

**Summary of Financial Statements (Consolidated)**  
**Second Quarter Update for the Fiscal Year Ending May 31, 2010**

December 24, 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

1. Consolidated Business Results for First Half of Fiscal Year Ending May 31, 2010 (June 1, 2009 – November 30, 2009)

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

(1) Consolidated Operating Results (Percentages indicate amount of change from the same period in the previous year.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half of fiscal year ending May 31, 2010	69,603	(5.9)	7,355	9.0	6,811	19.6
First half of fiscal year ended May 31, 2009	74,006	—	6,747	—	5,695	—

	First-half net income		First-half net income per share		First-half diluted net income per share	
	Millions of yen	%	Yen		Yen	
First half of fiscal year ending May 31, 2010	3,682	105.0	20.29		20.27	
First half of fiscal year ended May 31, 2009	1,796	—	9.89		9.81	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of November 30, 2009	201,567		123,136		57.6		639.34	
As of May 31, 2009	203,998		125,812		56.0		629.12	

Reference: Equity As of November 30, 2009: 116,034 million yen

As of May 31, 2009: 114,206 million yen

Equity consists of shareholders' equity and valuation and translation adjustments.

2. Status of Dividends

	Dividend amount per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	Total
	Yen				
Fiscal year ended May 31, 2009	—	10.00	—	10.00	20.00
Fiscal year ending May 31, 2010	—	10.00			
Fiscal year ending May 31, 2010 (forecast)			—	10.00	20.00

Note: Corrections in this quarter to the expected dividend: None

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

(Percentages indicate amount of change from 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	
Full year	140,000	4.2	14,000	49.5	13,300	64.8	7,500	101.7	41.32	

Note: Corrections in this quarter to the consolidated business results forecast: Yes

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#### 4. Other

- (1) Major changes in subsidiaries occurring during the fiscal period (changes in designated subsidiaries that involve changes in scope of consolidation): None  
Added: 0  
Removed: 0
- (2) Adoption of simplified accounting processes or special accounting processes for creation of the quarterly consolidated financial statements: None
- (3) 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 quarterly consolidated financial statements)
  - [1] Changes involving revision of accounting standards or similar items: None
  - [2] Changes other than [1]: None
- (4) Number of shares issued (common stock)
  - [1] Number of shares issued at end of the fiscal period (including treasury stock)  
As of November 30, 2009: 182,503,570 shares  
As of May 31, 2009: 182,503,570 shares
  - [2] Number of treasury stock shares at end of the fiscal period  
As of November 30, 2009: 1,013,842 shares  
As of May 31, 2009: 968,665 shares
  - [3] Average number of shares during the fiscal period  
First half of fiscal year ending May 31, 2010: 181,512,316 shares  
First half of fiscal year ended May 31, 2009: 181,592,422 shares

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

1. 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 “3. Qualitative Information Concerning the Consolidated Results Forecast” under [Qualitative Information, Financial Statements and Other Information] on page 5.

## [Qualitative Information, Financial Statements and Other Information]

### 1. Qualitative Information Concerning the Consolidated Business Results

In the first half of this fiscal year (June 1, 2009 – November 30, 2009), the economy of Japan showed signs of bottoming out, with a recovery in internal demand and exports for products such as automobiles and flat-panel displays occurring as a result of the economic stimulus packages enacted by various countries. However the future remained uncertain during this period, with a stagnant employment situation, continuing deflation due to the high value of the yen, and warnings of a double-dip recession caused by recoil from the stimulus packages.

Under these conditions, in addition to expanding its overseas operations, the Nippon Kayaku Group has committed itself to improving its business efficiency and to developing and marketing new products. Sales in the pharmaceuticals business continue to be strong, and as part of our efforts to expand our lineup of cancer-related products in November we concluded an agreement with the U.S. company Spectrum Pharmaceuticals, Inc. for exclusive rights to development, distribution, and sales of a drug used to treat bladder cancer in Asia (excluding Korea).

