of treasury stock	(1)				(2)			(2)		(2)
Net change in the year						554	39	593	(125)	467
BALANCE, MARCH 31, 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										
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**

	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, 2010	$176,390	$183,227	$1,079,934	$(35,266)	$17,801	$(24,020)	$1,398,068	$19,502	$1,417,571
Net income			**43,969**				**43,969**		**43,969**
Cash dividends paid:									
Final for prior year, $0.18 per share			**(8,133)**				**(8,133)**		**(8,133)**
Interim for current year, $0.18 per share			**(8,133)**				**(8,133)**		**(8,133)**
Purchase of treasury stock				**(32)**			**(32)**		**(32)**
Disposal of treasury stock				**5**			**4**		**4**
Net change in the year					**(6,317)**	**(10,871)**	**(17,188)**	**469**	**(16,719)**
BALANCE, MARCH 31, 2011	**$176,390**	**$183,227**	**$1,107,636**	**$(35,293)**	**$11,484**	**$(34,891)**	**$1,408,554**	**$19,971**	**$1,428,525**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 6,427	¥ 114	$ 77,436
Adjustments for:			
Income taxes paid	(869)	647	(10,479)
Income taxes paid for prior years	101		1,226
Depreciation and amortization	4,393	5,418	52,931
Provision for doubtful receivables	(427)	193	(5,145)
Foreign exchange loss (gain)—net	546	(167)	6,589
Loss on impairment of long-lived assets		398	
Loss on devaluation of investment securities	142		1,712
Losses from a natural disaster	409		4,927
Changes in assets and liabilities:			
Increase in trade notes and accounts receivable	(1,908)	(2,919)	(22,997)
Increase in inventories	(1,360)	(1,119)	(16,389)
Increase in trade notes and accounts payable	154	1,353	1,864
Increase (decrease) in advances from customers	7,010	(186)	84,463
Other—net	732	(1,202)	8,827
Net cash provided by operating activities	15,352	2,531	184,969
INVESTING ACTIVITIES:			
Disbursements for time deposits—net	2,304	11,460	27,766
Purchases of property, plant and equipment	(1,028)	(1,474)	(12,397)
Payments in to long-term time deposits	(12,500)	(5,000)	(150,602)
Withdrawal of long-term time deposits	7,000		84,337
Payments of loan receivable	(313)	(5)	(3,782)
Purchase of investment securities	(514)		(6,203)
Proceeds from transfer of business	2,099		25,297
Other—net	35	(1,006)	429
Net cash (used in) provided by investing activities	(2,917)	3,973	(35,155)
FINANCING ACTIVITIES:			
Dividends paid	(1,347)	(1,436)	(16,233)
Disposal of treasury stock			4
Payments for purchase of treasury stock	(2)	(2)	(32)
Other—net	(165)	(372)	(1,988)
Net cash used in financing activities	(1,514)	(1,810)	(18,250)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(402)	(42)	(4,854)
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,516	4,651	126,708
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	29,110	24,458	350,723
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 39,626	¥29,110	$ 477,432
PROCEEDS FROM TRANSFER OF BUSINESS:			
Current assets	¥ 1,707		$ 20,573
Non-current assets	941		11,340
Current liabilities	21		253
Long-term liabilities	(455)		(5,484)
Total	2,214		26,682
Others	(23)		(285)
Receivable for transfer of business	(91)		(1,098)
Proceeds from transfer of business—net	¥ 2,099		$ 25,297

"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, 2011 and 2010

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, 2010 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 2010 financial statements to conform to the classifications used in 2011.

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 ¥83 to $1, the approximate rate of exchange at March 31, 2011. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

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"). The Company sold all of its shares in TOK ITALIA S.p.A, which was formerly an 80% owned consolidated subsidiary in February 2010. The Company's consolidated financial statements reflected the full year of operations of TOK ITALIA S.p.A for the year ended March 31, 2010.

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 Receivables—The allowance for doubtful receivables 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. The Company applied this accounting standard effective April 1, 2010. The effect of the change was to decrease operating income by ¥4 million ($56 thousand) and income before income taxes and minority interests by ¥79 million ($957 thousand).

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.

However, as of March 31, 2010, the Company did not record accrued bonuses to them, because the Company would not pay their bonuses based on services provided during the year.

