

Summary of Financial Statements (Consolidated) for the Fiscal Year Ended May 31, 2009

June 30, 2009

Listed company: Nippon Kayaku Co., Ltd. (URL <http://www.nipponkayaku.co.jp/>)

Code No.: 4272

Listed stock exchange: Tokyo Stock Exchange, First Section

Representative: (Position) President, (Name) Koichiro Shimada

Person in charge of inquiries:

(Position) Executive Officer, General Manager of Finance & Accounting Division, Administration Group (Name) Ryoichi Araki

Scheduled date of ordinary general meeting of shareholders: August 28, 2009

Scheduled date of securities report submission: August 28, 2009

Scheduled date for start of dividend payments: August 31, 2009

1. Consolidated Business Results for Fiscal Year Ended May 2009 (June 1, 2008 – May 31, 2009)

(Figures shown are rounded down to the nearest million yen.)

(1) Consolidated Operating Results

(Percentages indicate amount of change from the previous year.)

| | Net sales | | Operating income | | Ordinary income | |
|-----------------------------------|-----------------|-------|------------------|--------|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended May 31, 2009 | 134,353 | (7.3) | 9,367 | (24.8) | 8,072 | (29.2) |
| Fiscal year ended May 31, 2008 | 144,901 | (2.2) | 12,451 | (8.0) | 11,405 | (24.7) |

| | Net income | | Net income per share | Diluted net income per share | Return on equity | Ordinary income to total assets ratio | Operating income to net sales ratio |
|-----------------------------------|-----------------|--------|----------------------|------------------------------|------------------|---------------------------------------|-------------------------------------|
| | Millions of yen | % | Yen | Yen | % | % | % |
| Fiscal year ended May 31, 2009 | 3,718 | (43.9) | 20.48 | 20.45 | 3.2 | 3.9 | 7.0 |
| Fiscal year ended May 31, 2008 | 6,630 | 0.3 | 36.50 | 36.32 | 5.6 | 5.5 | 8.6 |

Note: Equity in earnings of non-consolidated subsidiaries and affiliated companies Fiscal year ended May 31, 2009: 471 million yen
Fiscal year ended May 31, 2008: 259 million yen

(2) Consolidated Financial Position

| | Total assets | | Net assets | | Equity ratio | | Net assets per share | |
|--------------------|-----------------|--|-----------------|--|--------------|--|----------------------|--|
| | Millions of yen | | Millions of yen | | % | | Yen | |
| As of May 31, 2009 | 203,998 | | 125,812 | | 56.0 | | 629.12 | |
| As of May 31, 2008 | 207,269 | | 131,074 | | 57.2 | | 652.54 | |

Note: Shareholders' equity Fiscal year ended May 31, 2009: 114,206 million yen
Fiscal year ended May 31, 2008: 118,516 million yen

(3) Status of Consolidated Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of year |
|-----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Fiscal year ended May 31, 2009 | 18,037 | (9,448) | 4,558 | 35,061 |
| Fiscal year ended May 31, 2008 | 15,975 | (17,929) | (1,880) | 21,662 |

2. Status of Dividends

| (Date) | Dividend amount per share | | | | | Total dividend payment (year) | Dividend payout ratio (consolidated) | Dividend on equity ratio (consolidated) |
|---|---------------------------|-----------------------|----------------------|-------------|-------|-------------------------------|--------------------------------------|---|
| | End of first quarter | End of second quarter | End of third quarter | End of year | Year | | | |
| | Yen | | | | | Millions of yen | % | % |
| Fiscal year ended May 31, 2008 | — | 10.00 | — | 10.00 | 20.00 | 3,632 | 54.8 | 3.1 |
| Fiscal year ended May 31, 2009 | — | 10.00 | — | 10.00 | 20.00 | 3,631 | 97.7 | 3.1 |
| Fiscal year ended May 31, 2010 (forecast) | — | 10.00 | — | 10.00 | 20.00 | | 58.9 | |

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3. Consolidated Business Results Forecast for Fiscal Year Ending May 2010 (June 1, 2009 – May 31, 2010)

(For the full year, percentages indicate amount of change from the previous year.
For the first half, percentages indicate the change from the interim 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 | % | Millions of yen |
| First half | 65,500 | (11.5) | 5,000 | (25.9) | 5,000 | (12.2) | 2,100 | 16.9 | 11.57 |
| Full year | 136,000 | 1.2 | 12,000 | 28.1 | 12,000 | 48.7 | 6,000 | 61.4 | 33.05 |

4. Other

(1) There is no major change in subsidiaries occurring during this year (changes in designated subsidiaries which involve changes to the consolidation range)

(2) Changes to accounting principles, procedures, methods of notation, or other items related to creation of the consolidated financial statements (listed as changes to major items that form the basis for creation of the consolidated financial statements)

[1] Changes involving revision of accounting standards or similar items: Yes

[2] Changes other than [1]: No

(3) Number of shares issued (common stock)

[1] Number of shares issued at end of year (including treasury stock)

Fiscal year ended May 31, 2009: 182,503,570 shares

Fiscal year ended May 31, 2008: 182,503,570 shares

[2] Number of treasury stock shares at end of year

Fiscal year ended May 31, 2009: 968,665 shares

Fiscal year ended May 31, 2008: 881,081 shares

Reference: Overview of Non-consolidated Business Results

1. Non-consolidated Business Results for the Year Ended May 2009 (June 1, 2008 – May 31, 2009)

(1) Non-consolidated operating results

(Percentages indicate amount of change from the previous year.)

| | Net sales | | Operating income | | Ordinary income | |
|-----------------------------------|-----------------|-------|------------------|-------|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended May 31, 2009 | 97,290 | (6.2) | 8,588 | (3.5) | 8,964 | (11.1) |
| Fiscal year ended May 31, 2008 | 103,673 | 0.0 | 8,901 | 3.8 | 10,084 | (10.1) |

| | Net income | | Net income per share | Diluted net income per share |
|-----------------------------------|-----------------|-------|----------------------|------------------------------|
| | Millions of yen | % | Yen | Yen |
| Fiscal year ended May 31, 2009 | 6,115 | (4.0) | 33.68 | — |
| Fiscal year ended May 31, 2008 | 6,372 | 46.6 | 35.08 | — |

