



## 2. Status of Dividends

	Annual cash dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen				
Fiscal year ended May 31, 2011	—	10.00	—	10.00	20.00
Fiscal year ending May 31, 2012	—				
Fiscal year ending May 31, 2013 (forecast)		10.00	—	10.00	20.00

Note: Changes to the latest forecast of dividends: None

## 3. Consolidated Business Results Forecast for Fiscal Year Ending May 2012 (June 1, 2011–May 31, 2012)

(For the full year, percentages indicate amount of change from the previous year.

For the first half, percentages indicate the change from the first half in the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	78,000	5.5	10,500	(0.6)	11,000	10.8	6,000	24.8	33.09
Full year	162,000	8.8	22,500	8.0	23,000	13.4	13,000	(0.0)	71.70

Note: Changes to the latest forecast of consolidated business results: None

## 4. Other

- (1) Significant changes in subsidiaries during the first quarter (changes in designated subsidiaries that result in changes in scope of consolidation): None
- (2) Adoption of special accounting methods for presenting the quarterly consolidated financial statements: None
- (3) Changes to accounting policies and estimates and retrospective restatement
  - [1] Changes to accounting policies associated with revision of accounting standards or similar items: Yes
  - [2] Changes other than [1]: None
  - [3] Changes to accounting estimates: None
  - [4] Retrospective restatement: None
- (4) Number of shares issued (common stock)
  - [1] Number of shares issued at end of the fiscal period (including treasury stock)
    - As of August 31, 2011: 182,503,570 shares
    - As of May 31, 2011: 182,503,570 shares
  - [2] Number of treasury stock shares at end of the fiscal period
    - As of August 31, 2011: 1,187,531 shares
    - As of May 31, 2011: 1,182,975 shares
  - [3] Average number of shares during the fiscal period
    - First quarter of fiscal year ending May 31, 2012: 181,316,996 shares
    - First quarter of fiscal year ended May 31, 2011: 181,418,559 shares

\* Information about quarterly review procedure execution:

This report of quarterly financial results is outside the scope of the quarterly report review procedures under the Financial Instruments and Exchange Act in Japan. At the time of the disclosure of this report, the quarterly report review procedures under the Financial Instruments and Exchange Act had not been completed.

\* Explanation related to appropriate use of the business results forecast, and other notes

The business results forecasts and other descriptions related to the future in this report are based on information that was obtainable as of the date this report was announced, and on assumptions pertaining to uncertain factors that can affect future business results. The actual business results may vary greatly due to a variety of future factors. For details on the business results forecast, refer to “Qualitative Information Concerning Forecasts for Consolidated Business Results” on page 3 of the Supplemental Information.

## Supplemental Information

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## 1. Qualitative Information Concerning the First Quarter Results

### (1) Qualitative Information Concerning the Consolidated Business Results

The Japanese economy during the first quarter of this consolidated fiscal year (June 1, 2011–August 31, 2011) showed a gradual recovery from the harsh conditions caused by the effects of the Great East Japan Earthquake. However the future remains uncertain as a result of factors including the sudden rise in the value of the yen due to the instability of economies overseas, and concerns over low stock prices.

Under such conditions, as prescribed in Phase I (three years) of its mid-term business plan, the Nippon Kayaku Group is working for optimal allocation of business resources into priority business operations and strengthening overseas operations, and has also taken steps to reinforce its profit structure by further reducing costs and restructuring the product lineup.

As a result, the functional chemicals business, pharmaceuticals business, and safety systems business all delivered strong performances during the first quarter of the consolidated fiscal year, yielding sales of 36.763 billion yen, (an increase of 1.2% from the same period in the previous fiscal year). Due to strong results from the functional chemicals business as well as the effects of reducing costs, operating income was 5.313 billion yen (an increase of 1.6% from the same period in the previous fiscal year), ordinary income was 5.501 billion yen (an increase of 21.4% from the same period in the previous fiscal year), and quarterly net income was 2.869 billion yen (an increase of 30.7% from the same period in the previous fiscal year).

Performance by business segment is as described below.

#### [Functional chemicals business]

In the functional materials business, sales of epoxy resins for semiconductor encapsulation and UV-curing resins were affected by customer production adjustments and sales were below the level of the same period in the previous fiscal year. Sales for the functional materials business as a whole were also down.

In the electronic materials business, although sales of resins for optical disks were lower than the same period in the previous fiscal year, sales of colors for inkjet printers were higher. Sales in the Polatechno Group were up from the level of the same period in the previous fiscal year. Sales for the electronic materials business as a whole were up from the level of the same period in the previous fiscal year.