In the functional chemicals business and safety systems business, despite recovering demand in the electric and electronic device, semiconductor, and automobile industries, results for these businesses in the first half of the current fiscal year continued to be below the level of the same period in the previous fiscal year. In addition to further reducing costs, in the functional chemicals business we have worked to strengthen our profit structure through means such as product lineup restructuring and production site optimization. At the same time in the safety systems business we have accelerated our overseas expansion in China and other countries, combined with other steps such as a reduction in capital investment.

As a result, total sales during the first half of this fiscal year were 69.603 billion yen, a decrease of 4.403 billion yen (5.9%) from the same period in the previous fiscal year. While sales in the pharmaceuticals business were strong, this decrease occurred because the functional chemicals business and safety systems business were affected by slow demand.

Operating income was 7.355 billion yen, an increase of 607 million yen (9.0%) from the same period in the previous fiscal year, thanks to strong results from the pharmaceuticals business.

Ordinary income, boosted by a reduction in currency exchange loss, was 6.811 billion yen, an increase of 1.115 billion yen (19.6%) from the same period in the previous fiscal year.

Net income for the first half of the fiscal year was 3.682 billion yen, an increase of 1.886 billion yen (105.0%) from the same period in the previous fiscal year. This was due to the absence of a loss on valuation of investments in an affiliated company that were incurred during the same period in the previous fiscal year.

The performance by business segments for the first half of this fiscal year is as described below.

#### [Functional chemicals business]

Sales were 32.021 billion yen, a decrease of 5.033 billion yen (13.6%) from the same period in the previous fiscal year.

In the functional materials business, there was a recovery in demand for the epoxy resins used in semiconductor encapsulation, in particular for environmentally friendly epoxy resins, and sales returned to the same level as the same period in the previous fiscal year. Sales of UV-curing resins were also strong, and sales for the functional materials business as a whole were above the same period in the previous fiscal year.

In the electronic materials business, sales of LCD sealants and films for plasma displays were higher than the same period in the previous fiscal year; however, sales of resins for optical disks and colors for inkjet printers were down. At Polatechno, despite being on a course toward recovery beginning from the summer of last year, sales were below the same period in the previous fiscal year. Sales for the electronic materials business as a whole were down from the same period in the previous fiscal year.

In the catalyst business, sales were down from the same period in the previous fiscal year.

In the color chemicals business, sales of both textile dyes and paper dyes were below the same period in the previous fiscal year as a result of sluggish demand.

Operating income for the functional chemicals business as a whole was 4.046 billion yen, down 125 million yen (3.0%) from the same period in the previous fiscal year.

#### [Pharmaceuticals business]

Sales were 25.116 billion yen, an increase of 2.840 billion yen (12.7%) from the same period in the previous fiscal year.

Among pharmaceutical products for the Japanese domestic market, “BICALUTAMIDE Tab. NK” (anti-cancer drug), a product that began being marketed in May, made a significant contribution to sales. In addition, sales

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were strong of “PACLITAXEL Inj. NK” (anti-cancer drug), “CARBOPLATIN Intravenous Inj. NK” (anti-cancer drug), EPIRUBICIN Inj. NK,” (anti-cancer drug), “ODYNE Tab.” (anti-cancer drug), “IA CALL” (arterial-injection anti-cancer drug), “GRANISETRON Inj. NK” (anti-emetic drug), “LEVOFOLINATE Intravenous Inj. NK” (anti-cancer drug effect potentiator), and “GELPART” (material for transcatheter arterial embolization), with sales of these products exceeding the levels from the same period in the previous fiscal year. On the other hand, the effects of competitor products and other factors resulted in lower sales of “RANDA Inj.” (anti-cancer drug) and “MILLISROL Inj.” (vasodilator) compared with the same period in the previous fiscal year. Overall sales of pharmaceutical products for the Japanese domestic market in this half year were higher than in the first half of the previous fiscal year.

In the area of exports, sales of “BLEO” (anti-cancer drug) and “ETOPOSIDE” (anti-cancer drug) were lower than the same period in the previous fiscal year, and export sales overall were also down.