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of May 31, 2009 | 165,755 | 99,720 | 60.2 | 549.30 |
| As of May 31, 2008 | 156,688 | 99,964 | 63.8 | 550.38 |

Note: Shareholders' equity Fiscal year ended May 31, 2009: 99,720 million yen

Fiscal year ended May 31, 2008: 99,964 million yen

2. Non-consolidated Business Results Forecast for Fiscal Year Ending May 2010 (June 1, 2009 – May 31, 2010)

(For the full year, percentages indicate amount of change from the previous year.
For the first half, percentages indicate the change from the interim 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 | % | Millions of yen |
| First half | 48,000 | (6.0) | 4,400 | (9.7) | 4,500 | (6.4) | 2,600 | (18.0) | 14.32 |
| Full year | 99,000 | 1.8 | 10,000 | 16.4 | 10,000 | 11.6 | 6,000 | (1.9) | 33.05 |

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

The forecast above is based on information that was obtainable and on assumptions pertaining to uncertain factors that can affect future business results, as of the date this report was announced. The actual business results may vary greatly due to a variety of future factors. For details on assumptions and other matters relating to the business results forecast, refer to "Forecast for the Next Fiscal Year" on page 5.

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1. Operating Results

(1) Analysis Related to the Operating Results

[1] Business Results for the Fiscal Year Ended May 31, 2009

The Japanese economy during the fiscal year ended May 31, 2009 was affected by the global economic crisis which began with the U.S. financial crisis that surfaced beginning from the autumn of last year. Factors such as a dramatic fall in exports and the continuing high value of the yen worsened corporate earnings, while employment concerns and uncertainty over the future led to sluggish personal consumption. On the whole the economic conditions took a large step backwards.

Conditions continue to be harsh, with large production adjustments in the electrical/electronic devices, semiconductor, automobile, and other industries, both in Japan and overseas.

Although the pharmaceutical industry is less susceptible than other industries to the effects of economic conditions, the move toward using generic pharmaceuticals and other trends toward restricting drug prices are growing in strength, and global competition for research, development, and sales of new drugs is becoming increasingly fierce. In many ways, the struggle for survival between companies is becoming increasingly intense.

Under these conditions, the Nippon Kayaku Group has aimed to reinforce the profit structure rather than expand sales, and in particular has worked to improve the profitability of the functional chemicals business and refine its sales product lineup. We have also strived for the optimal distribution of business resources to key business areas.

Consolidated net sales for the fiscal year ended May 31, 2009 were 134.353 billion yen, a decrease of 10.548 billion yen (7.3%) from the previous fiscal year. Despite strong sales in the pharmaceuticals business, this result was due to sluggish demand and the large effects of the resulting inventory adjustments in the functional chemicals and safety systems businesses.

Although efforts were made to reduce fixed costs, consolidated operating income was 9.367 billion yen, a decrease of 3.083 billion yen (24.8%) from the previous fiscal year, due to the large effects of the decline in net sales.

Consolidated ordinary income was largely affected by the high value of the yen, declining to 8.072 billion yen, a drop of 3.333 billion yen (29.2%) from the previous fiscal year.

Consolidated net income was 3.718 billion yen, a decrease of 2.912 billion yen (43.9%) from the previous fiscal year. In addition to the decline in ordinary income, this was also due to factors including the loss on valuation of stock in the Taiwanese company Skypola Optronics Corp.

Compared to our company's business results, consolidated sales for the fiscal year ended May 31, 2009 in the Nippon Kayaku Group were 1.38 times that of the company on its own, while consolidated net income was 0.61 times that of the company on its own.

[2] Summary by Business Segment

(Segment information by type of business)

This section provides a summary of the performance by business segment in the fiscal year ended May 31, 2009. Because the business segments were changed beginning from this consolidated fiscal year, the information from the preceding fiscal year has been changed to match the new segments for the purpose of comparison.

[Functional chemicals business]

Sales were 62.679 billion yen, a decrease of 6.682 billion yen (9.6%) from the previous fiscal year.

In the functional chemicals business, sales of special epoxy resins for semiconductor encapsulation dropped significantly from the previous fiscal year due to sluggish demand and the effects of inventory adjustments. Sales of UV-curing resins were also below the level of the previous fiscal year. Sales for the functional chemical business as a whole also were down.

In the electronic materials business, although sales of colors for inkjet printers and Moxtek, Inc. (USA) components for X-ray analysis systems were higher than the previous fiscal year, sales of resins for optical discs, sealants for LCD displays, films for plasma displays, and Polatechno polarizing films all fell. Sales for the electronic materials business as a whole were also below the level of the previous fiscal year.

Sales in the catalyst business remained strong, and were higher than the previous fiscal year.

In the color chemicals business, sales were down from the previous fiscal year due to a drop in sales of textile dyes.

Operating income for the functional chemicals business as a whole was 4.409 billion yen, a decrease of 3.353 billion yen (43.2%) from the previous fiscal year. This was due to contracting profits in the functional materials business and at Polatechno Co., Ltd.

[Pharmaceuticals business]

Sales were 45.770 billion yen, an increase of 3.444 billion yen (8.1%) from the previous fiscal year.

Among pharmaceutical products for the Japanese domestic market, there were strong sales of “PACLITAXEL Inj. NK” (anti-cancer drug), “CARBOPLATIN Intravenous Infusion NK” (anti-cancer drug), “EPIRUBICIN Inj. NK” (anti-cancer drug), “IA CALL” (arterial-injection anti-cancer drug), “GRANISETRON Intravenous Inj. NK” (anti-emetic drug), “LEVOFOLINATE Intravenous Infusion NK” (anti-cancer drug effect potentiator), and “GELPART” (material for transcatheter arterial embolization), with sales of these products exceeding the levels of the previous fiscal year. Sales of “ODYNE Tab.” (anti-cancer drug) were on approximately the same level as the previous fiscal year. On the other hand, the effects of factors such as drug price revisions and competitor products resulted in lower sales of “RANDA Inj.” (anti-cancer drug), “FARESTON Tab.” (anti-cancer drug), and “MILLISROL Inj.” (vasodilator). Overall sales of pharmaceutical products for the Japanese domestic market were up from the previous fiscal year.