In the catalyst business, there were strong sales of catalysts used in the production of acrylic acid, and sales were higher than the same period in the previous fiscal year.

In the color chemicals business, sales were on approximately the same level as the same period in the previous fiscal year.

As a result of the above, sales in the functional chemicals business were 18.188 billion yen (an increase of 0.8% from the same period in the previous fiscal year) and segment income was 3.486 billion yen (an increase of 9.4% from the same period in the previous fiscal year).

#### [Pharmaceuticals business]

In the area of anti-cancer drugs for the Japanese domestic market, sales of “PACLITAXEL Inj. NK,” “BICALUTAMITE Tab. NK,” and “CARBOPLATIN Intravenous Inj. NK” were strong and exceeded the levels of the same period in the previous fiscal year. Due to the effects of competitor products and other factors, sales of “RANDA Inj.” and other products were down from the same period in the previous fiscal year. Sales of pharmaceutical products for the Japanese domestic market as a whole were higher than the same period in the previous fiscal year.

In the area of exports, although sales of “BLEO” (anti-cancer drug) were higher than in the same period of the previous fiscal year, sales for exports as a whole were lower.

In the area of active pharmaceutical ingredients for the Japanese domestic market, sales of raw materials for drugs were down, and sales of active pharmaceutical ingredients for the Japanese domestic market as a whole were also below the level of the same period in the previous fiscal year.

Sales of diagnostic agents were on approximately the same level as the same period in the previous fiscal year.

As a result of the above, sales in the pharmaceuticals business were 12.172 billion yen (an increase of 1.0% from the same period in the previous fiscal year), and segment income was 2.457 billion yen (an increase of 0.6% from the same period in the previous fiscal year).

#### [Safety systems business]

The effects of the Great East Japan Earthquake caused a drop in demand for our company’s products due to a shortage of supplied parts not only in Japan but also in other markets where Japanese automobile companies operate such as China and North America. However we have seen a gradual recovery in demand beginning from the second half of this quarter. Sales of both airbag inflators and micro gas generators for seatbelt pretensioners were higher than the same period in the previous fiscal year.

As a result, sales were 4.643 billion yen (an increase of 0.2% from the same period in the previous fiscal year), and segment income was 292 million yen (a decrease of 12.5% from the same period in the previous fiscal year).

[Others]

In the agrochemicals business, both domestic sales and exports were higher than the same period in the previous fiscal year.

Sales in real estate and other business were down from the same period in the previous fiscal year.

As a result of the above, sales in other businesses were 1.759 billion yen (an increase of 9.2% from the same period in the previous fiscal year), and segment income was 386 million yen (a decrease of 7.9% from the same period in the previous fiscal year).

## (2) Qualitative Information Concerning the Consolidated Financial Position

Assets, liabilities, and net assets

Total assets were 205.006 billion yen, a decrease of 103 million yen from the end of the previous consolidated fiscal year. The primary decreases include a decrease in cash and savings of 822 million yen, a decrease in notes and accounts receivable of 328 million yen, a decrease in marketable securities of 1.646 billion yen, and a decrease in accrued revenue (included in "Other" under current assets) of 465 million yen. The primary increases were an increase in inventory assets of 1.868 billion yen and an increase in intangible fixed assets of 1.661 billion yen.

Liabilities were 68.130 billion yen, a decrease of 1.182 billion yen from the end of the previous consolidated fiscal year. The primary decrease was a decrease in accrued expenses (included in "Other" under current liabilities) of 1.475 billion yen. The primary increase was an increase in notes and accounts payable of 580 million yen.

Net assets were 136.876 billion yen, an increase of 1.079 billion yen from the end of the previous consolidated fiscal year. The primary increase was due to the quarterly net income of 2.869 billion yen, while the primary decrease was due to a dividend payment of 1.813 billion yen.

## (3) Qualitative Information Concerning Forecasts for Consolidated Business Results

Although there is movement toward recovery in the business environment surrounding the Nippon Kayaku Group following the difficult conditions caused by the effects of the Great East Japan Earthquake, the future is expected to remain uncertain. We are working to expand profits by constructing a robust profit structure that can withstand changes in our Group's business environment, and by accelerating the development of new growth markets through means such as research and development for new environmentally friendly and energy-saving materials.

The forecasts for business results in the first two quarters (cumulative) for the fiscal year ending May 31, 2012, and for the full year, remain unchanged from the forecast that was announced on June 30, 2011.