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, 2011 and 2010, 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. New Accounting Pronouncements

*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.

3. INVESTMENT SECURITIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Non-current:			
Marketable equity securities	**¥4,421**	¥4,875	**$53,276**
Corporate bond	**170**	170	**2,048**
Total	**¥4,591**	¥5,045	**$55,324**

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

	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**
March 31, 2010				
Securities classified as:				
Held-to-maturity	¥ 170	¥ 8		¥ 178
Available-for-sale	2,426	2,578	¥130	4,875

	Thousands of U.S. Dollars			
March 31, 2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Held-to-maturity	**$ 2,048**	**$ 93**		**$ 2,142**
Available-for-sale	**33,603**	**22,950**	**$3,277**	**53,276**

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, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Merchandise and finished products	**¥13,760**	¥12,180	**$165,792**
Work in process	**3,191**	4,774	**38,457**
Raw materials and supplies	**3,305**	3,044	**39,822**
Total	**¥20,258**	¥19,999	**$244,072**

5. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2010, and, as a result, recognized impairment losses of ¥398 million as other expense. The carrying amount of those assets was written down to the recoverable amount. The Group recognized impairment losses on the following assets for the year ended March 31, 2010. No impairment loss was recognized in 2011:

Year Ended March 31, 2010

Use	Type of Assets	Location	Millions of Yen
Machinery unit for dry-film resist	Buildings and structures, furniture and fixtures	Italy	¥118
Machinery unit for electronic functional materials division	Buildings and structures, machinery and equipment	The United States of America	279
Total			¥398

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. The discount rate used for computation of the present value of future cash flows in Italy and the United States of America was 7.69% and 8.03%, respectively, for the year ended March 31, 2010.

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

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

Short-term borrowings at March 31, 2010 consisted of the following:

	Millions of Yen
	2010
Unsecured loans from a bank, with interest rate of 1.56%	¥53
Total	¥53

Long-term debt at March 31, 2010 consisted of the following:

	Millions of Yen
	2010
Obligations under finance leases	¥ 3
Total	3
Less current portion	(3)
Long-term debt, less current portion	

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, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Projected benefit obligation	¥14,251	¥14,449	$171,707
Fair value of plan assets	(7,833)	(7,623)	(94,384)
Employee retirement benefit trust	(4,947)	(4,917)	(59,614)
Unrecognized prior service cost	517	656	6,238
Unrecognized actuarial loss	(776)	(1,221)	(9,354)
Net liability	¥ 1,211	¥ 1,344	$ 14,593

The components of net periodic benefit costs for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Service cost	¥ 659	¥ 753	$ 7,942
Interest cost	314	306	3,795
Expected return on plan assets	(81)	(54)	(983)
Amortization of prior service cost	(138)	(138)	(1,671)
Recognized actuarial loss	403	507	4,864
Net periodic benefit costs	¥1,157	¥1,374	$13,947

Assumptions used for the years ended March 31, 2011 and 2010 are set forth as follows:

	2011	2010
Discount rate	2.25%	2.25%
Expected rate of return on plan assets:		
Contributory pension plan	0.75%	0.50%
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, 2011 and 2010 for directors and corporate auditors are ¥117 million ($1,416 thousand) and ¥170 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 year ended March 31, 2011 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2011	2011
Balance at beginning of year	¥103	$1,242
Reconciliation associated with passage of time	1	13
Others	(17)	(210)
Balance at end of year	¥ 86	$1,044

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 ($4,927 thousand) as other expense for the year ended March 31, 2011.

The Group recognized losses from the following:

	Millions of Yen	Thousands of U.S. Dollars
	2011	**2011**
Restoration costs	**¥299**	**$3,608**
Loss on disposal of inventories	**13**	**156**
Other	**96**	**1,162**
Losses from a natural disaster	**¥409**	**$4,927**

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, 2011 and 2010. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

Tax for prior years is a transfer price taxation in connection with an overseas subsidiary.