In the area of exports, sales of “BLEO” (anti-cancer drug) fell below the level of the previous fiscal year, and sales of exports as a whole were lower.

In the area of active pharmaceutical ingredients for the Japanese domestic market, sales of active pharmaceutical ingredients for generic pharmaceuticals were strong, and sales of active pharmaceutical ingredients to the Japanese domestic market as a whole were higher than the previous fiscal year.

In the area of diagnostic agents, sales of “LANAZYME ST-439 Plates” (breast cancer diagnostic agent) and “LANA 1,5AG” (diabetes diagnostic agent) were strong, and sales for diagnostic agents as a whole were higher than the previous fiscal year.

Operating income for the pharmaceuticals business as a whole was 9.355 billion yen, an increase of 1.517 billion yen (19.4%) from the previous fiscal year.

[Safety systems business]

Sales in the safety systems business were 15.195 billion yen, a decrease of 5.079 billion yen (25.1%) from the previous fiscal year. This was due to the significant drop in worldwide automobile sales and inventory adjustments which became pronounced in the autumn of 2008. The effects of the high value of the yen were also large, and sales of overseas subsidiaries were reduced when they were converted to yen.

Sales of the airbag inflators that are produced and sold in Japan were on the same level as the previous fiscal year, thanks to growing numbers of vehicle models where these products are installed. Sales of the micro gas generators for seatbelt pretensioners which are produced and sold in Japan, the U.S., and the Czech Republic were affected by the drop in automobile sales and the high value of the yen, and were significantly below the level of the previous fiscal year.

The safety systems business as a whole recorded an operating loss of 1.664 billion yen, a decrease of 1.844 billion yen from the previous fiscal year.

[Other business]

Sales were 10.708 billion yen, a decrease of 2.231 billion yen (17.2%) from the previous fiscal year. This was due to the integration in FY 2008 of our explosives business with Kayaku Japan Co., Ltd, a company accounted for by the equity method.

In the agrochemicals business, both domestic sales and exports were higher than the previous fiscal year. Results from the real estate and other business were below the levels of the previous fiscal year.

Despite the effects from the integration of our explosives business, operating income was 2.145 billion yen, an increase of 298 million yen (16.2%) from the previous fiscal year. This was due to increasing sales in the agrochemicals business and to improvements in the profit structure.

(Segment information by location)

This section provides a summary of the performance by location segment in the fiscal year ended May 31, 2009.

[Japan]

Sales amounted to 116.882 billion yen, a decrease of 8.287 billion yen (6.6%) from the previous fiscal year.

Operating income was 13.825 billion yen, a decrease of 2.705 billion yen (16.4%) from the previous fiscal year.

[Other regions]

Sales amounted to 17.471 billion yen, a decrease of 2.260 billion yen (11.5%) from the previous fiscal year. Sales at Indet Safety Systems a.s. in the Czech Republic decreased. In the U.S., although sales at Moxtek Inc. grew, sales at Lifesparc Inc. dropped.

Operating income was 260 million yen, a decrease of 1.182 billion yen (82.0%) from the previous fiscal year. Operating income at Indet Safety Systems a.s. in the Czech Republic decreased. In the U.S., although operating income at Moxtek Inc. rose, operating income at Lifesparc Inc. fell.

[3] Forecast for Fiscal Year Ending May 31, 2010

Although the economy of Japan is showing some signs of recovery compared with the dramatic fall that began in the autumn of last year, there remain many uncertain elements, including the uncertain future of the U.S. and global economies, changes in raw material prices, exchange rate fluctuations, and the economic effects of the H1N1 influenza pandemic. As a result, the economic recession is expected to continue.

Under these conditions, the strategy for each of our business areas is as follows.

- In the functional chemicals business, we will strengthen the profit structure and carry out research and development related to dye-sensitized solar cells and other products.
- In the pharmaceuticals business, we will work to expand sales of generic pharmaceuticals and proceed with development of DDS anti-cancer drugs.
- In the safety systems business, Kayaku Safety Systems (Huzhou) Co., Ltd. will begin operating during the next fiscal year, targeting the China market where growth prospects are strong. We will conduct global business by expanding sales of airbag inflators and micro gas generators for seatbelt pretensioners.

Sales for the fiscal year ending May 31, 2010 are expected to be 136.0 billion yen (up 1.2% from FY 2009).

Operating income is expected to be 12.0 billion yen (up 28.1% from FY 2009). Ordinary income is expected to be 12.0 billion yen (up 48.7% from FY 2009), and net income is expected to be 6.0 billion yen (up 61.4% from FY 2009).

The exchange rate is forecast to be 95 yen/USD.

(2) Analysis Related to the Financial Position

[1] Status of Assets, Liabilities, and Net Assets

Assets decreased by 3.270 billion yen from the previous fiscal year to reach 203.998 billion yen. The primary increase was due to an increase in the purchase of marketable securities, while the primary decrease was due to a reduction in trade receivables and investment securities.

Liabilities increased by 1.991 billion yen from the previous fiscal year to reach 78.186 billion yen. The primary decrease was due to a reduction in trade receivables, while the primary increase was due to an increase in loans payable.

Net assets decreased by 5.262 billion yen from the previous fiscal year to reach 125.812 billion yen. The primary decrease was due to the payment of dividends and a decrease on valuation and translation adjustments.

[2] Cash Flows Status

(Unit: Million yen)

| | Fiscal year ended May 31, 2008 | Fiscal year ended May 31, 2009 | Comparative Change |
|--|-----------------------------------|-----------------------------------|-----------------------|
| Cash flows from operating activities | 15,975 | 18,037 | 2,062 |
| Cash flows from investing activities | (17,929) | (9,448) | 8,480 |
| Cash flows from financing activities | (1,880) | 4,558 | 6,438 |
| Cash and cash equivalents at end of year | 21,662 | 35,061 | 13,399 |

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Net cash provided by operating activities was 18.037 billion yen, an increase of 2.062 billion yen from the previous fiscal year. This increase was primarily due to a decrease in trade receivables and to a decrease in the amount of corporate and other taxes that were paid.