## 2. Items Related to Summary Information (Other)

(1) Significant changes in subsidiaries during this consolidated fiscal quarter

None

(2) Adoption of special accounting methods for presenting the quarterly consolidated financial statements

None

(3) Changes to accounting policies and estimates and retrospective restatement  
(Accounting policy changes)

The "Accounting Standards for Net Income Per Share" (ASBJ Statement No. 2, June 30, 2010) and "Guidance on Accounting Standards for Net Income Per Share" (ASBJ Guidance No. 4, June 30, 2010) have been applied beginning from the first quarter of this consolidated fiscal year.

When calculating diluted net income per share, we have changed the method for calculating the amount of income from payments received due to the exercise of rights for stock options that an employee can exercise after a certain period of service. With the new method, the portion of the fair value of stock options which is attributable to service yet to be provided to our company is included in this amount of income.

This change does not have any effect on the quarterly diluted net income per share.

(4) Additional information

The "Accounting Standards for Accounting Changes and Correction of Errors" (ASBJ Statement No. 24, December 4, 2009) and "Guidance on Accounting Standards for Accounting Changes and Correction of Errors" (ASBJ Guidance No. 24, December 4, 2009) have been applied to changes in accounting and correction of past errors that are carried out beginning from the start of the first quarter of this consolidated fiscal year.

## 3. Events or Conditions That Indicate There Could Be Substantial Doubt About Going Concern Assumption

No items to report

Nippon Kayaku Co., Ltd.  
Summary of Consolidated Financial Results [Japanese GAAP]  
for the First Quarter of the Fiscal Year Ending May 31, 2012

This document is an English translation of parts of the Japanese-language original.  
All financial information has been prepared in accordance with generally accepted accounting principles in Japan.

## 4. Quarterly Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	As of May 31, 2011	As of August 31, 2011
	Millions of yen	
<b>Assets</b>		
Current assets		
Cash and savings	18,427	17,604
Notes and accounts receivable	46,945	46,617
Marketable securities	22,998	21,351
Merchandise and products	15,515	16,565
Work in process	2,088	2,511
Raw materials and stores	7,043	7,439
Other	10,150	9,717
Allowance for doubtful receivables	(36)	(30)
Total current assets	123,132	121,775
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	31,372	31,695
Machinery and transport equipment, net	14,632	15,481
Other, net	14,548	13,207
Total tangible fixed assets	60,553	60,384
Intangible fixed assets		
Goodwill	1,423	1,313
Other	2,248	4,019
Total intangible fixed assets	3,671	5,332
Investments and other assets		
Investment securities	13,323	13,158
Other	4,216	4,168
Allowance for doubtful receivables	(88)	(88)
Total investments and other assets	17,451	17,238
Total fixed assets	81,676	82,956
Deferred assets	301	274
<b>Total assets</b>	<b>205,110</b>	<b>205,006</b>

Nippon Kayaku Co., Ltd.  
Summary of Consolidated Financial Results [Japanese GAAP]  
for the First Quarter of the Fiscal Year Ending May 31, 2012

	As of May 31, 2011	As of August 31, 2011
	Millions of yen	
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	14,262	14,842
Short-term loans payables	10,917	11,009
Corporation tax payable	1,633	1,631
Other	14,080	12,830
Total current liabilities	40,893	40,314
Fixed liabilities		
Long-term loans payable	11,143	11,121
Allowance for employee retirement benefits	3,421	3,107
Negative goodwill	490	452
Other	13,364	13,133
Total fixed liabilities	28,419	27,815
Total liabilities	69,313	68,130
<b>Net assets</b>		
Shareholders' equity		
Common stock	14,932	14,932
Additional paid-in capital	17,265	17,265
Retained earnings	97,990	99,046
Treasury stock	(797)	(800)
Total shareholders' equity	129,391	130,443
Accumulated other comprehensive income		
Net unrealized gains on other securities	131	138
Translation adjustments	(1,769)	(1,898)
Total accumulated other comprehensive income	(1,638)	(1,760)
Minority interests	8,044	8,193
Total net assets	135,796	136,876
Total liabilities and net assets	205,110	205,006

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Nippon Kayaku Co., Ltd.  
Summary of Consolidated Financial Results [Japanese GAAP]  
for the First Quarter of the Fiscal Year Ending May 31, 2012

(2) Consolidated Profit and Loss Statement and Consolidated Comprehensive Income Statement  
Consolidated Profit and Loss Statement

