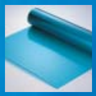
TOKYO OHKA KOGYO CO., LTD.







Pioneering Future Dimensions

ANNUAL REPORT 2005

Year Ended March 31, 2005

Fundamental Strategies

- Promotion of diversified development of microprocess technology
- More extensive development of business overseas
- Fortification of management foundation

Financial Results

- **In the fiscal year ended March 31, 2005, TOK recorded an increase both in sales and earnings.**
  - Consolidated net sales increased 7.0%, to ¥88,960 million.
  - Consolidated operating income rose 27.9%, to ¥7,295 million.
  - Consolidated net income increased 7.1%, to ¥5,088 million.
  - Annual cash dividends per share were up ¥5, to ¥27.

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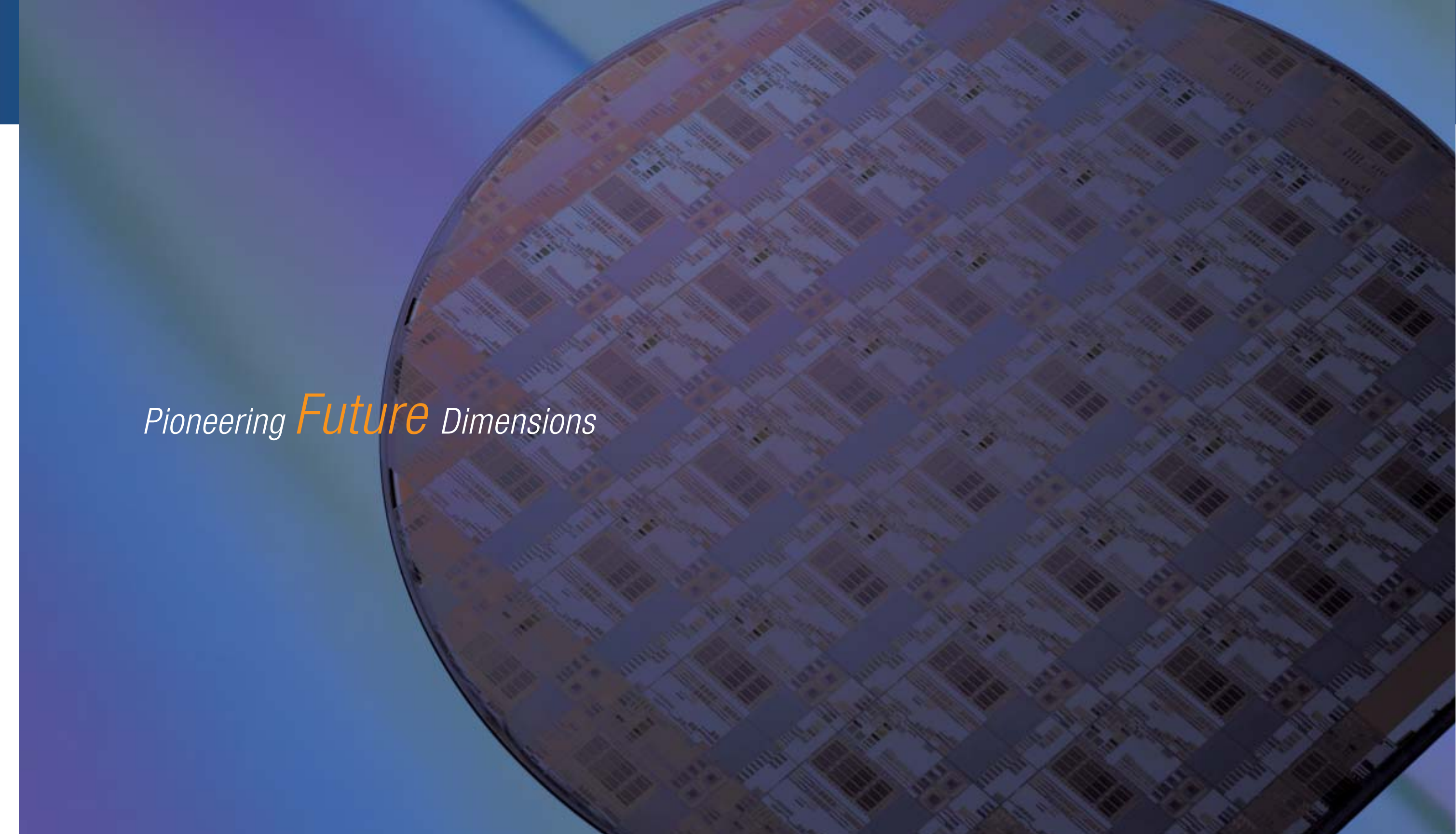
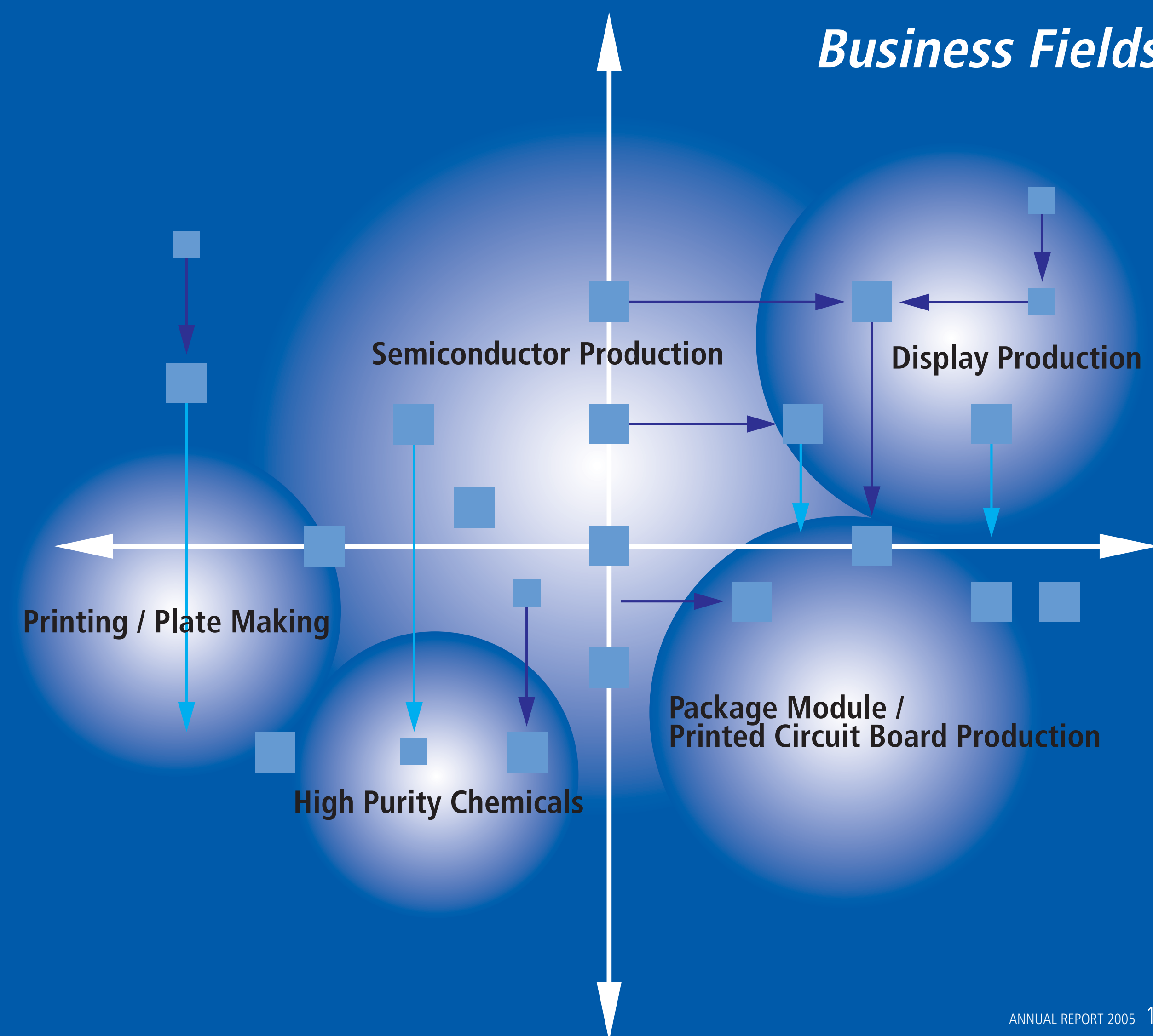
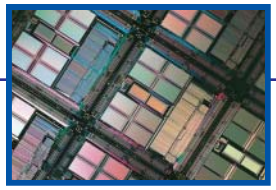


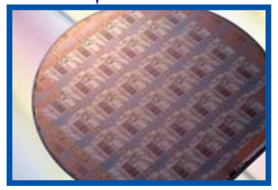
Business Fields





Since its establishment in 1940, Tokyo Ohka Kogyo Co., Ltd. (TOK) has remained dedicated to the "pursuit of new technologies and new technical methodologies for the future." Initially, our core businesses were the electrolysis of potassium hydroxide, the refining of high-purity potassium hydroxide and sodium hydroxide, and the production of chlorides. Today, we supply many state-of-the-art products, including the photoresist that is vital to fabricating semiconductor devices and flat panel displays (FPDs). As one of the world's leading suppliers of photolithography materials, we play a central role in advances in the electronics industry.

Competition on a worldwide scale is intense due to the globalization of our markets and customers. Under such circumstances, we are aiming at transforming TOK into a dynamic growth company of the 21st century by fortifying our superiority in our core field of fine chemicals, by expanding aggressively outside Japan, and by creating a more powerful base of operations that is the foundation of such activities as well. Through these activities, we anticipate even greater accomplishments in the 21st century.