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

In the area of diagnostic agents, there were strong sales of “LANA 1,5AG” (diabetes diagnostic agent), and sales of diagnostic agents as a whole were up from the level of the same period in the previous fiscal year.

Operating income for the pharmaceuticals business as a whole was 4.895 billion yen, an increase of 481 million yen (10.9%) from the same period in the previous fiscal year.

[Safety systems business]

Sales were 8.354 billion yen, a decrease of 1.592 billion yen (16.0%) from the same period in the previous fiscal year.

Tax breaks and other incentives for automobile purchases have been enacted in many countries, and sales of compact cars and environmentally friendly vehicles were strong. However the volume of automobile production and sales overall remained below the level of the same period in the previous fiscal year.

As a result, sales of micro gas generators for seatbelt pretensioners were down from the same period in the previous fiscal year. Sales of airbag inflators grew, due to an increase in the number of models in which our products are installed.

The safety systems business as a whole recorded an operating loss of 108 million yen, an improvement of 40 million yen over the same period in the previous fiscal year.

[Other businesses]

Sales amounted to 4.111 billion yen, a decrease of 617 million yen (13.1%) from the same period in the previous fiscal year.

In the agrochemicals business, both domestic sales and exports were below the level of the same period in the previous fiscal year.

Sales in the real estate and other businesses were also below the same period in the previous fiscal year.

Operating income for other businesses as a whole was 1.010 billion yen, an increase of 266 million yen (35.9%) from the same period in the previous fiscal year resulting from improvements to the profit structure of the agrochemicals business.

Following is a summary of the results by geographical segment for the first half of the current fiscal year.

[Japan]

Sales amounted to 60.854 billion yen, a decrease of 1.170 billion yen (1.9%) from the same period in the previous fiscal year.

Operating income was 9.774 billion yen, an increase of 1.536 billion yen (18.6%) from the same period in the previous fiscal year.

[Other regions]

Sales were 8.748 billion yen, a decrease of 3.232 billion yen (27.0%) from the same period in the previous fiscal year.

Operating income was 111 million yen, a decrease of 914 million yen (89.1%) from the same period in the previous fiscal year.

This was the result of a drop in sales and operating income at Indet Safety Systems a.s. (Czech Republic), Lifesparc Inc. (USA), Moxtec Inc. (USA), and elsewhere.

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## 2. Qualitative Information Concerning the Consolidated Financial Position

Total assets decreased by 2.431 billion yen from the end of the previous consolidated fiscal year to reach 201.567 billion yen. Current assets increased by 801 million yen, primarily due to an increase in trade receivables. Fixed assets decreased by 3.239 billion yen due to a reduction in tangible fixed assets.

Liabilities increased by 244 million yen from the end of the previous consolidated fiscal year to reach 78.430 billion yen. This was primarily due to an increase in trade payables.

Net assets decreased by 2.675 billion yen from the end of the previous consolidated fiscal year to reach 123.136 billion yen. This was primarily due to a decrease in minority interests.

The balance of cash and cash equivalents at the end of the first half of the year decreased by 1.945 billion yen from the end of the previous consolidated fiscal year to reach 33.115 billion yen. (The balance at the end of the first half of the previous fiscal year was 21.063 billion yen.) The status of each cash flow is as described below.

Net cash provided by operating activities amounted to 10.031 billion yen. (The amount provided in the first half of the previous fiscal year was 7.938 billion yen). Despite the fact that first half-year net income before income taxes and minority interests was 6.558 billion yen, depreciation and amortization were 4.951 billion yen, and notes and accounts payable were 1.711 billion yen, this result was due to an increase in notes and accounts receivable of 3.077 billion yen.

Net cash used in investing activities totaled 4.895 billion yen. (The amount used in the first half of the previous fiscal year was 4.912 billion yen.) This result was primarily due to a payment of 3.561 billion yen for the purchase of tangible fixed assets and a payment of 1.499 billion yen for the purchase of marketable securities.