Net cash used in investing activities was 8.480 billion yen, a decrease of 9.448 billion yen from the previous fiscal year. This decrease was primarily due to a decrease in payments for the acquisition of fixed assets.

Net cash provided by financing activities was 4.558 billion yen, an increase of 6.438 billion yen from the previous fiscal year. This increase was primarily due to proceeds from loans receivable.

As a result of the above, the balance of cash and cash equivalents at the end of the year increased by 13.399 billion yen from the end of the previous fiscal year to reach 35.061 billion yen.

(Trends in cash flow indicators)

| | Fiscal year ended May 2005 | Fiscal year ended May 2006 | Fiscal year ended May 2007 | Fiscal year ended May 2008 | Fiscal year ended May 2009 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Equity ratio (%) | 57.2 | 56.2 | 56.7 | 57.2 | 56 |
| Market-value-based equity ratio (%) | 59.0 | 84.7 | 82.0 | 61.6 | 52.4 |
| Ratio of cash flow to interest-bearing liabilities (years) | 1.4 | 1.2 | 1.1 | 1.4 | 1.9 |
| Interest coverage ratio | 29.1 | 33.3 | 37.2 | 31.7 | 37.4 |

Market-value-based equity ratio: Total market value of shares divided by total assets

Ratio of cash flow to interest-bearing liabilities: Interest-bearing debt divided by operating cash flow

Interest coverage ratio: Operating cash flow divided by interest payments

Note 1: Each indicator is calculated using consolidation-based financial figures.

2: The total market value of shares is calculated as follows: Stock closing price at end of year × No. of issued shares at end of year (after deduction of treasury stock).

3: Operating cash flows makes use of the cash flows from operating activities on the Consolidated Statements of Cash Flows. Interest-bearing debt includes all liabilities declared in the Consolidated Balance Sheets on which interest is paid. Also, interest payments indicate the amount of paid interest in the Consolidated Statements of Cash Flows.

(3) Basic Policy Concerning Profit Dividends and Dividends for the Current and Next Fiscal Year

At Nippon Kayaku, we have long concentrated on returning profits to all our shareholders. In order to further clarify this policy, the payment of dividends has been linked to the consolidated performance results for each year. With consideration for stable and continuing profit returns and for the level of internal profit retention, we have established a mid-range target of 40% of consolidated net income as the dividend payout ratio. However, this figure will be adjusted as necessary if any special variable factors occur. Profits retained by the company will be allocated to capital investment, research and development, and other needs for growth fields, in order to raise the value of the company.

The year-end dividend for the current year is expected to be 10 yen per share. Together with the second quarter dividend, this results in an annual dividend of 20 yen per share.

The expected dividends for next fiscal year are 10 yen per share for the second quarter dividend and 10 yen per share for the year-end dividend. The result is expected to be a continued annual dividend of 20 yen per share.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

| | As of May 31, 2008 | As of May 31, 2009 |
|--|--------------------|--------------------|
| | Millions of yen | |
| Assets | | |
| Current assets | | |
| Cash and savings | 18,299 | 16,529 |
| Notes and accounts receivable | 48,731 | 44,008 |
| Marketable securities | 3,825 | 18,626 |
| Inventory assets | 24,503 | — |
| Merchandise and products | — | 15,031 |
| Work in process | — | 1,554 |
| Raw materials and stores | — | 6,917 |
| Deferred tax assets | 2,144 | 2,345 |
| Other | 5,746 | 3,838 |
| Allowance for doubtful receivables | (133) | (123) |
| Total current assets | 103,117 | 108,729 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Buildings and structures, net | 33,558 | 32,568 |
| Machinery and transport equipment, net | 21,519 | 19,844 |
| Land | 7,880 | 8,111 |
| Construction in progress | 4,436 | 4,567 |
| Other, net | 2,774 | 2,466 |
| Total tangible fixed assets | 70,170 | 67,557 |
| Intangible fixed assets | | |
| Goodwill | 3,311 | 2,112 |
| Other | 2,919 | 2,906 |
| Total intangible fixed assets | 6,230 | 5,018 |
| Investments and other assets | | |
| Investment securities | 23,520 | 15,329 |
| Long-term loans receivable | 869 | 2,349 |
| Long-term prepaid expenses | 1,919 | 1,645 |
| Deferred tax assets | 277 | 1,008 |
| Other | 1,271 | 2,055 |
| Allowance for doubtful receivables | (107) | (124) |
| Total investments and other assets | 27,750 | 22,264 |
| Total fixed assets | 104,151 | 94,840 |
| Deferred assets | | |
| Start-up costs | — | 428 |
| Total deferred assets | — | 428 |
| Total assets | 207,269 | 203,998 |

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| | As of May 31, 2008 | As of May 31, 2009 |
|--|--------------------|--------------------|
| | Millions of yen | |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable | 17,986 | 12,201 |
| Short-term loans payables | 8,175 | 13,304 |
| Accrued amount payable | 6,743 | 6,879 |
| Accrued expenses | 4,706 | 4,094 |
| Corporation tax payable | 1,514 | 3,072 |
| Accrued income taxes | 0 | 0 |
| Allowance for sales returns | 32 | 41 |
| Allowance for rebates | 373 | 410 |
| Allowance for directors' bonuses | 134 | 106 |
| Equipment-related notes payable | 42 | 27 |
| Other | 918 | 1,632 |
| Total current liabilities | 40,627 | 41,772 |
| Fixed liabilities | | |
| Long-term loans payable | 11,727 | 15,968 |
| Deferred tax liabilities | 4,659 | 2,486 |
| Allowance for employee retirement benefits | 4,674 | 5,039 |
| Allowance for directors' retirement benefits | 55 | 45 |
| Allowance for repairs | 741 | 761 |
| Long-term deposits payable | 13,053 | 11,394 |
| Other | 655 | 719 |
| Total fixed liabilities | 35,567 | 36,414 |
| Total liabilities | 76,195 | 78,186 |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 14,932 | 14,932 |
| Additional paid-in capital | 17,270 | 17,263 |
| Retained earnings | 82,477 | 82,373 |
| Treasury stock | (578) | (623) |
| Total shareholders' equity | 114,102 | 113,946 |
| Valuation and translation adjustments | | |
| Net unrealized gains on other securities | 2,821 | 45 |
| Translation adjustments | 1,592 | 214 |
| Total valuation and translation adjustments | 4,413 | 260 |
| Minority interests | 12,557 | 11,605 |
| Total net assets | 131,074 | 125,812 |
| Total liabilities and net assets | 207,269 | 203,998 |