Business Fields / Business Segments

	Material Business												Equipment Business		
	Photoresists			Printing Materials			Chemicals			Specialty Chemicals			Process Equipment		
	2004/3	2005/3	YOY (%)	2004/3	2005/3	YOY (%)	2004/3	2005/3	YOY (%)	2004/3	2005/3	YOY (%)	2004/3	2005/3	YOY (%)
Net Sales (Millions of Yen)	32,112	35,005	9.0	6,577	6,820	3.7	23,098	25,013	8.3	4,751	4,572	(3.8)	16,263	17,461	7.4
Division's Share to Net Sales (%)	38.6	39.3		7.9	7.7		27.8	28.1		5.7	5.1		19.5	19.6	

Major Products

Business Fields	Photoresists	Printing Materials	Chemicals	Specialty Chemicals	Process Equipment
Semiconductor Production	ArF Excimer Laser Photoresist KrF Excimer Laser Photoresist Electron Beam Photoresist i-Line Photoresist g-Line Photoresist Isoprene-Based Photoresist		Photoresist Developing Solution Stripping Solution Rinsing Solution Thinner Diluted Solution Bottom Anti-Reflective Coating Top Anti-Reflective Coating	Interlayer Insulation Source Low-k Interlayer Insulation Source Planarizing Insulation Source Dopants Diffusion Source High-Purity Aqueous Solution	Plasma Dry Etching Machine Plasma Dry Ashing Machine SOD Spin Coater System Photoresist Spin Coater Automatic Chemical Supply System UV Hardening Machine
Package Module / Printed Circuit Board Production	Photoresist for Wafer Level CSP Photoresist for Bump Process Photoresist for COF/Tape CSP/TAB Photoresist for FPC Photoresist for Lead Frame Photoresist for Chemical Milling Photoresist for Plating Process Photoresist for MEMS Dry Film Resist		Photoresist Developing Solution Stripping Solution Rinsing Solution Thinner Diluted Solution Defoaming Agent Stopout Liquid		Highly Thick Film Forming Spin Coater Super Highly Thick Film Forming Non-Spin Coater High Speed Photoresist Developing Machine Descum Ashing Machine Plasma Dry Ashing Machine Vacuum UV Hardening Machine
Display Production	Photoresist for TFT-LCD Photoresist for STN/TN-LCD Pigment-Dispersed Photoresist for LCD Color Filter Photoresist for PDP Dry Film Resist for PDP Barrier Rib Process Photoresist for Organic EL Display Photoresist for CRT		Photoresist Developing Solution Stripping Solution Rinsing Solution Thinner Diluted Solution	Over-Coat Agent for LCD Seal Adhesive Agent for Fluorescent Materials for CRT Photo-Phosphor Paste Photo-Vehicle	Non-Spin Coater System for TFT/Color Filter Process Non-Spin Coater / Developer System for TFT/Color Filter Process Spin Coater System for TFT/Color Filter Process Spin Coater/Developer System for TFT/Color Filter Process Developer System Wet Cleaning System
Printing / Plate Making		Photopolymer Plate for Flexographic Printing Photopolymer Plate for Letterpress Printing Photopolymer Plate for Molding Application Pre-Sensitized Plate for Offset Printing Photo Sensitive Material for Screen Printing	Plate Developing Solution		Plate Making Equipment for Flexo Plate
High Purity Chemicals			Potassium Hydroxide Sodium Hydroxide Potassium Carbonate Inorganic Incombustible Heat Transfer Agent Benzyl Alcohol Benzyl Acetate Cinnamic Acid SV Acetone SV Methanol		

Note: Effective from the fiscal year ending March 2006 the Company has made changes in the segment breakdown of the material business segment and reviewed and changed the names of divisions, except the printing materials division, in this segment. The changes were made to more accurately reflect in segment information the actual changes in the market environment.

Promotion of Diversified Development of Microprocess Technology

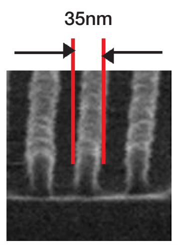
TOK is executing a strategy of diversifying applications of its microprocess technology by targeting highly sophisticated sectors of numerous industries that require precision on a microscopic level.

There are two components of this strategy: the vertical extension and horizontal extension.

Vertical Extension

Extending Microprocess Technology Vertically

The vertical extension of microprocess technology involves the pursuit of even greater microfabrication through further refinements in microprocess technology. Forming finer dimensions has been particularly critical to the remarkable advances in semiconductor fabrication processes. This is why we view the microprocess technology employed in semiconductor fabrication processes as the flagship of microprocess technology for other domains. Today's most sophisticated semiconductor production lines are already forming dimensions less than 100nm (1nm = one one-millionth of a millimeter).



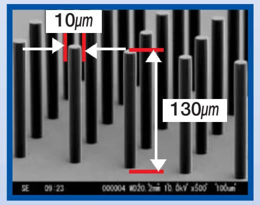
(Photo 1)
Resolution achieved at a wavelength of 193nm using a two beam interference exposure equipment

In the semiconductor manufacturing field, immersion exposure technology is attracting the most attention as the next generation of exposure technology.

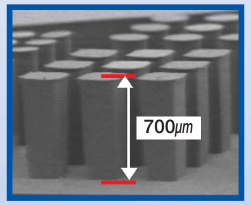
In the fiscal year under review, as a result of the research that combines immersion exposure technology with a 193nm wavelength light source, TOK researchers became the first to achieve a photoresist pattern resolution of 35nm, a remarkable advance over conventional technology (Photo 1). This is an extremely significant event. By using immersion technology, we have succeeded in actually forming ultra-fine patterns, thus gaining confidence that this technique can be transformed from a theory into a practical process. Moreover, engineers had believed that chemically amplified photoresist could not achieve a resolution of better than about 50nm. With this accomplishment, TOK has demonstrated that a much finer resolution is possible.

TOK has been studying practical applications for immersion exposure for some time. Our approaches are to supply more than just photoresists. We offer semiconductor manufacturers a variety of materials and processes, including cover coats that can reduce risks when semiconductor manufacturers begin to use immersion exposure technology.

Vertically extending microprocess technology involves much more than the semiconductor manufacturing industry. Furthermore, this drive is not limited to simply creating finer patterns. Finer resolution is critical to advances in FPDs, semiconductor packagings, printed circuit boards, Micro Electro Mechanical Systems (MEMS) and many other applications. We will continue to be a source of ideas for innovative processes as we pursue more advances in the microprocess technology.



(Photo 2)
Photoresists for MEMS



(Photo 3)
Photoresists for MEMS

TOK has expertise in forming photoresist patterns shaped like narrow poles (Photo 2). We can also form liquid photoresist films of a few hundred micrometers (μms) (Photo 3). Many technological challenges must be overcome to accomplish these feats.

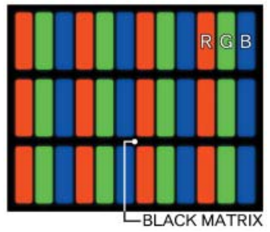
Note: MEMS refers to electrical and mechanical components that are fabricated using technologies required to produce semiconductor devices. MEMS components like nozzles for ink-jet printers, magnetic heads for hard disk drives and sensors, including acceleration sensors, have already been commercialized.

Extending Microprocess Technology Horizontally

The horizontal extension of microprocess technology involves taking microprocess technology developed in photolithography in various fields to new applications and new industry fields.

We have already greatly enlarged the markets and applications for microprocess technology that uses photolithography. Initially restricted to printed circuit boards, this technology now helps make semiconductors, FPDs, semiconductor packagings / *jisso*, printing / plate making, and MEMS products.

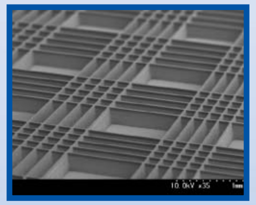
One highlight of the fiscal year under review was the substantial contribution to sales and earnings made by FPD products, a category that we have been targeting for growth. There was a sharp increase in sales of color liquid-crystal display (LCD) materials, particularly pigment-dispersed black photoresist used to make color filters. In addition, sales of color LCD manufacturing equipment were strong just as in the previous fiscal year. Overall, this field is on the verge of becoming another TOK core business.



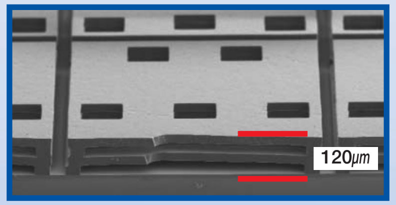
Structure of a color filter

Products of all kinds are offering increasingly sophisticated performance. Fabricating these devices will demand more advances in microscopic production processes. But the current technology is inadequate to cope with the ongoing transition to the microfabrication. In applications where this hurdle has become formidable, we are offering solutions incorporating microprocess technology that uses photolithography. We intend to use these solutions to launch businesses in new domains.

Using photolithography-based microprocess technology to make inroads in new market sectors and domains will be an ongoing theme at TOK. Our objective is to develop this activity into a new core business.



(Photo 4)
Barrier ribs for a plasma display panel (PDP)



(Photo 5)
Photoresists for MEMS with a four-layer photoresist structure

Fabrication of barrier ribs for PDPs illustrates the horizontal extension process. More advances in precision are needed to fabricate ribs for true high-definition displays (Photo 4). Furthermore, by piling photoresist patterns with many layers (Photo 5), we are extending this technology to MEMS, which requires the formation of three-dimensional objects.

Horizontal Extension

Yoichi Nakamura
President & Chief Executive Officer

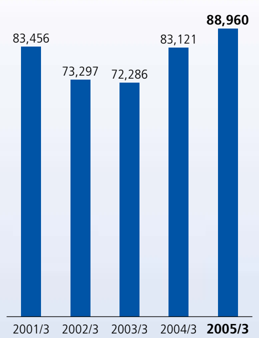
Results of Operations

In the fiscal year ended March 31, 2005, the Tokyo Ohka Kogyo (TOK) Group posted a solid improvement, recording growth in sales, earnings and profitability. Inventory reductions impacted our semiconductor business in the fiscal year's second half. However, sales in the material business rebounded, especially sales of flat panel displays (FPDs) materials increased, and sales of equipment for FPD manufacturing were strong as in the previous fiscal year.

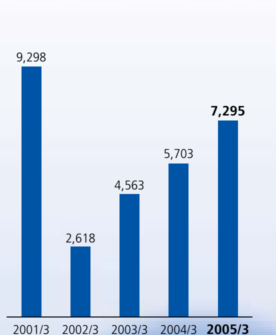
As a result, consolidated net sales increased 7.0% from the previous fiscal year to ¥88,960 million and earnings rose as well despite an upturn in the cost of raw materials due to the sharply higher price of crude oil. Operating income was up 27.9% to ¥7,295 million and net income increased 7.1% to ¥5,088 million. Supporting this growth were improvements in the operating income margin, which rose 1.3 percentage points to 8.2%.

Due to this performance, we raised the annual dividend per share by ¥2 just as we did in the previous fiscal year. An additional commemorative dividend of ¥3 per share was paid as well. This distribution expresses our appreciation for the support of shareholders over the years upon our 65th anniversary in October 2005. The result is a ¥5 increase in the dividend applicable to the fiscal year to ¥27 per share.

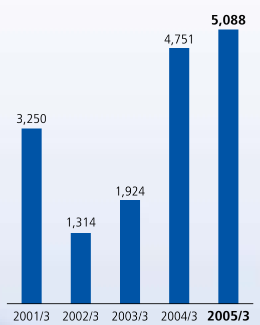
Net Sales
(Millions of Yen)



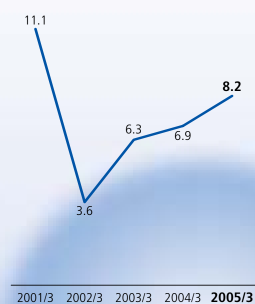
Operating Income
(Millions of Yen)



Net Income
(Millions of Yen)



Ratio of Operating Income to Net Sales
(%)



Progress Report on Second "TOK Challenge 21" Medium-Term Plan

The fiscal year under review was the second year of the second "TOK Challenge 21," our three-year medium-term plan that began in April 2003. One highlight of the fiscal year was the steady growth in sales of materials and equipment for producing FPDs, particularly liquid-crystal displays (LCDs). With regard to materials and equipment used to make LCDs, sales surpassed in the fiscal year under review our forecast for the plan's final year. We also made progress concerning overseas expansion, a central strategy of the medium-term plan, by raising overseas sales to about 57% of total sales, very close to our goal of 58%.