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

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Current assets:			
Deferred tax assets:			
Accrued expense for bonuses to employees	**¥ 603**	¥ 510	**$ 7,267**
Unrealized gains on inventories	**311**	191	**3,754**
Loss on valuation of inventories	**774**	1,182	**9,331**
Tax loss carryforwards	**837**	196	**10,092**
Extra retirement benefits		129	
Accrued expense for losses from a natural disaster	**155**		**1,878**
Other	**295**	379	**3,557**
Less valuation allowance	**(294)**	(185)	**(3,551)**
Total	**2,683**	2,404	**32,331**
Deferred tax liabilities—other	**119**	95	**1,434**
Total	**119**	95	**1,434**
Net deferred tax assets	**¥2,564**	¥2,308	**$30,897**

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Non-current assets:			
Deferred tax assets:			
Liability for retirement benefits	**¥2,445**	¥2,475	**$29,460**
Loss on impairment of long-lived assets	**568**	718	**6,855**
Investment securities	**293**	336	**3,540**
Allowance for doubtful accounts	**118**	167	**1,423**
Subsidy income	**312**	364	**3,766**
Tax loss carryforwards	**361**	1,929	**4,358**
Other	**250**	297	**3,012**
Less valuation allowance	**(788)**	(755)	**(9,499)**
Total	**3,562**	5,535	**42,918**
Deferred tax liabilities:			
Property and equipment	**444**	471	**5,356**
Unrealized gain on available-for-sale securities	**679**	970	**8,188**
Other	**8**		**104**
Total	**1,132**	1,441	**13,650**
Net deferred tax assets	**¥2,429**	¥4,094	**$29,267**
Current liabilities—Deferred tax liabilities	**¥ 139**	¥ 32	**$ 1,678**
Non-current liabilities:			
Deferred tax liabilities:			
Property and equipment	**¥ 150**	¥ 191	**$ 1,807**
Undistributed earnings of foreign subsidiaries	**625**	611	**7,541**
Other			
Total	**775**	803	**9,348**
Deferred tax assets—other	**(100)**		**(1,211)**
Net deferred tax liabilities	**¥ 675**	¥ 803	**$ 8,137**

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, 2011 and 2010 is as follows:

	2011	2010
Normal effective statutory tax rate	**40.3%**	40.3%
Non-deductible entertainment expenses		18.2
Non-taxable dividend income	**(1.6)**	(53.7)
Per capita inhabitants tax		37.1
Additional tax		6.5
Different income tax rates applicable to income in certain foreign countries	**(5.7)**	(32.4)
Dividends from consolidated foreign subsidiaries eliminated for consolidation purposes	**2.7**	189.6
Undistributed earnings of consolidated foreign subsidiaries	**1.9**	(38.9)
Adjustment of gain on sale of investment in a consolidated subsidiary		(214.0)
Equity in earnings of affiliate		(30.2)
Tax for prior years	**(2.0)**	
Valuation allowance	**3.9**	(97.2)
Other—net	**0.6**	11.7
Actual effective tax rate	**40.0%**	(163.0)%

At March 31, 2011, the Company and certain subsidiaries have tax loss carryforwards aggregating approximately ¥2,993 million ($36,060 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:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2014	¥ 3	$ 38
2015	30	361
2016	1,418	17,084
2017 and thereafter	1,541	18,575
Total	¥2,993	$36,060

12. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Selling, general and administrative expenses	¥6,296	¥6,812	$75,864
Cost of sales	63	137	764
Total	¥6,360	¥6,949	$76,628

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, 2011 and 2010 were ¥19 million ($236 thousand) and ¥47 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, 2011 and 2010 was as follows:

Acquisition cost and accumulated depreciation:

	Millions of Yen					
	2011			2010		
	Buildings and Structures	Machinery and Equipment	Total	Buildings and Structures	Machinery and Equipment	Total
Acquisition cost	¥233	¥15	¥249	¥256	¥15	¥272
Accumulated depreciation	81	13	94	72	10	82
Net leased property	¥151	¥ 2	¥154	¥183	¥ 5	¥189

	Thousands of U.S. Dollars		
	2011		
	Buildings and Structures	Machinery and Equipment	Total
Acquisition cost	$2,814	$191	$3,005
Accumulated depreciation	984	158	1,143
Net leased property	$1,829	$ 32	$1,862

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Due within one year	¥ 17	¥ 20	$ 213
Due after one year	136	169	1,648
Total	¥154	¥189	$1,862

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 ¥19 million ($236 thousand) and ¥47 million for the years ended March 31, 2011 and 2010, respectively.