	First quarter of fiscal year ended May 31, 2011	First quarter of fiscal year ending May 31, 2012
	Millions of yen	
Net sales	36,344	36,763
Cost of sales	21,639	21,044
Gross profit on sales	14,704	15,719
Selling, general and administrative expenses	9,476	10,405
Operating income	5,227	5,313
Non-operating income		
Interest income	16	19
Dividend income	175	176
Amortization of negative goodwill	38	38
Equity in earnings of affiliates	53	90
Insurance dividends received	156	96
Other miscellaneous income	328	181
Total non-operating income	767	603
Non-operating expenses		
Interest expense	97	84
Exchange loss	1,186	199
Other miscellaneous losses	178	131
Total non-operating expenses	1,462	415
Ordinary income	4,532	5,501
Extraordinary income		
Income on sale of fixed assets	7	1
Total extraordinary income	7	1
Extraordinary loss		
Fixed asset disposal loss	90	75
Loss on valuation of investment securities	164	288
Loss on adjustment for changes of accounting standard for asset retirement obligations	68	—
Total extraordinary loss	323	364
First-quarter net income before income taxes and minority interest	4,216	5,137
Corporation tax, inhabitant tax, and business tax	902	1,573
Income taxes deferred	928	393
Total income taxes	1,831	1,967
First-quarter net income before minority interests in income	2,385	3,170
Minority interests in income	189	301
First-quarter net income	2,195	2,869

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Nippon Kayaku Co., Ltd.  
Summary of Consolidated Financial Results [Japanese GAAP]  
for the First Quarter of the Fiscal Year Ending May 31, 2012

Consolidated Comprehensive Income Statement

	First quarter of fiscal year ended May 31, 2011	First quarter of fiscal year ending May 31, 2012
	Millions of yen	
First-quarter income before minority interests	2,385	3,170
Other comprehensive income		
Unrealized holding gains on other securities	(368)	6
Translation adjustments	(950)	(188)
Share of other comprehensive income of associates accounted for using equity method	(0)	0
Total other comprehensive income	(1,319)	(182)
First-quarter comprehensive income	1,065	2,988
First-quarter comprehensive income attributable to:		
Owners of the parent company	979	2,747
Minority interests	86	241

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(3) Notes concerning going concern assumption

No items to report

(4) Segment information and other items

Segment information

First quarter of the previous consolidated fiscal year (June 1, 2010–August 31, 2010)

1 Information on sales and income (loss) by reportable segment

	Reportable segments				Others (Note 1)	Total	Adjust- ments (Note 2)	Consoli- dated (Note 3)
	Functional chemicals business	Pharma- ceuticals business	Safety systems business	Total				
Millions of yen								
Sales	18,047	12,050	4,634	34,732	1,611	36,344	—	36,344
Sales to third parties								
Intersegment sales and transfers	8	6	—	14	6	21	(21)	—
Total	18,055	12,056	4,634	34,747	1,618	36,365	(21)	36,344
Segment income	3,186	2,444	334	5,964	419	6,384	(1,156)	5,227

Note 1: “Others” indicates business segments that are not included in the reportable segments, including the agrochemicals business and real estate business.

Note 2: The -1,156 million yen adjustment to segment income includes a -4 million yen elimination of intersegment transactions and -1,152 million yen corporate expense not allocated to the reportable segments. The corporate expense is mainly a general and administrative expense that is not attributed to the reportable segments.

Note 3: Adjustments to segment income are made along with operating income from the quarterly consolidated profit and loss statement.

First quarter of the fiscal year ending May 31, 2012 (June 1, 2011–August 31, 2011)

1 Information on sales and income (loss) by reportable segment

	Reportable segments				Others (Note 1)	Total	Adjust- ments (Note 2)	Consoli- dated (Note 3)
	Functional chemicals business	Pharma- ceuticals business	Safety systems business	Total				
Millions of yen								
Sales	18,188	12,172	4,643	35,004	1,759	36,763	—	36,763
Sales to third parties								
Intersegment sales and transfers	1	—	—	1	7	8	(8)	—
Total	18,190	12,172	4,643	35,006	1,766	36,772	(8)	36,763
Segment income	3,486	2,457	292	6,236	386	6,623	(1,309)	5,313

Note 1: “Others” indicates business segments that are not included in the reportable segments, including the agrochemicals business and real estate business.

Note 2: The -1,309 million yen adjustment to segment income includes a -4 million yen elimination of intersegment transactions and -1,314 million yen corporate expense not allocated to the reportable segments. The corporate expense is mainly a general and administrative expense that is not attributed to the reportable segments.

Note 3: Adjustments to segment income are made along with operating income from the quarterly consolidated profit and loss statement.

(5) Notes in case of significant changes in the amount of shareholders' equity

No items to report