Second "TOK Challenge 21" Fundamental Strategies and Fiscal Year Initiatives

Goal: Be a winner in the global marketplace

Business domains: Leading-edge domains in various industries that require sophisticated microprocess technology

Fundamental Strategies and Progress Report

Promotion of diversified development of microprocess technology

- Focused on developing technology for immersion exposure; became the first to achieve ultra-high resolution
- Began construction of new R&D building; decided to install immersion stepper (at Sagami Operation Center)
- Stepped up development of and increased production capacity for FPD materials
- Established New Technology Development Section and Business Development Section

More extensive development of business overseas

- Increased production capabilities in Taiwan for high-purity photolithography chemicals
- Established subsidiary in Korea to strengthen the sales network
- Established joint venture in China to manufacture and sell high-purity photolithography chemicals

Fortification of management foundation

- Implemented business process reforms and information system restructuring

However, the performance of semiconductor production materials held back our progress toward reaching the plan's sales and earnings targets. One reason is lagging sales of excimer laser photoresists to the target. Although we are making progress, including certifications by users, the time between the decisions to use this material and actual use in mass production lines is longer than had been expected. Sales were also held back by the impact of flat demand for plasma display panel (PDP) televisions on our PDP production materials. In addition, sales and earnings were impacted as the much higher cost of crude oil raised the price of raw materials.

Our resolute commitment to reaching the goals of the medium-term plan has produced definite progress with regard to strategies. For example, we are building infrastructures in growing markets in order to be a winner in the global marketplace. Overall, we took many actions that will help build a foundation for growth for many years to come.

Second "TOK Challenge 21" Initiatives

- **Enhancement and enlargement of microprocess technology: "horizontal extension"**
  Taking microprocess technology to new fields and applications; moving ahead with R&D on new processes and products
- **Acceleration and enhancement of microprocess technology: "vertical extension"**
  Implementing new ideas for new microscopic processes; developing the solutions business
- **Effective use of collaboration**
  Conducting a multitude of joint research projects and experiments from the perspectives of speed, cost savings and risk hedging
- **Reinforcement of TOK's own research activities**
  Strengthening product development activities by striking the optimum balance between research and product development

Expanding Microprocess Technology in Many Directions

Progress continues in extending microprocess technology to new areas. In particular, our "vertical extension," which seeks to achieve even greater precision, has been making great strides in the semiconductor manufacturing sector. We have gained the ability to assemble solutions that match each customer's needs. One element of these solutions is materials. For example, our cover coat is helping promote the adoption of immersion exposure, which is attracting attention as a next-generation circuit formation technique. We can also draw on our exclusive shrink process, among other technologies. Significantly, we do more than simply sell materials. To offer solutions for specific processes, we can combine many materials as required.

Another direction of ours is "horizontal extension." Here, we are again concentrating on extending microprocess technology to new fields and applications. Our aim is to foster this into a core business, just as LCD production materials and equipment has become a core business of ours. Highlighting the fiscal year under review was the rapid growth in demand for our pigment-dispersed photoresist for LCD color filters to reduce environmental load. Performance was also backed by steady growth of sales of *jisso* and packaging materials. All in all, the fiscal year under review saw a significant contribution to sales and earnings from our "horizontal extension."

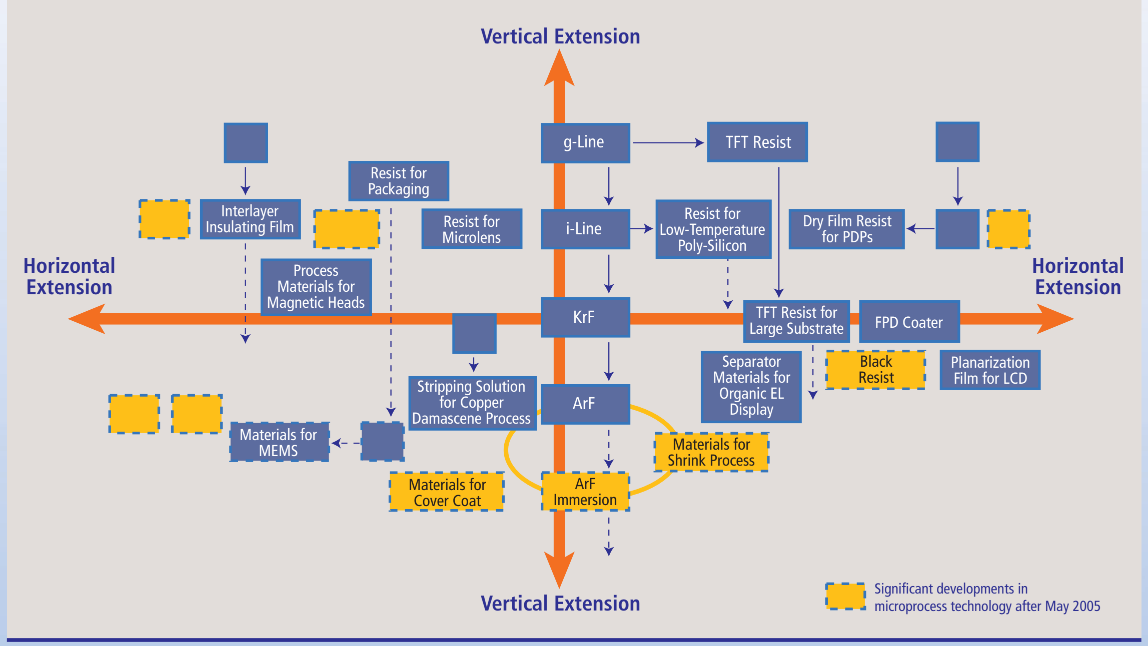
We intend to make our earnings even more stable by stepping up the pace of microprocess technology business diversification. To accomplish this, we will have to enhance and expand our diversified development activities. This is why we established the New Technology Development Section and the Business Development Section. TOK will work on developing business in new markets and applications and also handle R&D concerning new processes and products. In all cases, the objective is the creation of new businesses.

Technology Development Driven Company at All Times

We are also embarking on a new direction concerning our development activities. In recent years, we have placed increasing emphasis on collaboration in order to speed up development activities, cut costs and spread out risk exposure. Collaboration covers equipment manufacturers, our suppliers, universities, research institutes and other partners. Working with these partners gives us access to more new product development themes and a much broader environment for development activities.

Even as we recognize the importance of collaboration, we are concentrating on exclusive R&D activities to preserve our identity as a technology development driven company. We want to accumulate more core technologies and use that knowledge to conduct more distinctive activities. In this respect, we are targeting themes where we can focus on manufacturing, such as by designing molecules and synthesizing resins. We are convinced that this type of R&D will underpin our growth over the long term.

Close communication with customers is essential to diversifying our microprocess technology businesses and leading the way in next-generation technologies. But we must work closely with universities and research institutes, too. In addition, we are an active participant in academic conferences, such as The International Society for Optical Engineering (SPIE), and technological consortiums. Through these activities we make sure that we always remain sensitive to the emerging trends and developments in various technologies.



Remaining at Forefront of Progress in Microprocess Technology

More Powerful Brand—Most Trusted Partner of Our Customers

Thus far, we have taken many actions to achieve the primary goal of the current medium-term plan: becoming a "global winner" in "leading-edge domains in various industries that require sophisticated microprocess technology." The fiscal year ending March 31, 2006 marks the last stage of this plan. As we look ahead to ways to sustain our growth and development following the plan's completion, our actions must include the establishment of a powerful brand. That means succeeding in fields where development activities are the most challenging. We must consistently enhance the collective strengths of TOK with regard to quality control, sales support activities, financial strength, corporate citizenship and other areas. Only then can we build a brand that will make TOK synonymous with microprocesses, consistently earning the support and trust of our customers. It is essential that the TOK Group work as one to build this type of brand. We want customers to turn to TOK first whenever they face a new challenge or a technological issue. Earning this type of trust will contribute directly to our ability to sustain our growth and development.

Positioning Semiconductor Manufacturing Technology as Flagship of Microprocess Technology

Microprocess technology that uses photolithography, a core TOK skill, is essential to the manufacture of many products. Among them are semiconductors and semiconductor packagings; LCDs, PDPs and other FPDs; ink-jet printer heads; and pressure, acceleration and other types of sensors. The semiconductor manufacturing sector requires nanotechnology skills of under 100nm. This market is thus the most challenging of all regarding the use of microprocess technology.

Succeeding in this exacting market category is a certain means of gaining a reputation as a company with a full line of capability and expertise involving technology, quality control and other fields. This is why we are positioning the semiconductor manufacturing sector as the "microprocess technology flagship" with respect to increasing our brand value. We need to channel all necessary resources to this drive in order to develop sophisticated technologies and enhance quality control capabilities. This will include large investments in advanced machinery, such as an argon-fluoride (ArF) excimer laser scanner, which employs immersion exposure technology. All these actions are needed in order to create new forms of value.

Microprocess technology is a field where market conditions are certain to remain challenging due to progress in precision along with intensifying competition. TOK will keep focusing on the development of leading-edge domains for microprocess technology, accumulating a track record in the most challenging domains to stay at the forefront of progress. This is how we should solidify our position of leadership in the field of microprocess technology.

More Emphasis on Business Risk and Other Management Issues

Business risks are growing as companies need to use increasingly sophisticated process technologies to form even tinier dimensions. For instance, R&D expenditures are rising rapidly and the pace of technological innovation is accelerating. Most notable is the rising need to shield TOK from risks associated with the huge R&D and capital expenditures required for vertical progress in the semiconductor manufacturing sector.

This is why we are upgrading our risk management capabilities based on our recognition of the risks involved with business activities in fields that require high-end technologies. There are three main components of this drive. First is horizontal technology expansion to spread out risk exposure. Primary examples are the use of know-how gained from industries using cutting-edge technologies to develop products and create new solutions in other fields. Second is the control and reduction of risk by optimizing our operating framework. Here, activities mainly involve the review of our R&D, marketing and manufacturing bases and organization. Third is the construction of the ideal framework, well balanced between independent and collaborative research and development, for conducting R&D and for the control and reduction of risks.

Meeting the Challenges of Constantly Evolving Operating Environment

The central objective of any company is to raise earnings while sustaining consistent growth over the long term. However, we are well aware that only companies able to adapt to shifting social and market undercurrents can be successful in the future.