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(2) Consolidated Profit and Loss Statement

| | Fiscal year ended May 31, 2008 | Fiscal year ended May 31, 2009 |
|---|-----------------------------------|-----------------------------------|
| | Millions of yen | |
| Net sales | 144,901 | 134,353 |
| Cost of sales | 93,204 | 87,134 |
| Gross profit on sales | 51,697 | 47,218 |
| Reversal of allowance for sales returns | 57 | 32 |
| Provision of allowance for sales returns | 32 | 41 |
| Net gross profit | 51,722 | 47,209 |
| Selling, general, and administrative expenses | | |
| Selling expenses | 20,732 | 19,362 |
| General and administrative expenses | 18,538 | 18,479 |
| Total selling, general, and administrative expenses | 39,270 | 37,842 |
| Operating income | 12,451 | 9,367 |
| Non-operating income | | |
| Interest income | 191 | 213 |
| Dividend income | 312 | 342 |
| Equity in earnings of affiliates | 259 | 471 |
| Insurance dividends received | 224 | 181 |
| Insurance money received | — | 205 |
| Development costs received | 650 | — |
| Other miscellaneous income | 763 | 496 |
| Total non-operating income | 2,401 | 1,911 |
| Non-operating expenses | | |
| Interest expense | 527 | 455 |
| Inventory asset disposal loss | 129 | — |
| Expenses from under-utilized real estate | 105 | — |
| Exchange loss | 2,132 | 2,154 |
| Other miscellaneous losses | 552 | 595 |
| Total non-operating expenses | 3,447 | 3,206 |
| Ordinary income | 11,405 | 8,072 |
| Extraordinary income | | |
| Income on sale of fixed assets | 3,842 | 622 |
| Gain on sale of investment in an affiliated company | — | 1,679 |
| Income on sale of securities investments | 439 | — |
| Total extraordinary income | 4,282 | 2,301 |
| Extraordinary loss | | |
| Fixed asset disposal loss | 1,221 | 938 |
| Loss on valuation of investments in an affiliated company | — | 2,028 |
| Loss on inventory valuation | — | 505 |
| Inventory asset disposal loss | 1,684 | — |
| Loss on valuation of investment securities | 82 | — |
| Provision of allowance for doubtful receivables | 10 | — |
| Total extraordinary loss | 2,999 | 3,471 |
| Net income before income taxes and minority interest | 12,688 | 6,902 |
| Corporation tax, inhabitant tax, and business tax | 4,185 | 4,524 |
| Income taxes deferred | 1,175 | (974) |
| Total income taxes | 5,361 | 3,550 |
| Minority interests in income/(loss) | 697 | (366) |
| Net income | 6,630 | 3,718 |

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.

(3) Consolidated Statement of Changes in Shareholders' Equity

| | Fiscal year ended May 31, 2008 | Fiscal year ended May 31, 2009 |
|--|-----------------------------------|-----------------------------------|
| Millions of yen | | |
| Shareholders' equity | | |
| Common stock | | |
| Balance at end of the previous fiscal year | 14,932 | 14,932 |
| Changes during the fiscal year | | |
| Total changes during the fiscal year | — | — |
| Balance at end of the fiscal year | 14,932 | 14,932 |
| Capital surplus | | |
| Balance at end of the previous fiscal year | 17,269 | 17,270 |
| Changes during the fiscal year | | |
| Disposal of treasury stock | 1 | (6) |
| Total changes during the fiscal year | 1 | (6) |
| Balance at end of the fiscal year | 17,270 | 17,263 |
| Retained earnings | | |
| Balance at end of the previous fiscal year | 79,481 | 82,477 |
| Effect of change in accounting policies applied to foreign subsidiaries | — | (190) |
| Changes during the fiscal year | | |
| Dividends paid | (3,633) | (3,632) |
| Net income | 6,630 | 3,718 |
| Total changes during the fiscal year | 2,996 | 86 |
| Balance at end of the fiscal year | 82,477 | 82,373 |
| Treasury stock | | |
| Balance at end of the previous fiscal year | (514) | (578) |
| Changes during the fiscal year | | |
| Acquisition of treasury stock | (74) | (87) |
| Disposal of treasury stock | 10 | 42 |
| Total changes during the fiscal year | (63) | (45) |
| Balance at end of the fiscal year | (578) | (623) |
| Total shareholders' equity | | |
| Balance at end of the previous fiscal year | 111,168 | 114,102 |
| Effect of change in accounting policies applied to foreign subsidiaries | — | (190) |
| Changes during the fiscal year | | |
| Dividends paid | (3,633) | (3,632) |
| Net income | 6,630 | 3,718 |
| Acquisition of treasury stock | (74) | (87) |
| Disposal of treasury stock | 12 | 35 |
| Total changes during the fiscal year | 2,934 | 34 |
| Balance at end of the fiscal year | 114,102 | 113,946 |