Net cash used in financing activities was 6.830 billion yen. (The amount used in the first half of the previous fiscal year was 4.465 billion yen.) Although income of 1.5 billion yen was obtained from long-term loans, this result was due to a payment of 2.449 billion yen for repayment of long-term loans payable, a payment of 3.443 billion yen for purchase of subsidiary treasury stocks, a payment of 1.815 billion yen in dividends, and a payment of 492 million yen for repayment of the construction cooperation fund.

## 3. Qualitative Information Concerning Forecasts for Consolidated Business Performance

Despite a recovery course in the business environment surrounding the Nippon Kayaku Group, the future remains uncertain and the conditions continue to defy prediction. The Group will construct a robust profit structure which will allow us to adapt to changes in the business environment, accelerate the development of new growth markets such as environment and energy, and work to increase profits.

The forecast assumes an exchange rate of 95 yen/dollar during and after the third quarter.

Both the consolidated and non-consolidated business performance forecasts for the full year have been revised following the forecast previously announced (September 30, 2009).

## 4. Others

- (1) Major changes in subsidiaries occurring during this year (changes in designated subsidiaries that involve changes to scope of consolidation)  
No items to report
- (2) There was no adoption of simplified accounting processes or special accounting processes for creation of the quarterly consolidated financial statements  
No items to report
- (3) Changes to accounting principles, procedures, methods of notation, or other items related to creation of the consolidated financial statements  
No items to report

## 5. Quarterly Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	As of November 30, 2009	As of May 31, 2009
	Millions of yen	
<b>Assets</b>		
Current assets		
Cash and savings	16,578	16,529
Notes and accounts receivable	46,985	44,008
Marketable securities	17,639	18,626
Merchandise and products	15,471	15,031
Work in process	1,796	1,554
Raw materials and stores	5,988	6,917
Other	5,197	6,184
Allowance for doubtful receivables	(127)	(123)
<b>Total current assets</b>	<b>109,530</b>	<b>108,729</b>
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	33,250	32,568
Machinery and transport equipment, net	18,828	19,844
Other, net	13,724	15,145
<b>Total tangible fixed assets</b>	<b>65,803</b>	<b>67,557</b>
Intangible fixed assets		
Goodwill	1,901	2,112
Other	2,630	2,906
<b>Total intangible fixed assets</b>	<b>4,531</b>	<b>5,018</b>
Investments and other assets		
Investment securities	14,338	15,329
Other	7,038	7,058
Allowance for doubtful receivables	(111)	(124)
<b>Total investments and other assets</b>	<b>21,265</b>	<b>22,264</b>
<b>Total fixed assets</b>	<b>91,601</b>	<b>94,840</b>
Deferred assets	434	428
<b>Total assets</b>	<b>201,567</b>	<b>203,998</b>

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	As of November 30, 2009	As of May 31, 2009
	Millions of yen	
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	13,790	12,201
Short-term loans payables	13,316	13,304
Corporation tax payable	2,883	3,072
Other	13,644	13,192
Total current liabilities	43,634	41,772
Fixed liabilities		
Long-term loans payable	14,585	15,968
Allowance for employee retirement benefits	4,808	5,039
Negative goodwill	711	—
Other	14,691	15,406
Total fixed liabilities	34,796	36,414
Total liabilities	78,430	78,186
<b>Net assets</b>		
Shareholders' equity		
Common stock	14,932	14,932
Additional paid-in capital	17,264	17,263
Retained earnings	84,239	82,373
Treasury stock	(660)	(623)
Total shareholders' equity	115,777	113,946
Valuation and translation adjustments		
Net unrealized gains on other securities	(513)	45
Translation adjustments	770	214
Total valuation and translation adjustments	257	260
Minority interests	7,101	11,605
Total net assets	123,136	125,812
Total liabilities and net assets	201,567	203,998

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## (2) Consolidated Profit and Loss Statement