The role of companies will be fundamentally different as we advance to a new era. Crucial to success will be the ability to be a responsible corporate citizen concerning the environment and coexist with society. As we stand on the verge of this new era, we must respond swiftly to shifts in our operating environment. We must relentlessly work on becoming a company that can sustain growth while encouraging changes that originate from within our organization.

Through the initiatives that I have outlined in this letter, I am determined to continue to use TOK's resources with the aim of meeting the high expectations of our shareholders and all other stakeholders.

October 2005

President & Chief Executive Officer

Y. Nakamura

Corporate Governance

Major Corporate Governance Initiatives

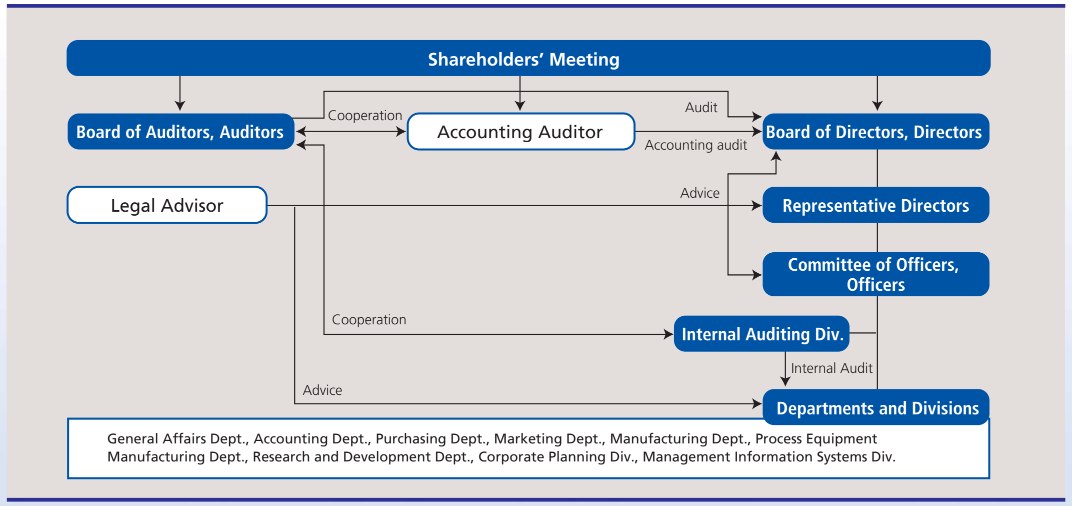
TOK positions enhancement of corporate governance as one of the most important management issues: the means to maintain a sound and transparent management and to enhance its operational efficiency by speeding up the decision-making process in order to meet the expectations of its stakeholders and fully live up to the trust they have placed in the TOK Group.

Summary of Corporate Governance Units

As a company with corporate auditors, TOK uses the corporate auditor system. Actions will be taken to upgrade audits performed by corporate auditors by using the greater authority of these auditors provided for in amendments to the Japanese Commercial Code. In addition, TOK is enacting reforms to its Board of Directors, and the Company has adopted the scheme of officers and is working to use this scheme effectively. TOK believes that actions like these aimed at strengthening management systems are the best means of improving its corporate governance.

Furthermore, TOK has adopted the scheme of officers for the purpose of strengthening the functions in management decision-making, supervision and execution of business operations, as well as to clarify responsibility for these functions. In order to reap even greater benefits from these governance body reforms, centered on the scheme of officers, TOK has enacted reforms to the Board of Directors and the scheme of officers.

Corporate Governance System



Board of Directors and Directors

Following the 74th general shareholders' meeting held on June 29, 2004, TOK altered the composition and role of the Board of Directors. Only the Chairman of the Board and President, both of whom are representative directors, are allowed to concurrently have executive positions at the Company. This revision creates a board made up solely of Representative Directors and Directors, thus creating a structure ideally suited to performing the fundamental role of the Board of Directors: making decisions concerning management policies and supervising the management of business operations.

The eight-member Board of Directors holds regular monthly meetings. The Board decides on important matters relating to the execution of operations and supervises the functions of the representative directors and the individual directors.

Committee of Officers and Officers

While taking steps to strengthen the Board of Directors' functions in management decision-making and supervision, TOK is also reinforcing business execution functions. For this purpose, a multi-level organization, including a president and chief executive officer, executive officers and officers, has been established. This provides a comprehensive framework for the areas of authority, capabilities and other aspects of the duties of each officer. Furthermore, TOK established the Committee of Officers, which is made up of all officers.

The Committee of Officers, made up of 15 officers, holds regular monthly meetings in order to issue instructions and orders regarding decisions made by the Board of Directors, to share information on the activities of each officer and to make decisions on important management issues that do not require referral to the Board of Directors.

Board of Auditors and Auditors

The Board of Auditors is comprised of four auditors, three of them outside auditors. The Board of Auditors holds regular monthly meetings at which it receives reports from auditors and discusses and makes decisions on important audit issues.

Internal Auditing Division

The Internal Auditing Division is a part of our internal organization for compliance. It has full-time staff and reports directly to the president. It conducts such periodic audits as deemed necessary, in cooperation with the auditors, in order to ensure full compliance with the law and company regulations, and also provides guidance and advice on the implementation of measures to improve compliance.

Major Compliance Efforts

On October 6, 2004, we formulated the TOK Group Compliance Standards of Conduct as a tool for enhancing awareness of the importance of compliance, clearly defining our shared values and a code of conduct. The TOK Group Compliance Standards of Conduct became effective on April 1, 2005.

Moreover, the TOK Group has established an internal reporting system to ensure that the Company gathers information on and responds quickly and effectively to any possible violation of laws and regulations and the standards of conduct. In order to assure confidentiality, the Company has provided two options for reporting: an internal route of a Compliance Hot Line and an external route of reporting directly to the Company's legal counsel.

Environmental Conservation Activities

All members of the chemical industry have the potential of having an enormous impact on the environment due to the nature of the chemicals that they produce and handle. Because of this, chemical companies undergo much closer scrutiny than do companies in other industries. At the same time, ours is a vital industry that greatly contributes to making our lives more comfortable and convenient.

In the spirit of the Responsible Care program, we conduct our operations based on the following precept: doing our best for safety, health and the environment by assuming responsibility for our actions across the entire product life cycle, from development through disposal.

Furthermore, we are currently conducting environmental management for the goal of achieving zero emissions, with the view to creating a recycle-based society diametrical to the existing social structure that has been centered on mass production, consumption and disposal.

TOK issued an Environmental and Social Report that provides more information about environmental and community activities during the fiscal year under review.

TOK always places priority on protecting the global environment while achieving sustainable corporate and social development. With this in mind, the Company plans to further upgrade its environmental management programs.

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2000, 2001, 2002, 2003, 2004 and 2005

	Millions of Yen						Thousands of U.S. Dollars
	2000	2001	2002	2003	2004	**2005**	**2005**
FOR THE YEAR:							
Net sales	¥ 73,108	¥ 83,456	¥ 73,297	¥ 72,286	¥ 83,121	**¥ 88,960**	**$ 823,712**
Material business	65,253	68,986	54,903	62,721	66,927	**71,617**	**663,121**
Equipment business	7,855	14,700	18,559	9,644	16,263	**17,461**	**161,681**
Operating income	7,115	9,298	2,618	4,563	5,703	**7,295**	**67,550**
Income before income taxes and minority interests	7,710	5,497	2,601	3,885	8,372	**8,070**	**74,729**
Net income	4,483	3,250	1,314	1,924	4,751	**5,088**	**47,115**
Investment in plants and equipment	2,754	3,522	7,670	8,019	4,131	**3,631**	**33,628**
Depreciation and amortization	5,326	4,808	5,031	5,232	5,810	**5,595**	**51,810**
R&D expenditures	5,752	6,160	5,803	6,028	6,744	**5,800**	**53,707**
PER SHARE DATA (Yen / U.S. Dollars):							
Net income (basic)	¥ 88.60	¥ 64.24	¥ 26.28	¥ 39.12	¥ 98.69	**¥ 109.16**	**$ 1.01**
Cash dividends applicable to the year	23.00	20.00	20.00	20.00	22.00	**27.00**	**0.25**
Total shareholders' equity	2,188.97	2,242.68	2,271.09	2,290.90	2,401.31	**2,492.60**	**23.08**
AT THE YEAR-END:							
Total assets	¥130,390	¥146,735	¥135,582	¥141,402	¥146,376	**¥154,309**	**$1,428,794**
Total long-term liabilities	1,379	6,767	7,416	7,954	6,564	**7,086**	**65,613**
Total shareholders' equity	110,762	113,479	113,126	111,241	111,301	**115,564**	**1,070,046**
RATIOS:							
Ratio of R&D expenditures to net sales (%)	7.9	7.4	7.9	8.3	8.1	**6.5**	
Ratio of operating income to net sales (%)	9.7	11.1	3.6	6.3	6.9	**8.2**	
Return on equity (%)	4.1	2.9	1.2	1.7	4.3	**4.5**	
Equity ratio (%)	84.9	77.3	83.4	78.7	76.0	**74.9**	

Notes: 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥108 to US$1, the approximate Tokyo foreign exchange market rate as of March 31, 2005.
2. Net sales by business segment includes intersegment sales.

Results of Operations

Net Sales

In the year ended March 31, 2005, the Tokyo Ohka Kogyo (TOK) Group recorded consolidated net sales of ¥88,960 million, an increase of ¥5,839 million, or 7.0%, from the previous fiscal year. In the first half of the fiscal year, net sales posted year-on-year growth of ¥9,755 million, or 27.0%, to ¥45,834 million, but net sales were down ¥3,915 million, or 8.3%, to ¥43,126 million in the second half. One reason was the tendency in prior years for the majority of sales in the equipment business to be recorded in the second half of each fiscal year. In the fiscal year under review, first-half sales were strong due to global growth in demand for digital home electronics and IT products. In the second half, there was a clear downturn in demand due to excessive inventories of digital home electronics. There were also signs of stagnation in the semiconductor and flat panel display (FPD) markets. The result was an end to the growth in sales that occurred as the fiscal year began. Despite this weakness, there was steady growth in sales of liquid-crystal display (LCD) manufacturing materials, chiefly pigment-dispersed black photoresist used to make LCD color filters. Sales of FPD production equipment were also strong. In addition, sales of state-of-the-art excimer laser photoresists used in semiconductor production were higher. Due to these factors, the TOK Group posted higher sales and earnings for the fiscal year while improving profit margins.

Segment Analysis

Results by Business Segment

Sales in the material business increased ¥4,690 million, or 7.0%, to ¥71,617 million despite difficult market conditions in the fiscal year's fourth quarter that resulted in a year-on-year quarterly sales decline. In the equipment business, sales remained strong, posting an increase of ¥1,198 million, or 7.4%, to ¥17,461 million.