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| | Fiscal year ended May 31, 2008 | Fiscal year ended May 31, 2009 |
|---|-----------------------------------|-----------------------------------|
| Millions of yen | | |
| Valuation and translation adjustments | | |
| Unrealized holding gains on other securities | | |
| Balance at end of the previous fiscal year | 5,068 | 2,821 |
| Changes during the fiscal year | | |
| Net change in items other than shareholders' equity | (2,247) | (2,776) |
| Total changes during the fiscal year | (2,247) | (2,776) |
| Balance at end of the fiscal year | 2,821 | 45 |
| Translation adjustments | | |
| Balance at end of the previous fiscal year | 1,276 | 1,592 |
| Changes during the fiscal year | | |
| Net change in items other than shareholders' equity | 315 | (1,377) |
| Total changes during the fiscal year | 315 | (1,377) |
| Balance at end of the fiscal year | 1,592 | 214 |
| Total valuation and translation adjustments | | |
| Balance at end of the previous fiscal year | 6,345 | 4,413 |
| Changes during the fiscal year | | |
| Net change in items other than shareholders' equity | (1,931) | (4,153) |
| Total changes during the fiscal year | (1,931) | (4,153) |
| Balance at end of the fiscal year | 4,413 | 260 |
| Minority interests | | |
| Balance at end of the previous fiscal year | 12,719 | 12,557 |
| Changes during the fiscal year | | |
| Net change in items other than shareholders' equity | (161) | (952) |
| Total changes during the fiscal year | (161) | (952) |
| Balance at end of the fiscal year | 12,557 | 11,605 |
| Total net assets | | |
| Balance at end of the previous fiscal year | 130,233 | 131,074 |
| Effect of change in accounting policies applied to foreign subsidiaries | — | (190) |
| Changes during the fiscal year | | |
| Dividends paid | (3,633) | (3,632) |
| Net income | 6,630 | 3,718 |
| Acquisition of treasury stock | (74) | (87) |
| Disposal of treasury stock | 12 | 35 |
| Net change in items other than shareholders' equity | (2,093) | (5,105) |
| Total changes during the fiscal year | 840 | (5,071) |
| Balance at end of the fiscal year | 131,074 | 125,812 |

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(4) Consolidated Statement of Cash Flows

| | Fiscal year ended May 31, 2008 | Fiscal year ended May 31, 2009 |
|--|-----------------------------------|-----------------------------------|
| | Millions of yen | |
| Cash flows from operating activities | | |
| Net income before income taxes | 12,688 | 6,902 |
| Depreciation and amortization | 10,867 | 10,889 |
| Increase (decrease) in reserve allowance | 795 | 403 |
| Interest and dividend income | (503) | (555) |
| Interest expense | 527 | 455 |
| Exchange loss (gain) | — | 1,958 |
| Equity in (earnings) losses of affiliates | (259) | (471) |
| Loss (gain) on sale of tangible fixed assets | (3,842) | (622) |
| Loss (gain) on disposal of tangible fixed assets | 1,219 | 938 |
| Loss (gain) on sale of investment securities | (435) | (2) |
| Loss (gain) on valuation of investment securities | 82 | — |
| Loss (gain) on sale of investment in an affiliated company | — | (1,679) |
| Loss on valuation of investment in an affiliated company | — | 2,028 |
| (Increase) decrease in notes and accounts receivable | (2,435) | 4,202 |
| (Increase) decrease in inventory assets | 578 | 608 |
| (Increase) decrease in prepaid expenses | 185 | 223 |
| (Increase) decrease in accrued revenue | (838) | 613 |
| Increase (decrease) in notes and accounts payable | 2,521 | (5,552) |
| Increase (decrease) in accrued amount payable | 979 | 300 |
| Increase (decrease) in accrued expenses | 101 | (663) |
| Other | 783 | 941 |
| Subtotal | 23,015 | 20,918 |
| Interest and dividends received | 789 | 885 |
| Interest paid | (503) | (482) |
| Income taxes paid | (7,327) | (3,284) |
| Net cash provided by operating activities | 15,975 | 18,037 |

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| | Fiscal year ended May 31, 2008 | Fiscal year ended May 31, 2009 |
|---|-----------------------------------|-----------------------------------|
| Millions of yen | | |
| Cash flows from investing activities | | |
| Purchase of time deposits | (284) | (50) |
| Proceeds from repayment of time deposits | 209 | 387 |
| Purchase of tangible fixed assets | (14,222) | (9,611) |
| Proceeds from sales of tangible fixed assets | 4,230 | 697 |
| Purchase of intangible fixed assets | (275) | (400) |
| Purchase of securities | — | (199) |
| Proceeds from sales of securities | — | 199 |
| Purchase of investment securities | (4,033) | (1,285) |
| Proceeds from sales of investment securities | 3,023 | 525 |
| Payment for acquisition of subsidiary stock accompanying change in consolidation range | (2,037) | — |
| Proceeds from sale of investment in an affiliated company | — | 837 |
| Payments for long-term loans receivable | (1,006) | (30) |
| Payments for long-term prepaid expenses | (178) | (425) |
| Removal loss of fixed assets | (885) | (347) |
| (Increase) decrease in short-term loans receivable | (2,615) | (80) |
| Other | 145 | 335 |
| Net cash used in investing activities | (17,929) | (9,448) |
| Cash flows from financing activities | | |
| Increase (decrease) in short-term loans payable, net | 2,280 | 5,281 |
| Proceeds from long-term loans payable | 5,000 | 9,236 |
| Repayment of long-term loans | (4,853) | (4,914) |
| Repayment of construction cooperation fund | (234) | (959) |
| Dividends paid | (3,621) | (3,629) |
| Dividends paid to minority shareholders | (383) | (349) |
| Other | (67) | (106) |
| Net cash provided by financing activities | (1,880) | 4,558 |
| Effect of exchange rate changes on cash and cash equivalents | 9 | (510) |
| Increase (decrease) in cash and cash equivalents | (3,826) | 12,636 |
| Cash and cash equivalents at beginning of year | 25,589 | 21,662 |
| Change in cash and cash equivalents accompanying exclusion of consolidation | (100) | — |
| Increase (decrease) in cash and cash equivalents due to change in scope of consolidation | — | 762 |
| Cash and cash equivalents at end of year | 21,662 | 35,061 |