The minimum rental commitments under noncancelable operating leases at March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Due within one year	¥ 51	¥22	$ 618
Due after one year	105	48	1,274
Total	¥157	¥71	$1,893

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, 2011.

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, 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	21,309	21,309	
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	¥87,925	¥87,903	¥(21)
Payables—Trade notes and accounts	¥ 8,415	¥ 8,415	
Total	¥ 8,415	¥ 8,415	

March 31, 2010	Millions of Yen Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥29,110	¥29,110	
Time deposits	9,283	9,283	
Receivables—Trade notes and accounts	20,633	20,633	
Investment securities:			
Held-to-maturity securities	170	178	¥ 8
Available-for-sale securities	4,875	4,875	
Long-term time deposits	10,000	10,014	14
Total	¥74,072	¥74,095	¥23
Payables—Trade notes and accounts	¥ 8,318	¥ 8,318	
Total	¥ 8,318	¥ 8,318	

March 31, 2011	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	**$ 477,432**	**$ 477,432**	
Time deposits	**101,172**	**101,172**	
Receivables—Trade notes and accounts	**256,736**	**256,736**	
Investment securities:			
Held-to-maturity securities	**2,048**	**2,142**	**$ 93**
Available-for-sale securities	**53,276**	**53,276**	
Long-term time deposits	**168,674**	**168,320**	**(353)**
Total	**$1,059,340**	**$1,059,080**	**$(259)**
Payables—Trade notes and accounts	**$ 101,391**	**$ 101,391**	
Total	**$ 101,391**	**$ 101,391**	

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 fair 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 fair values of payables—trade notes and accounts approximate fair value because of their short maturities.

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 2011	2010	Thousands of U.S. Dollars 2011
Investments in equity instruments that do not have a quoted market price in an active market	**¥41**	¥31	**$498**

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

March 31, 2011	Millions of Yen 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	**21,309**		
Held-to-maturity securities			**¥170**
Long-term time deposits		**¥14,000**	
Total	**¥69,333**	**¥14,000**	**¥170**

March 31, 2010	Millions of Yen Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years
Cash and cash equivalents	¥29,110		
Time deposits	9,283		
Receivables—Trade notes and accounts	20,633		
Held-to-maturity securities			¥170
Long-term time deposits		¥10,000	
Total	¥59,026	¥10,000	¥170

March 31, 2011	Thousands of U.S. Dollars Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years
Cash and cash equivalents	**$477,432**		
Time deposits	**101,172**		
Receivables—Trade notes and accounts	**256,736**		
Held-to-maturity securities			**$2,048**
Long-term time deposits		**$168,674**	
Total	**$835,340**	**$168,674**	**$2,048**

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

March 31, 2011	Hedged Item	Millions of Yen 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**		*

March 31, 2010	Hedged Item	Millions of Yen Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts—				
Selling U.S.$	Receivables—Trade accounts	¥3,546		*

March 31, 2011	Hedged Item	Thousands of U.S. Dollars Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.$	Receivables—Trade accounts	**$41,743**		*
Selling EUR	Receivables—Trade accounts	**3,255**		*
Selling NT$	Receivables—Trade accounts	**16,193**		*

* 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, 2010

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

	Millions of Yen 2010
Total comprehensive income attributable to:	
Owners of the parent	¥848
Minority interests	66
Total comprehensive income	¥915

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

	Millions of Yen 2010
Other comprehensive income:	
Unrealized gain on available-for-sale securities	¥554
Foreign currency translation adjustments	66
Share of other comprehensive loss in associates	(6)
Total other comprehensive income	¥614

17. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2011 and 2010 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
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**	**$0.97**
Year Ended March 31, 2010				
Basic EPS—Net income available to common shareholders	¥ 254	45,006	¥ 5.66	

18. SUBSEQUENT EVENT

At the general shareholders meeting held on June 28, 2011, the Company's shareholders approved the following appropriation of retained earnings:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥18 ($0.21) per share	¥810	$9,760

19. SEGMENT INFORMATION

For the Years Ended March 31, 2011 and 2010

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

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

(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, printing materials and specialty chemicals. The Equipment Business consists of semiconductor manufacturing equipment and LCD manufacturing equipment. The Group transferred its printing business to EASTMAN KODAK COMPANY in March 2011.