Material Business

Photoresists Division

Sales in the photoresists division increased ¥2,893 million, or 9.0%, to ¥35,005 million. Growth was driven mainly by photoresists used in the manufacture of FPDs and by an increase in sales of semiconductor photoresists. FPD photoresists increased from about 25% of division sales in the previous fiscal year to about 30% in the fiscal year under review. However, sales of photoresists for printed circuit boards declined because of fierce price-based competition for general-purpose products.

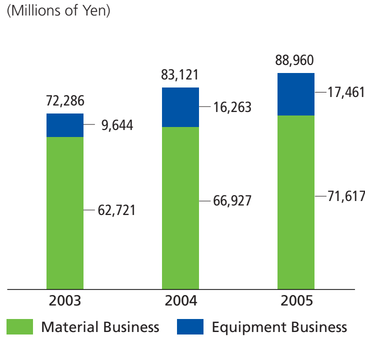
• Semiconductor Photoresists

Sales continued to climb during the fiscal year's first half along with rising demand for digital home electronics. However, demand weakened in the second half as manufacturers cut inventories of digital home electronics. This weakness was offset by growth in sales of state-of-the-art photoresists for excimer laser that are required to form finer dimensions in semiconductors. As a result, total semiconductor photoresist sales were higher than in the previous fiscal year. One highlight was the continuation of very strong growth in sales of highly sophisticated photoresists for argon-fluoride (ArF) excimer lasers. In the fiscal year under review, this type of photoresist accounted for about 5% of total division sales.

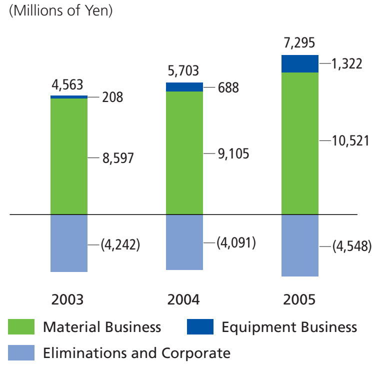
• FPD Photoresists

Sales of photoresists for FPDs continued to climb along with demand for thin-panel televisions, contributing to sales growth in the entire division. LCD photoresist sales benefited from growth in demand for these displays, and particularly the popularity of LCD televisions. One result was solid growth in sales of TFT array etching photoresists. In addition, there was a large increase in sales of pigment-dispersed black photoresist used to make LCD color filters, the result of the TOK Group's ability to target demand associated with environmental issues and the growing size of LCD glass substrates. The TOK Group succeeded in developing demand for both of these photoresist products during

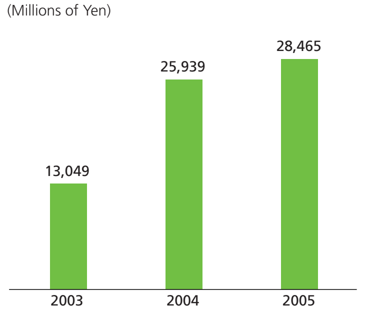
Net Sales by Business Segment
(Millions of Yen)



Operating Income by Business Segment
(Millions of Yen)



Order Backlog of Equipment Business
(Millions of Yen)



the fiscal year, mainly in Asia. Photoresist sales in this category also benefited from rising orders for plasma display photoresists as sales of plasma display panel (PDP) televisions increased.

Printing Materials Division

Sales of printing materials increased ¥243 million, or 3.7%, to ¥6,820 million. Photopolymer plates posted higher sales due in part to steady sales of materials in Europe for general-purpose printing. Sales were also higher in flexographic printing, where demand was strong in Europe. Offset printing materials sales declined because of intense sales competition.

Chemicals Division

Sales in the chemicals division increased ¥1,915 million, or 8.3%, to ¥25,013 million. Sales of inorganic and organic chemicals were somewhat lower because of intense price-based competition among the users of these products. Sales of high-purity chemical agents were also impacted by intense competitive pressure on prices. These chemicals, such as photoresist developing solution and stripping solution, are mainly used in photolithography processes for the manufacture of semiconductors and LCDs. Despite this difficult environment, sales of these chemicals increased because of higher demand in eastern Asia.

Specialty Chemicals Division

Sales in this division decreased ¥180 million, or 3.8%, to ¥4,572 million. Coating source used in the formation of interlayer insulation films and planarizing insulation films for semiconductors posted somewhat lower sales as demand softened, primarily in Japan.

Equipment Business

Process Equipment

Orders of LCD panel manufacturing equipment declined ¥9,214 million, or 31.7%. This was attributable to an increasingly cautious stance concerning capital expenditures in certain sectors of the LCD panel market in the fiscal year's second half. However, new orders totaled ¥19,869 million, exceeding fiscal year sales in this segment, as the TOK Group concentrated on capturing orders for its coating equipment "Spinless," which uses a non-spin process.

Segment sales increased ¥1,198 million, or 7.4%, to ¥17,461 million. One factor was efforts to earn certification for LCD panel manufacturing equipment that has been shipped. In addition, sales of semiconductor manufacturing equipment increased.

The order backlog of the equipment business remained high, totaling ¥28,465 million at the end of March 2005, an increase of ¥2,526 million, or 9.7%, compared with the previous fiscal year.

Results by Geographical Segment

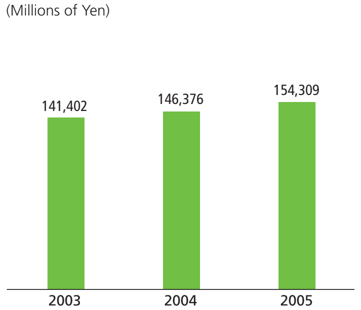
Overseas sales increased ¥6,800 million, or 15.5%, to ¥50,582 million. In North America, sales were down ¥537 million, or 6.9%, to ¥7,266 million because of the appreciation of the yen. Sales in Europe increased ¥960 million, or 18.6%, to ¥6,141 million and sales in Asia were up ¥6,254 million, or 20.3%, to ¥37,017 million. The continuation of strong sales growth in Asia was backed by growth in sales of various types of photoresists, higher sales of chemicals, including high-purity chemical agents used to make semiconductors and LCDs, and steady growth in sales of LCD panel manufacturing equipment. This growth is the result of the TOK Group's efforts to expand its manufacturing and sales network in Asia and upgrade marketing activities. Due to these factors, overseas sales increased by 4.2 percentage points to account for 56.9% of consolidated net sales.

Cost of Sales, SG&A Expenses and Operating Income

The cost of sales increased ¥4,180 million, or 7.4%, to ¥60,330 million, resulting in a 0.2 percentage point rise in the cost of sales ratio to 67.8%. Even though the material business accounted for about 80%, or increased ¥4,689 million from the previous fiscal year, of the total increase in net sales, the cost of sales ratio remained basically unchanged because of the impact of the higher cost of raw materials as the price of crude oil rose. Selling, general and administrative (SG&A) expenses increased ¥66 million, or 0.3%, to ¥21,335 million, largely unchanged from the previous fiscal year.

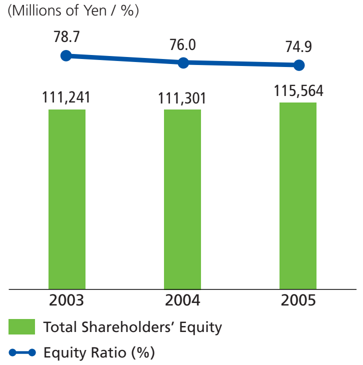
Total Assets

(Millions of Yen)



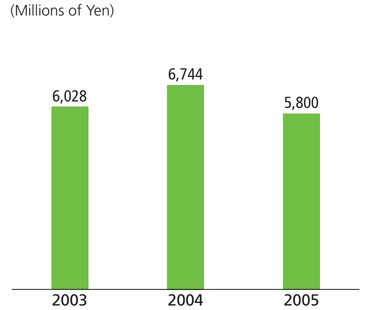
Total Shareholders' Equity / Equity Ratio

(Millions of Yen / %)



R&D Expenditures

(Millions of Yen)



Several components of these expenses increased, including maintenance expenses for fixed assets and business taxes following adoption of a pro forma standard taxation in Japan. Offsetting this growth were streamlining initiatives that lowered administrative and transportation expenses and a decline in depreciation expenses. Due to these factors, operating income increased ¥1,592 million, or 27.9%, to ¥7,295 million. The ratio of operating income to net sales increased by 1.3 percentage points to 8.2%.

Income before Income Taxes and Minority Interests and Net Income

Income before income taxes and minority interests decreased ¥301 million, or 3.6%, to ¥8,070 million. Although operating income increased, the TOK Group earnings in the previous fiscal year included substantial extraordinary gains, mainly due to an exemption from the future pension obligations by the Ministry of Health, Labour and Welfare. Due to a decline in income taxes, net income increased ¥337 million, or 7.1%, to ¥5,088 million.

Financial Review

Financial Position

Total assets amounted to ¥154,309 million as of March 31, 2005, ¥7,933 million more than the previous fiscal year-end.

Current assets increased ¥8,585 million to ¥103,502 million. Although trade notes and accounts receivables declined ¥2,413 million as receivables were collected, there were increases of ¥6,477 million in cash and cash equivalents and time deposits due to net income and the collection of receivables and ¥4,325 million in inventories due to growth in inventories of process equipment.

Net property, plant and equipment decreased ¥1,378 million to ¥40,185 million because depreciation and amortization exceeded capital expenditures. The TOK Group is currently constructing a building to perform R&D involving leading-edge semiconductor production materials. This project, which will require an investment of about ¥6,500 million, is scheduled for completion in December 2005. Installation of the sophisticated equipment required by the facility is to be completed by the end of March 2006. Intangible fixed assets increased ¥886 million to ¥2,060 million. This was mainly due to the acquisition of enterprise resource planning (ERP) software. The result was a decrease of ¥651 million in non-current assets to ¥50,807 million.

Liabilities increased ¥3,156 million to ¥37,422 million. This was mainly the result of a ¥1,886 million increase to ¥11,848 million in advances from customers in the equipment business because of growth in shipments of process equipment.

Minority interests increased ¥514 million because of growth in retained earnings at a jointly owned company in Taiwan and other items.

Total shareholders' equity increased ¥4,263 million to ¥115,564 million, the result of increases of ¥3,934 million in retained earnings and ¥269 million in unrealized gain on available-for-sale securities. The equity ratio declined 1.1 percentage points to 74.9% and total shareholders' equity per share increased ¥91.29 to ¥2,492.60.

Cash Flows

Net cash provided by operating activities increased ¥7,050 million to ¥11,805 million. Cash was used for a ¥4,297 million increase in inventories, but operating cash flows were much higher than the previous fiscal year because of cash provided by income before income taxes and minority interests, depreciation and amortization, a decrease in trade notes and accounts receivables due to progress in collection, and other items.

Net cash used in investing activities decreased ¥976 million to ¥5,200 million, mainly the result of a decline in purchases of property, plant and equipment.