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3. Segment Information

a. Segment information by type of business

| | Fiscal year ended May 31, 2008 | | | | | | |
|--|--------------------------------|--------------------------|-------------------------|----------------|---------|----------------------------|--------------|
| | Functional chemicals business | Pharmaceuticals business | Safety systems business | Other business | Total | Eliminations and corporate | Consolidated |
| | Millions of yen | | | | | | |
| I. Sales and operating income (loss): | | | | | | | |
| Sales | | | | | | | |
| Sales to third parties | 69,362 | 42,325 | 20,274 | 12,939 | 144,901 | — | 144,901 |
| Intersegment sales and transfers | 114 | 5 | — | 10 | 131 | (131) | — |
| Total | 69,476 | 42,331 | 20,274 | 12,950 | 145,033 | (131) | 144,901 |
| Operating expenses | 61,713 | 34,494 | 20,094 | 11,103 | 127,405 | 5,045 | 132,450 |
| Operating income (loss) | 7,762 | 7,837 | 180 | 1,847 | 17,627 | (5,176) | 12,451 |
| II. Asset depreciation and capital expenditures: | | | | | | | |
| Total assets | 79,171 | 42,432 | 30,216 | 23,906 | 175,726 | 31,542 | 207,269 |
| Depreciation and amortization | 3,904 | 2,173 | 2,938 | 1,178 | 10,195 | 671 | 10,867 |
| Capital expenditures | 4,021 | 3,426 | 4,973 | 521 | 12,943 | 336 | 13,279 |

| | Fiscal year ended May 31, 2009 | | | | | | |
|--|--------------------------------|--------------------------|-------------------------|----------------|---------|----------------------------|--------------|
| | Functional chemicals business | Pharmaceuticals business | Safety systems business | Other business | Total | Eliminations and corporate | Consolidated |
| | Millions of yen | | | | | | |
| I. Sales and operating income (loss): | | | | | | | |
| Sales | | | | | | | |
| Sales to third parties | 62,679 | 45,770 | 15,195 | 10,708 | 134,353 | — | 134,353 |
| Intersegment sales and transfers | 64 | 28 | — | 24 | 117 | (117) | — |
| Total | 62,744 | 45,798 | 15,195 | 10,732 | 134,470 | (117) | 134,353 |
| Operating expenses | 58,334 | 36,443 | 16,859 | 8,587 | 120,225 | 4,760 | 124,985 |
| Operating income (loss) | 4,409 | 9,355 | (1,664) | 2,145 | 14,245 | (4,877) | 9,367 |
| II. Asset depreciation and capital expenditures: | | | | | | | |
| Total assets | 69,925 | 43,770 | 25,399 | 22,811 | 161,907 | 42,091 | 203,998 |
| Depreciation and amortization | 4,218 | 2,558 | 2,635 | 904 | 10,316 | 430 | 10,747 |
| Capital expenditures | 3,774 | 1,978 | 3,723 | 257 | 9,734 | 374 | 10,108 |

Note 1: The business segments are based on the sales summary classification.

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Note 2: Primary products in each segment

| Business segment | Sales segment | Primary products |
|-------------------------------|----------------------|--|
| Functional chemicals business | Functional materials | Epoxy resins, Epoxy resin curers, Combustion retardants for synthetic resins, UV-curing type resins, Polyimide/polyamide resins, Advanced chemicals |
| | Electronic materials | Components for LCD displays, LCD projector components, Components for X-ray analysis systems, Functional films, Resins for optical disks, Sealants for LCD displays, Functional colors, Colors for inkjet printers |
| | Catalysts | Catalysts for the production of acrylic acid and methacrylic acid, Plant licensing business |
| | Color chemicals | Disperse dyes, Cationic dyes, Acidic dyes, Reactive dyes, Direct dyes, Sulfur dyes, Fluorescent dyes, Functional chemicals for textiles and paper, Special dyes for non-textile applications |
| Pharmaceuticals business | Pharmaceuticals | Anti-cancer agents, Neurological agents, Circulatory system agents, Digestive system agents, Metabolic agents, Antibiotics, Anti-inflammatory analgesic agents, Radiopharmaceuticals, Medical devices, Pharmaceutical API and intermediates, Food and food additives, Preservatives for food quality, Veterinary pharmaceuticals, Animal feedstuffs and feedstuff additives, Diagnostics |
| Safety systems business | Safety systems | Airbag inflators, Micro gas generators for seatbelt pretensioners, Squibs |
| Other business | Others | Insecticides, Herbicides, Fungicides, Acaricide, Public hygiene insecticides, Soil disinfectant, Animal repellents, Biological pesticides, Real estate business |

Note 3: The amounts and primary contents included in “Eliminations and corporate” are as shown below.

| | Fiscal year ended May 31, 2008 | Fiscal year ended May 31, 2009 | Primary contents |
|--|--------------------------------|--------------------------------|---|
| | Millions of yen | | |
| Amount of unallocated operating expenses included in the “Eliminations and corporate” item | 5,265 | 4,925 | Expenses related to the administrative divisions of the parent company head office |
| Amount of corporate assets included in the “Eliminations and corporate” item | 29,063 | 42,571 | Surplus funds (cash and securities) and long-term investments (including investment securities) at the parent company |

Note 4: Depreciation and amortization, and capital expenditures do not include the amounts for long-term prepaid expenses.

5: Changes in business segments

Our previous five business segments were *functional chemicals business*, *pharmaceuticals business*, *safety systems business*, *fine chemicals business*, and *other business*. However beginning from the consolidated fiscal year ended May 31, 2009, the *fine chemicals business* has been abolished, and there are now four business segments: *functional chemicals business*, *pharmaceuticals business*, *safety systems business*, and *other business*. In June 2008, an organizational change was carried out in which the color chemicals business (previously a part of the *fine chemicals business*) was transferred to the Functional Chemicals Group in order to promote collaboration and a fusion of technologies for new product development in the *functional chemicals business*. For this reason, the color chemicals business has been included in the *functional chemicals business* in order to correctly reflect the true state of our business. In addition, because the scale of its business is small, the agrochemicals business (previously a part of the *fine chemicals business*) is now included in *other business*. The results from the fiscal year ended May 31, 2009 and those from the fiscal year ended May 31, 2008 have been reorganized to match the segments after the change.