(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 2011				
	Reportable Segment				
	Material Business	Equipment Business	Total	Reconciliations	Consolidated
Sales:					
Sales to customers	**¥71,403**	**¥ 8,530**	**¥79,934**		**¥ 79,934**
Intersegment sales or transfers		**89**	**89**	**¥ (89)**	
Total sales	**¥71,404**	**¥ 8,619**	**¥80,023**	**¥ (89)**	**¥ 79,934**
Operating profit (loss)	**¥10,717**	**¥(1,384)**	**¥ 9,332**	**¥ (3,291)**	**¥ 6,041**
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 profit (loss) amounting to ¥3,291 million ($39,657 thousand) (loss) include common costs of ¥3,291 million ($39,657 thousand), which are not allocated to reportable segments.

—Segment assets amounting to ¥68,612 million ($826,653 thousand) include working capital (the Company's cash, deposits, and long-term time deposits) and investment securities of ¥57,289 million ($690,238 thousand), which are not allocated to reportable segments.

—Increase in property, plant and equipment and intangible assets of ¥227 million ($2,741 thousand) is relevant to common assets.

	Millions of Yen				
	2010				
	Reportable Segment				
	Material Business	Equipment Business	Total	Reconciliations	Consolidated
Sales:					
Sales to customers	¥65,016	¥ 5,543	¥70,560		¥ 70,560
Intersegment sales or transfers		78	78	¥ (78)	
Total sales	¥65,016	¥ 5,622	¥70,638	¥ (78)	¥ 70,560
Operating profit (loss)	¥ 5,643	¥(2,255)	¥ 3,388	¥ (3,108)	¥ 279
Segment assets	64,843	14,537	79,380	58,742	138,122
Other:					
Depreciation	4,496	371	4,868	550	5,418
Increase in property, plant and equipment and intangible assets	2,044	143	2,187	63	2,250
Impairment loss of assets	398		398		398

Note: Reconciliations of
—Operating profit (loss) amounting to ¥3,108 million (loss) include common costs of ¥3,108 million, which are not allocated to reportable segments.
—Segment assets amounting to ¥58,742 million include working capital (the Company's cash, deposits, and long-term time deposits) and investment securities of ¥46,374 million, which are not allocated to reportable segments.
—Increase in property, plant and equipment and intangible assets of ¥63 million is relevant to common assets.

	Thousands of U.S. Dollars				
	2011				
	Reportable Segment				
	Material Business	Equipment Business	Total	Reconciliations	Consolidated
Sales:					
Sales to customers	$860,288	$102,780	$963,069		$ 963,069
Intersegment sales or transfers	2	1,072	1,074	$ (1,074)	
Total sales	$860,290	$103,853	$964,143	$ (1,074)	$ 963,069
Operating profit (loss)	$129,129	$ (16,686)	$112,443	$ (39,657)	$ 72,785
Segment assets	746,046	199,416	945,462	826,653	1,772,115
Other:					
Depreciation	45,636	3,241	48,878	4,053	52,931
Increase in property, plant and equipment and intangible assets	17,053	1,140	18,194	2,741	20,935

Related Information

(1) Information about geographical areas

(a) Sales

Millions of Yen					
2011					
Japan	Taiwan	Korea	U.S.A.	Other Areas	Total
¥30,493	¥18,095	¥10,406	¥8,874	¥12,065	¥79,934

Thousands of U.S. Dollars					
2011					
Japan	Taiwan	Korea	U.S.A.	Other Areas	Total
$367,386	$218,017	$125,377	$106,924	$145,363	$963,069

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

(b) Property, Plant and Equipment

Millions of Yen			
2011			
Japan	U.S.A.	Other Areas	Total
¥27,569	¥2,380	¥466	¥30,415

Thousands of U.S. Dollars			
2011			
Japan	U.S.A.	Other Areas	Total
$332,158	$28,675	$5,632	$366,456

(2) Information about major customers

	Millions of Yen	
	2011	
Name of Customers	Sales	Related Segment Name
KOIKE SANGYO K.K.	¥8,266	Material Business

	Thousands of U.S. Dollars	
	2011	
Name of Customers	Sales	Related Segment Name
KOIKE SANGYO K.K.	$99,592	Material Business

For the Year Ended March 31, 2010

(1) Business Segments

The Group operates in the following industries:

- Material Business consists of photoresists and related materials, printing materials and specialty chemicals.
- Equipment Business consists of semiconductor manufacturing equipment and LCD manufacturing equipment.