Net cash used in financing activities decreased ¥4,385 million to ¥929 million. This mainly represented dividends paid because of the large decline in own shares repurchased.

Due to these items, cash and cash equivalents, end of year increased ¥5,775 million to ¥46,752 million as of March 31, 2005.

Outlook for Fiscal Year Ending March 31, 2006

The outlook for the fiscal year ending March 31, 2006 is uncertain due primarily to concerns about slower global economic growth because of the much higher cost of crude oil and other basic materials.

The TOK Group will concentrate on excimer laser photoresists and FPD photoresists, both market sectors where demand is expected to continue to grow. The Group will also focus on increasing sales of LCD panel manufacturing equipment in order to raise sales and earnings. To fortify the groundwork for future growth, R&D activities will target next-generation technologies, such as ArF excimer laser photoresists and immersion technology, as well as even more advanced exposure technologies. The TOK Group will also continue to conduct extensive marketing activities. Other priorities are increasing productivity, streamlining operations and building a more powerful base of operations. By taking these actions, the TOK Group intends to achieve continued growth in sales and earnings. During the fiscal year ending in March 2006, the TOK Group plans to make investment in plant and equipment totaling ¥10,500 million. This includes the construction of a research laboratory, and the purchase of the required equipment, for work involving semiconductor manufacturing materials required by more advanced microprocess technology.

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries

Consolidated Balance Sheets

March 31, 2005 and 2004

ASSETS	Millions of Yen 2005	Millions of Yen 2004	Thousands of U.S. Dollars (Note 1) 2005
CURRENT ASSETS:			
Cash and cash equivalents	**¥ 46,752**	¥ 40,977	**$ 432,891**
Time deposits	**770**	68	**7,131**
Receivables:			
Trade notes	**4,309**	4,974	**39,903**
Trade accounts	**21,741**	23,490	**201,314**
Other	**313**	372	**2,899**
Allowance for doubtful receivables	**(100)**	(119)	**(935)**
Inventories (Note 4)	**27,166**	22,841	**251,545**
Deferred tax assets (Note 8)	**1,405**	1,208	**13,013**
Prepaid expenses and other current assets	**1,143**	1,103	**10,591**
Total current assets	**103,502**	94,917	**958,355**
PROPERTY, PLANT AND EQUIPMENT:			
Land	**9,336**	9,311	**86,449**
Buildings and structures	**51,685**	51,849	**478,571**
Machinery and equipment	**38,540**	38,447	**356,855**
Furniture and fixtures	**13,584**	12,446	**125,786**
Construction in progress	**1,004**	546	**9,305**
Total	**114,152**	112,602	**1,056,969**
Accumulated depreciation	**(73,967)**	(71,038)	**(684,884)**
Net property, plant and equipment	**40,185**	41,563	**372,084**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	**5,649**	5,134	**52,311**
Investments in an unconsolidated subsidiary and an associated company	**7**	7	**69**
Deferred tax assets (Note 8)	**1,631**	1,790	**15,109**
Other assets	**3,333**	2,962	**30,864**
Total investments and other assets	**10,622**	9,895	**98,355**
TOTAL	**¥154,309**	¥146,376	**$1,428,794**

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen 2005	Millions of Yen 2004	Thousands of U.S. Dollars (Note 1) 2005
CURRENT LIABILITIES:			
Payables:			
Trade notes	**¥ 136**	¥ 1,959	**$ 1,266**
Trade accounts	**9,511**	7,778	**88,066**
Construction and other	**3,657**	2,871	**33,862**
Income taxes payable	**1,405**	1,295	**13,014**
Accrued expenses	**3,377**	3,456	**31,269**
Advances from customers	**11,848**	9,961	**109,707**
Deferred tax liabilities (Note 8)	**28**	24	**268**
Other current liabilities (Note 5)	**370**	353	**3,433**
Total current liabilities	**30,336**	27,702	**280,889**
LONG-TERM LIABILITIES:			
Long-term debt (Note 5)	**8**	9	**76**
Liability for retirement benefits (Note 6)	**6,590**	6,229	**61,026**
Deferred tax liabilities (Note 8)	**458**	297	**4,248**
Other long-term liabilities	**28**	27	**262**
Total long-term liabilities	**7,086**	6,564	**65,613**
MINORITY INTERESTS	**1,322**	808	**12,245**
SHAREHOLDERS' EQUITY (Notes 7 and 13):			
Common stock—authorized, 200,000,000 shares; issued, 50,600,000 shares in 2005 and 2004	**14,640**	14,640	**135,559**
Capital surplus	**15,209**	15,208	**140,826**
Retained earnings	**91,802**	87,867	**850,019**
Unrealized gain on available-for-sale securities	**2,156**	1,887	**19,966**
Foreign currency translation adjustments	**(442)**	(468)	**(4,096)**
Total	**123,365**	119,135	**1,142,276**
Treasury stock—at cost, 4,248,992 shares in 2005 and 4,267,184 shares in 2004	**(7,800)**	(7,833)	**(72,229)**
Total shareholders' equity	**115,564**	111,301	**1,070,046**
TOTAL	**¥154,309**	¥146,376	**$1,428,794**

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Income

Years Ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	**2005**
NET SALES	**¥88,960**	¥83,121	**$823,712**
COST OF SALES (Note 9)	**60,330**	56,149	**558,611**
Gross profit	**28,630**	26,971	**265,100**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 9)	**21,335**	21,268	**197,549**
Operating income	**7,295**	5,703	**67,550**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**84**	79	**781**
Interest expense	**(11)**	(18)	**(108)**
Foreign exchange gain (loss) —net	**102**	(116)	**952**
Royalty income	**324**	240	**3,000**
Gain on refund of custom duty	**241**	121	**2,232**
Loss on sales and disposals of property, plant and equipment—net	**(247)**	(297)	**(2,288)**
Loss on disposals of inventories	**(71)**	(47)	**(662)**
Gain on exemption from the future pension obligation of the governmental program		2,326	
Other—net	**353**	381	**3,271**
Other income—net	**775**	2,669	**7,179**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**8,070**	8,372	**74,729**
INCOME TAXES (Note 8):			
Current	**2,759**	2,581	**25,547**
Deferred	**(115)**	822	**(1,073)**
Total income taxes	**2,643**	3,404	**24,474**
MINORITY INTERESTS IN NET INCOME	**(339)**	(217)	**(3,139)**
NET INCOME	**¥ 5,088**	¥ 4,751	**$ 47,115**

	Yen		U.S. Dollars
	2005	2004	**2005**
PER SHARE OF COMMON STOCK (Notes 2.o and 12):			
Basic net income	**¥109.16**	¥ 98.69	**$ 1.01**
Diluted net income	**109.00**	98.67	**1.00**
Cash dividends applicable to the year	**27.00**	22.00	**0.25**

See notes to consolidated financial statements.

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Shareholders' Equity

Years Ended March 31, 2005 and 2004

	Thousands	Millions of Yen					
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock
BALANCE, APRIL 1, 2003	48,558	¥14,640	¥15,207	¥84,074	¥ 790	¥ (10)	¥(3,460)
Net income				4,751			
Cash dividends paid:							
Final for prior year, ¥10.0 per share				(485)			
Interim for current year, ¥10.0 per share				(472)			
Repurchase of treasury stock	(2,233)						(4,387)
Disposal of treasury stock	7						13
Net increase in unrealized gain on available-for-sale securities					1,096		
Net decrease in foreign currency translation adjustments						(457)	
BALANCE, MARCH 31, 2004	46,332	14,640	15,208	87,867	1,887	(468)	(7,833)
Net income				5,088			
Cash dividends paid:							
Final for prior year, ¥12.0 per share				(555)			
Interim for current year, ¥12.0 per share				(556)			
Bonuses to directors and corporate auditors				(42)			
Repurchase of treasury stock	(1)						(3)
Disposal of treasury stock	20						36
Net increase in unrealized gain on available-for-sale securities					269		
Net increase in foreign currency translation adjustments						26	
BALANCE, MARCH 31, 2005	**46,351**	**¥14,640**	**¥15,209**	**¥91,802**	**¥2,156**	**¥(442)**	**¥(7,800)**

	Thousands of U.S. Dollars (Note 1)					
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock
BALANCE, MARCH 31, 2004	$135,559	$140,820	$813,589	$17,475	$(4,338)	$(72,535)
Net income			47,115			
Cash dividends paid:						
Final for prior year, $0.11 per share			(5,148)			
Interim for current year, $0.11 per share			(5,148)			
Bonuses to directors and corporate auditors			(388)			
Repurchase of treasury stock						(35)
Disposal of treasury stock		6				341
Net increase in unrealized gain on available-for-sale securities				2,490		
Net increase in foreign currency translation adjustments					242	
BALANCE, MARCH 31, 2005	**$135,559**	**$140,826**	**$850,019**	**$19,966**	**$(4,096)**	**$(72,229)**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years Ended March 31, 2005 and 2004

	Millions of Yen 2005	Millions of Yen 2004	Thousands of U.S. Dollars (Note 1) 2005
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 8,070**	¥ 8,372	**$ 74,729**
Adjustments for:			
Income taxes paid	**(2,887)**	(2,869)	**(26,735)**
Custom duty refunded	**358**		**3,317**
Depreciation and amortization	**5,595**	5,810	**51,810**
Provision for doubtful receivables	**(23)**	(174)	**(216)**
Provision for retirement benefits	**357**	(1,359)	**3,314**
Loss on sales and disposals of property, plant and equipment—net	**247**	297	**2,288**
Bonuses to directors and corporate auditors	**(42)**		**(388)**
Changes in assets and liabilities:			
Decrease (increase) in trade notes and accounts receivables	**2,498**	(5,623)	**23,133**
Increase in inventories	**(4,297)**	(6,965)	**(39,787)**
(Decrease) increase in trade notes and accounts payables	**(115)**	2,661	**(1,068)**
Increase in advances from customers	**1,886**	4,498	**17,467**
Other—net	**155**	105	**1,442**
Net cash provided by operating activities	**11,805**	4,755	**109,308**
INVESTING ACTIVITIES:			
(Increase) decrease in time deposits—net	**(700)**	142	**(6,487)**
Purchases of property, plant and equipment	**(3,226)**	(5,267)	**(29,873)**
Other—net	**(1,273)**	(1,051)	**(11,789)**
Net cash used in investing activities	**(5,200)**	(6,176)	**(48,150)**
FINANCING ACTIVITIES:			
Repayments of long-term debt	**(1)**	(1)	**(16)**
Issuance of common stock to minority shareholder	**190**		**1,763**
Dividends paid	**(1,109)**	(954)	**(10,272)**
Repurchases of treasury stock	**(3)**	(4,387)	**(35)**
Other—net	**(5)**	28	**(47)**
Net cash used in financing activities	**(929)**	(5,315)	**(8,607)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**99**	(132)	**923**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**5,775**	(6,869)	**53,474**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**40,977**	47,846	**379,416**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥46,752**	¥40,977	**$432,891**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years Ended March 31, 2005 and 2004

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

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

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 and rearrangements have been made in the 2004 financial statements to conform to the classifications used in 2005.