	First half of fiscal year ended May 31, 2009	First half of fiscal year ending May 31, 2010
	Millions of yen	
Net sales	74,006	69,603
Cost of sales	48,099	42,063
Gross profit on sales	25,907	27,540
Selling, general, and administrative expenses	19,159	20,184
Operating income	6,747	7,355
Non-operating income		
Interest income	140	91
Dividend income	233	215
Amortization of negative goodwill	—	39
Equity in earnings of affiliates	158	69
Other miscellaneous income	651	359
Total non-operating income	1,183	775
Non-operating expenses		
Interest expense	259	254
Exchange loss	1,623	822
Other miscellaneous losses	352	242
Total non-operating expenses	2,235	1,318
Ordinary income	5,695	6,811
Extraordinary income		
Income on sale of fixed assets	619	37
Total extraordinary income	619	37
Extraordinary loss		
Fixed asset disposal loss	716	177
Loss on valuation of investment securities	25	112
Provision of allowance for doubtful receivables	10	—
Loss on valuation of investments in an affiliated company	2,028	—
Loss on inventory valuation	505	—
Total extraordinary loss	3,285	290
First-half net income before income taxes and minority interest	3,029	6,558
Corporation tax, inhabitant tax, and business tax	2,723	2,565
Income taxes deferred	(1,407)	237
Total income taxes	1,315	2,803
Minority interests in income (loss)	(82)	72
First-half net income	1,796	3,682

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## (3) Consolidated Statement of Cash Flows

	First half of fiscal year ended May 31, 2009	First half of fiscal year ending May 31, 2010
	Millions of yen	
<b>Cash flows from operating activities</b>		
First-half net income before income taxes and minority interests	3,029	6,558
Depreciation and amortization	5,349	4,951
Increase (decrease) in reserve allowance	607	(214)
Interest and dividend income	(374)	(306)
Interest expense	259	254
Equity in (earnings) losses of affiliates	(158)	(69)
Loss (gain) on sale of tangible fixed assets	(619)	(37)
Loss (gain) on disposal of tangible fixed assets	716	177
Loss (gain) on valuation of investment securities	25	112
Loss on valuation of investment in an affiliated company	2,028	—
(Increase) decrease in notes and accounts receivable	(2,314)	(3,077)
(Increase) decrease in inventory assets	(2,766)	103
(Increase) decrease in prepaid expenses	(64)	(210)
(Increase) decrease in accrued revenue	1,145	614
Increase (decrease) in notes and accounts payable	1,953	1,711
Increase (decrease) in accrued amount payable	(241)	715
Increase (decrease) in accrued expenses	(695)	71
Other	1,216	919
Subtotal	9,097	12,274
Interest and dividends received	390	334
Interest paid	(245)	(271)
Income taxes paid	(1,304)	(2,640)
Income taxes refunded	—	334
Net cash provided by operating activities	7,938	10,031

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	First half of fiscal year ended May 31, 2009	First half of fiscal year ending May 31, 2010
	Millions of yen	
Cash flows from investing activities		
Purchase of time deposits	(44)	(57)
Proceeds from repayment of time deposits	378	53
Purchase of tangible fixed assets	(5,039)	(3,561)
Proceeds from sales of tangible fixed assets	681	124
Purchase of intangible fixed assets	(104)	(53)
Purchase of marketable securities	—	(1,499)
Proceeds from redemption of marketable securities	—	499
Purchase of investment securities	(961)	(47)
Proceeds from sales of investment securities	508	—
Payments for long-term loans receivable	(10)	—
Payments for long-term prepaid expenses	(29)	(29)
Removal loss of fixed assets	(197)	(103)
Purchase of subsidiary stocks	—	(66)
(Increase) decrease in short-term loans receivable	(80)	(125)
Other	(11)	(28)
Net cash used in investing activities	(4,912)	(4,895)
Cash flows from financing activities		
Purchase of subsidiary treasury stocks	—	(3,443)
Increase (decrease) in short-term loans payable, net	163	84
Proceeds from long-term loans payable	239	1,500
Repayment of long-term loans	(2,570)	(2,449)
Repayment of construction cooperation fund	(117)	(492)
Dividends paid	(1,812)	(1,815)
Dividends paid to minority shareholders	(341)	(159)
Other	(26)	(54)
Net cash provided by financing activities	(4,465)	(6,830)
Effect of exchange rate changes on cash and cash equivalents	77	(251)
Increase (decrease) in cash and cash equivalents	(1,361)	(1,945)
Cash and cash equivalents at beginning of year	21,662	35,061
Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	762	—
Cash and cash equivalents at end of first half of year	21,063	33,115