Information about business segments for the year ended March 31, 2010 is as follows:

	Millions of Yen				
	2010				
	Material Business	Equipment Business	Total	Eliminations and Corporate	Consolidated
Sales to customers	¥65,016	¥ 5,543	¥70,560		¥ 70,560
Intersegment sales		78	78	¥ (78)	
Total sales	65,016	5,622	70,638	(78)	70,560
Operating expenses	58,894	7,830	66,725	3,555	70,280
Operating income (loss)	¥ 6,122	¥ (2,208)	¥ 3,913	¥ (3,633)	¥ 279
Assets	¥64,593	¥14,513	¥79,106	¥59,016	¥138,122
Depreciation and amortization	4,496	371	4,868	550	5,418
Impairment loss	398		398		398
Capital expenditures	2,044	143	2,187	63	2,250

(2) Geographical Segments

Information about geographical segments for the year ended March 31, 2010 is as follows:

	Millions of Yen						
	2010						
	Japan	North America	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Sales to customers	¥50,823	¥6,007	¥5,127	¥8,601	¥70,560		¥ 70,560
Interarea transfer	10,353	1,576	31	474	12,436	¥(12,436)	
Total sales	61,177	7,584	5,158	9,075	82,996	(12,436)	70,560
Operating expenses	61,064	7,070	5,225	8,650	82,010	(11,730)	70,280
Operating income (loss)	¥ 113	¥ 513	¥ (66)	¥ 424	¥ 985	¥ (706)	¥ 279
Assets	¥80,138	¥7,472	¥2,307	¥8,013	¥97,931	¥ 40,191	¥138,122

(3) Sales to Foreign Customers

Information about sales to foreign customers of the Group for the year ended March 31, 2010 is as follows:

	Millions of Yen				
	2010				
	North America	Europe	Asia	Other Areas	Total
Sales to foreign customers (A)	¥6,610	¥4,009	¥30,103	¥307	¥41,030
Consolidated sales (B)					70,560
(A) / (B)	9.4%	5.7%	42.6%	0.4%	58.1%

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of TOKYO OHKA KOGYO CO., LTD. (the "Company") and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TOKYO OHKA KOGYO CO., LTD. and consolidated subsidiaries as of March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

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

Deloitte Touche Tohmatsu LLC

June 28, 2011

Member of
Deloitte Touche Tohmatsu Limited

Corporate Data (As of March 31, 2011)

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:	1,533 (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

Business Activities

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.

Note: TOK transferred the printing material business to Eastman Kodak Company (USA) effective March 1, 2011.

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.

Board of Directors, Corporate Auditors and Officers (As of June 28, 2011)

Board of Directors

Representative Director,
Chairman of the Board
Yoichi Nakamura

Representative Director,
President & Chief Executive Officer
Ikuo Akutsu

Representative Director,
Chief Operating Officer
Koichi Kaihatsu
Department Manager, Administration Dept.

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

Director,
Officer
Hidekatsu Kohara
Department Manager,
Research and Development Dept.

Director,
Officer
Hiroshi Asaba
Department Manager, Manufacturing Dept.

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

Corporate Auditors

Standing Statutory Auditor
Shigeru Ohtawa

Auditor
Haruhiko Gyoda

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

Officers

Officer
Kenji Tazawa
Department Manager,
Process Equipment Manufacturing Dept.

Officer
Hiroji Komano
Department Manager,
New Business Development Dept.

Officer
Jun Iwasa
Deputy Department Manager,
Manufacturing Dept.

Officer
Atsuro Shibagaki
Deputy Department Manager, Marketing Dept.

Officer
Hajime Fujishita
President and General Manager,
TOK TAIWAN CO., LTD.

Officer
Kunio Mizuki
Deputy Department Manager,
Administration Dept. and
General Manager, General Affairs Div.

Officer
Harutoshi Sato
Deputy Department Manager,
Research and Development Dept. and
General Manager, Advanced Material
Development Div. 1

Officer
Yoichi Shibamura
Deputy Department Manager,
Administration Dept. and
General Manager, Financial Affairs Div.

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.

Global Network (As of March 31, 2011)