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 ¥108 to $1, the approximate rate of exchange at March 31, 2005. 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 as of March 31, 2005 include the accounts of the Company and its ten significant (eight in 2004) subsidiaries (together, the "Group").

Under the control concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated. Two foreign subsidiaries were newly consolidated due to new establishments in 2005.

Investments in an unconsolidated subsidiary and an 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.

The excess of the cost of the Company's investments in consolidated subsidiaries, over the underlying equity at the respective dates of acquisition, is being amortized over a period of 5 years.

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

b. Cash Equivalents—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits which mature within three months of the date of acquisition.

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

d. Investment Securities—All investment securities are classified as available-for-sale securities depending on management's intent. Marketable available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. The cost of securities sold is determined by the moving-average method.

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.

e. 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 by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to buildings of the Company acquired after April 1, 1998 and to the consolidated foreign subsidiaries. The range of useful lives is principally from 3 to 50 years for buildings and structures, and from 3 to 8 years for machinery and equipment, and furniture and fixtures.

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

g. 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 of them 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.

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.

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

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

j. 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.

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

l. 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 each 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 foreign currency forward contracts.

m. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of each balance sheet date except for shareholders' equity, which is translated at the historical rates.

Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of shareholders' equity.

Revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of each balance sheet date.

n. Derivative Financial Instruments—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 the derivative 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 rates if the forward contracts qualify for hedge accounting.

o. 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 assumes full exercise of outstanding warrants at the beginning of the year.

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.

p. New Accounting Pronouncements—In August 2002, the Business Accounting Council issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets," and in October 2003 the Accounting Standards Board of Japan ("ASB") issued ASB Guidance No. 6, "Guidance for Accounting Standard for Impairment of Fixed Assets." These new pronouncements are effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004.

The new accounting standard requires an entity to review its long-lived assets for impairment whenever events or changes in circumstances indicate that 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.

The Group expects to adopt these pronouncements as of April 1, 2005 and is currently in the process of assessing the effect of adoption of these pronouncements.

3. INVESTMENT SECURITIES

Investment securities as of March 31, 2005 and 2004 consisted of equity securities.

The carrying amounts and aggregate fair values of investment securities at March 31, 2005 and 2004 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2005				
Securities classified as available-for-sale equity securities	**¥2,368**	**¥3,279**		**¥5,648**
March 31, 2004				
Securities classified as available-for-sale equity securities	¥1,719	¥2,763		¥4,483

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2005				
Securities classified as available-for-sale equity securities	**$21,934**	**$30,364**		**$52,298**

The difference between the above fair values 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, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Merchandise	**¥ 926**	¥ 802	**$ 8,576**
Finished products	**16,381**	14,374	**151,684**
Work in process	**6,104**	4,413	**56,523**
Raw materials and supplies	**3,754**	3,250	**34,759**
Total	**¥27,166**	¥22,841	**$251,545**

5. 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 consolidated balance sheets.

Short-term borrowings at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen 2005	Millions of Yen 2004	Thousands of U.S. Dollars 2005
Unsecured loans from minority shareholder, with interest rates of 2.90% (2005) and 2.90% (2004)	**¥ 28**	¥ 26	**$ 262**
Bank overdrafts, with interest rates of 3.00% (2005) and 3.10% (2004)	**230**	220	**2,130**
Total	**¥258**	¥247	**$2,392**

Long-term debt at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen 2005	Millions of Yen 2004	Thousands of U.S. Dollars 2005
Unsecured loans from a financial institution for employees' housing loans, with interest rates of 3.99% (2005) and 4.44% (2004)	**¥ 9**	¥ 10	**$ 83**
Less current portion		(1)	**(6)**
Long-term debt, less current portion	**¥ 8**	¥ 9	**$ 76**

Annual maturities of long-term debt at March 31, 2005 for the next five years and thereafter were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2006		$ 6
2007		6
2008		6
2009		7
2010		7
2011 and thereafter	¥ 5	48
Total	¥ 9	$ 83

6. 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.

In accordance with the Defined Benefit Pension Plan Law enacted in April 2002, the Company applied for an exemption from obligation to pay benefits for future employee services related to the substitutional portion which would result in the transfer of the pension obligations and related assets to the government upon approval. The Company obtained approval for exemption from the future obligation by the Ministry of Health, Labour and Welfare on December 1, 2003 and recognized a gain on exemption from the future pension obligation of the governmental program in the amount of ¥2,326 million ($21,543 thousand) for the year ended March 31, 2004. The substitutional portion of the plan assets which will be transferred to the government in the subsequent year is measured to be approximately ¥2,717 million ($25,160 thousand) as at March 31, 2004.

In the current year, the Company applied for transfer of the substitutional portion of past pension obligations to the government and obtained approval by the Ministry of Health, Labour and Welfare on January 1, 2005. This transfer has no impact on the Company's financial statements.

According to the approval, the Company implemented a new non-contributory pension plan in January 1, 2005, by which the former contributory pension plan was terminated. The effect of this transfer was to decrease unrecognized prior service cost.

The liability for employees' retirement benefits at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen 2005	Millions of Yen 2004	Thousands of U.S. Dollars 2005
Projected benefit obligation	**¥12,139**	¥13,147	**$112,403**
Fair value of plan assets	**(5,291)**	(4,762)	**(48,992)**
Unrecognized prior service cost	**1,350**	7	**12,502**
Unrecognized actuarial loss	**(2,123)**	(2,797)	**(19,663)**
Net liability	**¥ 6,075**	¥ 5,594	**$ 56,250**

The components of net periodic benefit costs for the years ended March 31, 2005 and 2004 are as follows:

	Millions of Yen 2005	Millions of Yen 2004	Thousands of U.S. Dollars 2005
Service cost	**¥ 777**	¥ 988	**$ 7,195**
Interest cost	**282**	363	**2,616**
Expected return on plan assets	**(95)**	(102)	**(882)**
Amortization of prior service cost	**(35)**	(43)	**(327)**
Recognized actuarial loss	**364**	606	**3,370**
Net periodic benefit costs	**1,293**	1,811	**11,973**
Gain on exemption from the future pension obligation of the governmental program		(2,326)	
Total	**¥ 1,293**	¥ (515)	**$ 11,973**

Assumptions used for the years ended March 31, 2005 and 2004 are set forth as follows:

	2005	2004
Discount rate	**2.25%**	2.25%
Expected rate of return on plan assets	**2.00%**	2.00%
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, 2005 and 2004 for directors and corporate auditors are ¥515 million ($4,775 thousand) and ¥635 million, respectively. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

7. SHAREHOLDERS' EQUITY

Japanese companies are subject to the Japanese Commercial Code (the "Code") .

The Code requires that all shares of common stock are recorded with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus.

The Code also provides that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 25% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 25% of the common stock may be available for dividends by resolution of the shareholders. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the common stock by resolution of the Board of Directors.

The Code allows Japanese companies to repurchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the shareholders meeting.

In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends. The amount of retained earnings available for dividends under the Code was ¥77,174 million ($714,576 thousand) as of March 31, 2005, based on the amount recorded in the parent company's general books of account.

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

Stock Option Plan— In July 2001, the Company granted stock options to 15 directors and 123 employees of the Company after approval by shareholders on June 28, 2001. The stock options are granted to acquire 788 thousand treasury shares of the Company at an exercise price of ¥1,872 per share, which will be exercisable from July 1, 2003 to June 30, 2008.

8. 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 rates of approximately 40.3% and 41.6% for the years ended March 31, 2005 and 2004, respectively. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

On March 31, 2003, a tax reform law concerning enterprise tax was enacted in Japan which changed the normal effective statutory tax rate from 41.6% to 40.3%, effective for years beginning on or after April 1, 2004. The deferred tax assets and liabilities which will realize on or after April 1, 2004 are measured at the effective tax rates of 40.3% and 40.2% as of March 31, 2004 and 2003, respectively. The effect of change from 40.2% to 40.3% was not significant for the year ended March 31, 2004.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2005 and 2004 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Current assets—Deferred tax assets:			
Accrued expense for bonuses to employees	**¥ 596**	¥ 554	**$ 5,520**
Unrealized gains on inventories	**277**	213	**2,571**
Loss on valuation of inventories	**272**		**2,518**
Other	**259**	440	**2,403**
Total	**¥1,405**	¥1,208	**$13,013**
Non-current assets:			
Deferred tax assets:			
Liability for retirement benefits	**¥2,621**	¥2,473	**$24,269**
Property and equipment	**186**	273	**1,723**
Investment securities	**286**	286	**2,655**
Other	**246**	130	**2,285**
Less valuation allowance	**(486)**	(383)	**(4,500)**
Total	**2,854**	2,780	**26,433**
Deferred tax liabilities:			
Property and equipment	**99**	113	**925**
Unrealized gain on available-for-sale securities	**1,122**	876	**10,398**
Total	**1,222**	989	**11,323**
Net deferred tax assets	**¥1,631**	¥1,790	**$15,109**
Current liabilities—Deferred tax liabilities	**¥ 28**	¥ 24	**$ 268**
Non-current liabilities—Deferred tax liabilities:			
Property and equipment	**¥ 135**	¥ 131	**$ 1,258**
Undistributed earnings of foreign subsidiaries	**322**	165	**2,990**
Total	**¥ 458**	¥ 297	**$ 4,248**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2005 is as follows:

	2005
Normal effective statutory tax rate	40.3%
Expenses not deductible for income tax purposes	0.4
Revenue deductible for income tax purpose	(0.2)
Lower income tax rates applicable to income in certain foreign countries	(0.4)
Tax credit for research and development costs	(4.5)
Tax credit for information and telecommunication equipments	(3.2)
Other—net	0.4
Actual effective tax rate	32.8%

A reconciliation for the year ended March 31, 2004 is omitted, because the difference between the normal effective statutory tax rate and the actual effective tax rate is not significant.

9. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Selling, general and administrative expenses	¥5,723	¥6,646	$52,994
Cost of sales	76	98	712
Total	¥5,800	¥6,744	$53,707

10. 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, 2005 and 2004 were ¥236 million ($2,187 thousand) and ¥315 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance lease, depreciation expense, interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2005 and 2004 was as follows:

Acquisition cost and accumulated depreciation:

	Millions of Yen		
	Machinery and Equipment	Furniture and Fixtures	Total
March 31, 2005			
Acquisition cost	¥50	¥83	¥134
Accumulated depreciation	16	54	70
Net leased property	¥34	¥29	¥ 63

	Thousands of U.S. Dollars		
	Machinery and Equipment	Furniture and Fixtures	Total
March 31, 2005			
Acquisition cost	$470	$773	$1,243
Accumulated depreciation	153	500	653
Net leased property	$316	$273	$ 589

	Millions of Yen			
	Buildings and Structures	Machinery and Equipment	Furniture and Fixtures	Total
March 31, 2004				
Acquisition cost	¥92	¥517	¥790	¥1,399
Accumulated depreciation	75	398	653	1,127
Net leased property	¥16	¥118	¥137	¥ 272

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Due within one year	¥23	¥230	$216
Due after one year	40	42	372
Total	¥63	¥272	$589

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 straight-line method was ¥236 million ($2,187 thousand) and ¥315 million for the years ended March 31, 2005 and 2004, respectively.