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(4) Incidents or situations that cause significant doubt with regards to the certain continuation of our business  
No items to report

(5) Segment information

a. Segment information by type of business

First half of the previous consolidated fiscal year (June 1, 2008 – November 30, 2008)

	Functional chemicals business	Pharmaceuticals business	Safety systems business	Other businesses	Total	Eliminations and corporate	Consolidated
Millions of yen							
Sales	37,055	22,276	9,946	4,728	74,006	—	74,006
(1) Sales to third parties							
(2) Intersegment sales and transfers	60	0	—	10	71	(71)	—
Total	37,115	22,276	9,946	4,739	74,077	(71)	74,006
Operating income (loss)	4,171	4,413	(148)	743	9,181	(2,433)	6,747

First half of the current consolidated fiscal year (June 1, 2009 – November 30, 2009)

	Functional chemicals business	Pharmaceuticals business	Safety systems business	Other businesses	Total	Eliminations and corporate	Consolidated
Millions of yen							
Sales	32,021	25,116	8,354	4,111	69,603	—	69,603
(1) Sales to third parties							
(2) Intersegment sales and transfers	29	7	—	13	49	(49)	—
Total	32,050	25,123	8,354	4,125	69,653	(49)	69,603
Operating income (loss)	4,046	4,895	(108)	1,010	9,843	(2,488)	7,355

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

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 businesses	Others	Insecticides, Herbicides, Fungicides, Acaricide, Public hygiene insecticides, Soil disinfectant, Animal repellents, Biological pesticides, Real estate business

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b. Information by geographic segment

First half of the previous consolidated fiscal year (June 1, 2008 – November 30, 2008)

	Japan	Other regions	Total	Eliminations and corporate	Consolidated
Millions of yen					
Sales					
(1) Sales to third parties	62,025	11,981	74,006	—	74,006
(2) Intersegment sales and transfers	3,608	3,942	7,551	(7,551)	—
Total	65,633	15,924	81,557	(7,551)	74,006
Operating income	8,238	1,025	9,263	(2,515)	6,747

First half of the current consolidated fiscal year (June 1, 2009 – November 30, 2009)

	Japan	Other regions	Total	Eliminations and corporate	Consolidated
Millions of yen					
Sales					
(1) Sales to third parties	60,854	8,748	69,603	—	69,603
(2) Intersegment sales and transfers	2,554	2,588	5,142	(5,142)	—
Total	63,408	11,337	74,746	(5,142)	69,603
Operating income	9,774	111	9,886	(2,531)	7,355

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

2: Primary countries and regions in segments other than Japan

Other regions: USA, Czech Republic, Hong Kong, China

c. Overseas sales

First half of the previous consolidated fiscal year (June 1, 2008 – November 30, 2008)

	Asia	Other regions	Total
I. Overseas sales (millions of yen)	15,634	11,056	26,690
II. Consolidated sales (millions of yen)	—	—	74,006
III. Percentage of consolidated sales occupied by overseas sales	21.1	14.9	36.1

First half of the current consolidated fiscal year (June 1, 2009 – November 30, 2009)

	Asia	Other regions	Total
I. Overseas sales (millions of yen)	13,901	8,690	22,592
II. Consolidated sales (millions of yen)	—	—	69,603
III. Percentage of consolidated sales occupied by overseas sales	20.0	12.5	32.5

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.

(6) Descriptions in case of significant changes in the amount of shareholders' equity

No items to report