6: Use of the Accounting Standards for Measurement of Inventories

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Beginning from the fiscal year ended May 31, 2009, Nippon Kayaku is utilizing the *Accounting Standards for Measurement of Inventories* (ASBJ Statement No. 9, July 5, 2006), and has changed the valuation standard from a cost basis to a cost basis (with write-down of the book value due to decrease in profitability). As a result, operating income for the *functional chemicals business* and *safety systems business* in the fiscal year ended May 31, 2009 was 166 million yen lower than the value when calculated by the previous method and operating income for *other business* was 28 million yen higher. The effect on the *pharmaceuticals business* and the *safety systems business* was not material.

Note 7: Use of the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Beginning from the fiscal year ended May 31, 2009, Nippon Kayaku is utilizing the *Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements* (Practical Issues Task Force No. 18, May 17, 2006), and has made the necessary corrections to its consolidated calculations. As a result, operating income for the *functional chemicals business* in the fiscal year ended May 31, 2009 was 146 million yen lower than the value when calculated by the previous method.

8: Change in the service lifetime for tangible fixed assets

Taking the opportunity of the FY 2008 revision of the Corporation Tax Law of Japan, Nippon Kayaku and its domestic consolidated subsidiaries have reviewed the service lifetimes of mechanical equipment, and have enacted changes to the service lifetimes based on the revised Corporation Tax Law beginning from the fiscal year ended May 31, 2009. As a result, operating income for the *functional chemicals business* in the fiscal year ended May 31, 2009 was 66 million yen lower than the value when calculated by the previous method, and that for the *pharmaceuticals business* was 120 million yen higher. Operating loss for the *safety systems business* decreased by 257 million yen from the amount when calculated by the previous method, and that for the “Eliminations and corporate” item decreased by 19 million yen. The effect on *other business* was not material.

b. Information by geographic segment

| | Fiscal year ended May 31, 2008 | | | | |
|----------------------------------|--------------------------------|---------------|---------|----------------------------|--------------|
| | Japan | Other regions | Total | Eliminations and corporate | Consolidated |
| | Millions of yen | | | | |
| I. Sales and operating income | | | | | |
| Sales | | | | | |
| Sales to third parties | 125,169 | 19,732 | 144,901 | — | 144,901 |
| Intersegment sales and transfers | 6,380 | 6,449 | 12,829 | (12,829) | — |
| Total | 131,550 | 26,181 | 157,731 | (12,829) | 144,901 |
| Operating expenses | 115,018 | 24,739 | 139,757 | (7,307) | 132,450 |
| Operating income | 16,531 | 1,442 | 17,973 | (5,522) | 12,451 |
| II. Total assets | 160,589 | 33,029 | 193,618 | 13,650 | 207,269 |

| | Fiscal year ended May 31, 2009 | | | | |
|----------------------------------|--------------------------------|---------------|---------|----------------------------|--------------|
| | Japan | Other regions | Total | Eliminations and corporate | Consolidated |
| | Millions of yen | | | | |
| I. Sales and operating income | | | | | |
| Sales | | | | | |
| Sales to third parties | 116,882 | 17,471 | 134,353 | — | 134,353 |
| Intersegment sales and transfers | 5,231 | 6,065 | 11,296 | (11,296) | — |
| Total | 122,113 | 23,536 | 145,650 | (11,296) | 134,353 |
| Operating expenses | 108,287 | 23,276 | 131,564 | (6,578) | 124,985 |
| Operating income | 13,825 | 260 | 14,086 | (4,718) | 9,367 |
| II. Total assets | 147,231 | 30,453 | 177,685 | 26,313 | 203,998 |

Note 1: The country and region segments are based on geographic proximity.

Note 2: Primary countries and regions in segments other than “Japan”

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Other regions: USA, China, Czech Republic

The amounts and primary contents included in “Eliminations and corporate” are the same as those listed under “Note 3” in “Segment information by type of business.”

4: Use of the Accounting Standards for Measurement of Inventories

Beginning from the fiscal year ended May 31, 2009, Nippon Kayaku is utilizing the *Accounting Standards for Measurement of Inventories* (ASBJ Statement No. 9, July 5, 2006), and has changed the valuation standard from a cost basis to a cost basis (with write-down of the book value due to decrease in profitability). As a result, operating income for Japan in the fiscal year ended May 31, 2009 was 142 million yen lower than the value when calculated by the previous method.

5: Use of the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Beginning from the fiscal year ended May 31, 2009, Nippon Kayaku is utilizing the *Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements* (Practical Issues Task Force No. 18, May 17, 2006), and has made the necessary corrections to its consolidated calculations. As a result, operating income for “Other regions” in the fiscal year ended May 31, 2009 was 146 million yen lower than the value when calculated by the previous method.

6: Change in the service lifetime for tangible fixed assets

Taking the opportunity of the FY 2008 revision of the Corporation Tax Law of Japan, Nippon Kayaku and its domestic consolidated subsidiaries have reviewed the service lifetimes of mechanical equipment, and have enacted changes to the service lifetimes based on the revised Corporation Tax Law beginning from the fiscal year ended May 31, 2009. As a result, operating income for “Japan” in the fiscal year ended May 31, 2009 was 331 million yen higher than the value when calculated by the previous method.

c. Overseas sales

| | Fiscal year ended May 31, 2008 | | |
|--|--------------------------------|---------------|---------|
| | Asia | Other regions | Total |
| I. Overseas sales (millions of yen) | 31,155 | 21,105 | 52,261 |
| II. Consolidated sales (millions of yen) | — | — | 144,901 |
| III. Percentage of consolidated sales occupied by overseas sales | 21.5 | 14.6 | 36.1 |

| | Fiscal year ended May 31, 2009 | | |
|--|--------------------------------|---------------|---------|
| | Asia | Other regions | Total |
| I. Overseas sales (millions of yen) | 26,771 | 18,307 | 45,078 |
| II. Consolidated sales (millions of yen) | — | — | 134,353 |
| III. Percentage of consolidated sales occupied by overseas sales | 19.9 | 13.6 | 33.6 |

Note 1: The country and region segments are based on geographic proximity.

2: Primary countries and regions in each segment

(1) Asia: China, Hong Kong, Taiwan

(2) Other regions: USA, Germany

3: Overseas sales are the sales by Nippon Kayaku and its consolidated subsidiaries in countries and regions outside of Japan.

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