The minimum rental commitments under noncancelable operating leases at March 31, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Due within one year	¥111	¥55	$1,031
Due after one year	338	23	3,131
Total	¥449	¥78	$4,162

11. 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.

There is no disclosure of market value information because all foreign currency forward contracts qualify for hedge accounting at March 31, 2005 and 2004.

12. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2005 and 2004 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2005	Net Income	Weighted-average Shares	EPS	
Basic EPS:				
Net income	¥5,088			
Bonuses to directors and corporate auditors	30			
Net income available to common shareholders	5,058	46,337	¥109.16	$1.01
Effect of dilutive securities—Stock options		70		
Diluted EPS—Net income for computation	¥5,058	46,407	¥109.00	$1.00
Year Ended March 31, 2004				
Basic EPS:				
Net income	¥4,751			
Bonuses to directors and corporate auditors	42			
Net income available to common shareholders	4,709	47,716	¥98.69	
Effect of dilutive securities—Stock options		8		
Diluted EPS—Net income for computation	¥4,709	47,724	¥98.67	

13. SUBSEQUENT EVENT

At the general shareholders meeting held on June 29, 2005, the Company's shareholders approved the following appropriation of retained earnings:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥15 ($0.13) per share	¥695	$6,437
Bonuses to directors and corporate auditors	30	277
Total	¥725	$6,715

14. SEGMENT INFORMATION

(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 years ended March 31, 2005 and 2004 is as follows:

	Millions of Yen				
	2005				
	Material Business	Equipment Business	Total	Eliminations and Corporate	Consolidated
Sales to customers	¥71,617	¥17,343	¥88,960		¥ 88,960
Intersegment sales		117	117	¥ (117)	
Total sales	71,617	17,461	89,078	(117)	88,960
Operating expenses	61,095	16,138	77,234	4,431	81,665
Operating income	¥10,521	¥ 1,322	¥11,844	¥ (4,548)	¥ 7,295
Assets	¥70,685	¥25,129	¥95,814	¥58,494	¥154,309
Depreciation and amortization	4,825	352	5,177	417	5,595
Capital expenditures	3,311	332	3,644	1,115	4,759

	Thousands of U.S. Dollars				
	2005				
	Material Business	Equipment Business	Total	Eliminations and Corporate	Consolidated
Sales to customers	$663,121	$160,590	$823,712		$ 823,712
Intersegment sales		1,090	1,090	$ (1,090)	
Total sales	663,121	161,681	824,802	(1,090)	823,712
Operating expenses	565,700	149,432	715,132	41,028	756,161
Operating income	$ 97,420	$ 12,249	$109,669	$ (42,119)	$ 67,550
Assets	$654,494	$232,680	$887,174	$541,619	$1,428,794
Depreciation and amortization	44,680	3,262	47,943	3,867	51,810
Capital expenditures	30,666	3,076	33,743	10,328	44,071

	Millions of Yen				
	2004				
	Material Business	Equipment Business	Total	Eliminations and Corporate	Consolidated
Sales to customers	¥66,927	¥16,194	¥83,121		¥ 83,121
Intersegment sales		69	69	¥ (69)	
Total sales	66,927	16,263	83,191	(69)	83,121
Operating expenses	57,821	15,574	73,396	4,022	77,418
Operating income	¥ 9,105	¥ 688	¥ 9,794	¥ (4,091)	¥ 5,703
Assets	¥70,216	¥23,034	¥93,251	¥53,124	¥146,376
Depreciation and amortization	4,506	446	4,953	857	5,810
Capital expenditures	3,606	157	3,764	1,458	5,222

(2) Geographical Segments

Information about geographical segments for the years ended March 31, 2005 and 2004 is as follows:

	Millions of Yen						
	2005						
	Japan	North America	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Sales to customers	¥68,675	¥6,036	¥5,879	¥8,368	¥ 88,960		¥ 88,960
Interarea transfer	8,205	584		105	8,894	¥ (8,894)	
Total sales	76,880	6,621	5,879	8,473	97,855	(8,894)	88,960
Operating expenses	70,577	6,083	5,860	6,981	89,502	(7,837)	81,665
Operating income	¥ 6,303	¥ 537	¥ 19	¥1,492	¥ 8,353	¥ (1,057)	¥ 7,295
Assets	¥98,547	¥6,087	¥4,545	¥5,264	¥114,444	¥39,864	¥154,309

	Thousands of U.S. Dollars						
	2005						
	Japan	North America	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Sales to customers	$635,886	$55,896	$54,443	$77,485	$ 823,712		$ 823,712
Interarea transfer	75,972	5,413		974	82,360	$ (82,360)	
Total sales	711,859	61,309	54,443	78,459	906,072	(82,360)	823,712
Operating expenses	653,495	56,331	54,259	64,640	828,726	(72,565)	756,161
Operating income	$ 58,363	$ 4,978	$ 183	$13,819	$ 77,345	$ (9,794)	$ 67,550
Assets	$912,474	$56,361	$42,091	$48,746	$1,059,674	$369,119	$1,428,794

	Millions of Yen						
	2004						
	Japan	North America	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Sales to customers	¥65,598	¥6,221	¥5,592	¥5,708	¥ 83,121		¥ 83,121
Interarea transfer	8,454	670		43	9,168	¥ (9,168)	
Total sales	74,053	6,891	5,592	5,752	92,290	(9,168)	83,121
Operating expenses	68,776	6,157	5,588	4,836	85,358	(7,940)	77,418
Operating income	¥ 5,277	¥ 734	¥ 3	¥ 916	¥ 6,931	¥ (1,228)	¥ 5,703
Assets	¥98,295	¥5,761	¥4,589	¥3,423	¥112,070	¥34,305	¥146,376

(3) Sales to Foreign Customer

Information about sales to foreign customers of the Group for the years ended March 31, 2005 and 2004 is as follows:

	Millions of Yen				
	2005				
	North America	Europe	Asia	Other Areas	Total
Sales to foreign customers (A)	**¥7,266**	**¥6,141**	**¥37,017**	**¥156**	**¥50,582**
Consolidated sales (B)					**88,960**
(A) / (B)	**8.2%**	**6.9%**	**41.6%**	**0.2%**	**56.9%**

	Thousands of U.S. Dollars				
	2005				
	North America	Europe	Asia	Other Areas	Total
Sales to foreign customers (A)	**$67,284**	**$56,861**	**$342,756**	**$1,452**	**$468,354**
Consolidated sales (B)					**823,712**
(A) / (B)	**8.2%**	**6.9%**	**41.6%**	**0.2%**	**56.9%**

	Millions of Yen				
	2004				
	North America	Europe	Asia	Other Areas	Total
Sales to foreign customers (A)	¥7,803	¥5,180	¥30,762	¥34	¥43,782
Consolidated sales (B)					83,121
(A) / (B)	9.4%	6.2%	37.0%	0.1%	52.7%

Deloitte.

Deloitte Touche Tohmatsu
MS Shibaura Building
4-13-23, Shibaura
Minato-ku, Tokyo 108-8530
Japan
Tel: +81(3)3457 7321
Fax: +81(3)3457 1694
www.deloitte.com/jp

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. and consolidated subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' 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, 2005 and 2004, 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

June 29, 2005

Member of
Deloitte Touche Tohmatsu

Corporate Data

(As of March 31, 2005)

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:	1,397
Paid-in Capital:	¥14,640 million
Number of Shareholders:	11,487
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

Board of Directors, Corporate Auditors and Officers

(As of October 1, 2005)

Board of Directors

Chairman of the Board	Haruhiko Uchida	
President & Chief Executive Officer	Yoichi Nakamura	
Directors & Executive Officers	Toshimi Aoyama	—Department Manager, Process Equipment Manufacturing Dept.
	Takashi Komine	—Department Manager, Research and Development Dept.
	Koichi Kaihatsu	—Department Manager, General Affairs Dept.
	Yukiyasu Henmi	—Department Manager, Accounting Dept.
Directors	Muneo Nakayama	
	Akira Furuya	

Corporate Auditors

Standing Statutory Auditors	Motoyasu Sugiyama	
	Yoshio Kitani	
Auditors	Fujio Higaki	—President, Ryoshintoshikaihatsu Co., Ltd.
	Yukio Hayama	

Officers

Officers	Yutaka Miyagi	—Deputy Department Manager, Process Equipment Manufacturing Dept.
	Hiroyuki Tohda	—Department Manager, Manufacturing Dept. and Department Manager, Image-Forming Products Dept.
	Akinori Horikoshi	—General Manager, Corporate Planning Div.
	Hitoshi Furuya	—Department Manager, Purchasing Dept.
	Kobun Iwasaki	—Department Manager, Marketing Dept. and General Manager, Electronic Material Marketing Div. 2
	Katsuyuki Ohta	—Deputy Department Manager, Marketing Dept. and General Manager, Sales Administration Div.
	Hiroshi Asaba	—Deputy Department Manager, Manufacturing Dept. and Department Manager, Electronic Material Dept.
	Hidekatsu Kohara	—General Manager, Management Information Systems Div.
	Kenji Tazawa	—Managing Director, OHKA EUROPE LTD.
	Hiroji Komano	—Deputy Department Manager, Research and Development Dept.

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New Technologies

Forward-Looking Statements

This annual report contains forward-looking statements based on management's current expectations, estimates and projections. All statements that address expectations or projections about the future, including statements about the Company's strategy for growth, product development, market position, expected expenditures and financial results, are forward-looking statements and may be identified by words like "expects," "anticipates," "plans," "intends," "projects," "indicates," "believes" and similar expressions. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. Many factors could cause results to differ materially from those stated. These factors include, but are not limited to, changes in the laws, regulations, policies and economic conditions, including inflation, deflation, interest and foreign currency exchange rates, of countries in which the Company does business; competitive pressures; successful integration of structural changes, including restructuring plans, acquisitions, divestitures and alliances; and cost of raw materials, research and development of new products, including regulatory approval and market acceptance.

150 Nakamaruko, Nakahara-ku, Kawasaki,
Kanagawa 211-0012, JAPAN
TEL. +81-44-435-3000 FAX. +81-44-435-3020
http://www.tok.co.jp/

tok TOKYO OHKA KOGYO CO., LTD.

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