



ANNUAL REPORT 2015

For the fiscal year ended March 31, 2015

Creating new value through the power of chemistry

Working on diverse themes to create new value through the power of chemistry.

Since our founding in 1920, Nippon Soda has accumulated unique technologies and know-how, and provided highly functional and high-value-added chemical products in such diverse fields as agriculture, pharmaceuticals and specialty chemicals.

Furthermore, as a company that handles chemical substances, we have always been mindful of the doctrine of responsible care and have driven business activities with attention to the environment, safety and health.

Additionally, amid desires for environmental protection and a safe, comfortable lifestyle, we have responded to the varied needs of society as a trusted company.

Going forward, Nippon Soda will contribute to the building of a rich society that realizes the dreams of the next generation through innovative technologies and products.



Contents

Consolidated Financial Highlights	1
Interview with the President	2
Topics	7
Review of Operations	8
Business Outline	10
Research and Development Activities	12
Network	13
Consolidated Balance Sheets (Unaudited)	14
Consolidated Statements of Income (Unaudited)	16
Consolidated Statements of Changes in Net Assets (Unaudited)	17
Consolidated Statements of Cash Flows (Unaudited)	18
Shareholder Information	19
Corporate Data	20
Group Companies	21

Disclaimer Regarding Forward-Looking Statements

Statements made in this annual report with respect to Nippon Soda Co., Ltd.'s current plans, strategies and beliefs are not historical facts. Rather, they are forward-looking statements based on the Company's estimates and beliefs, which management formed through analysis of currently available information. Many factors could cause actual results to differ from these forward-looking statements. These factors include the potential risks and uncertainties of all business environments, as well as the changing consumer preferences and demands, the acceptance of our products and our ability to continue providing necessary services in the face of stiff competition in the Japanese chemical field, the Company's main line of business.

Consolidated Financial Highlights

Nippon Soda Co., Ltd. and its consolidated subsidiaries
Years ended March 31

	Millions of Yen				Thousands of U.S. Dollars	
	2011	2012	2013	2014	2015	2015
Net sales	¥ 123,238	¥ 121,118	¥ 127,581	¥ 140,649	¥ 148,062	\$ 1,233,853
Gross profit	28,644	29,184	30,681	35,325	36,285	302,380
Selling, general and administrative expenses	23,908	24,477	26,586	28,926	29,000	241,667
Operating income	4,736	4,706	4,094	6,399	7,285	60,712
Income before income taxes and minority interests	7,049	9,307	7,346	8,196	13,070	108,918
Net income	5,548	7,044	5,303	5,833	10,945	91,213
Net assets	85,723	91,671	100,246	108,224	127,181	1,059,844
Total assets	167,223	179,230	193,344	204,297	221,285	1,844,046

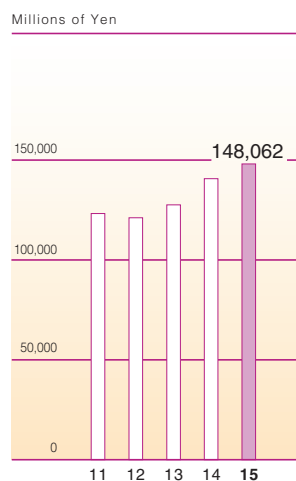
Return on equity (%)	6.9	8.4	5.9	5.9	9.9	
Return on assets (%)	3.3	3.9	2.7	2.9	4.9	
Operating margin (%)	3.8	3.9	3.2	4.5	4.9	

Per Share Data

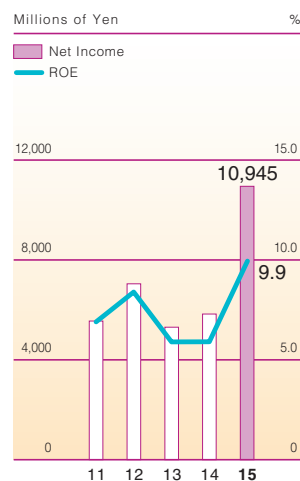
	Yen				U.S. Dollars	
Net income	¥ 36.48	¥ 46.31	¥ 34.87	¥ 38.36	¥ 72.00	\$ 0.6
Shareholders' equity	531.82	566.26	621.16	672.41	794.87	6.62

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥120.00=U.S. \$1.00.

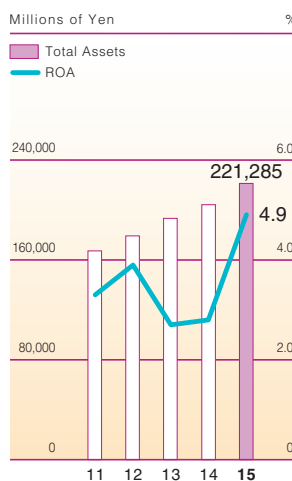
Net Sales



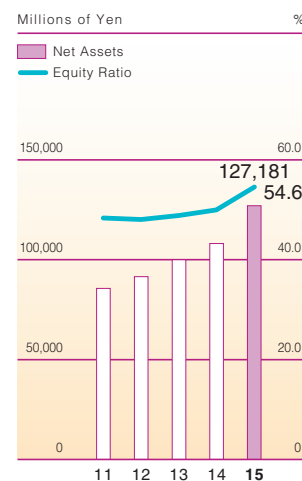
Net Income & ROE



Total Assets & ROA



Net Assets & Equity Ratio



In presenting the Annual Report 2015, first allow me to give you an overview of our business performance and activities.

Analysis and evaluation of the operating environment and results for the fiscal year under review (fiscal 2015, ended March 31, 2015)

During fiscal 2015, the Japanese economy recovered at a moderate pace, supported by the effects of economic policies. Due to the impact of the consumption tax hike, however, the slump in personal consumption was prolonged. Because of this, combined with the slowdown in the global economy, mainly in Europe and emerging countries, the Japanese economy as a whole continued to lack strength.

In the chemicals industry, the operating environment showed signs of an upturn because of improvement in the export environment reflecting yen depreciation, particularly in the latter half of the year, and a steep fall in crude oil and naphtha prices. Still, the future outlook remained uncertain as domestic demand remained stagnant.



Akira Ishii
President

In this environment, the Nippon Soda Group implemented its current medium-term business plan (April 2013 to March 2017), which represents the second step of its long-term business vision, *Chemigress to 100*. In fiscal 2015, the second year of the plan, we worked vigorously to boost sales of existing products, develop new ones, and expand our overseas operations.

In the Agro Products Division, overseas sales increased, including those of Mospilan insecticide and Topsin-M fungicide. However, domestic sales declined due to a fallback in demand following a demand increase before the consumption tax hike.

In the Chemicals Division, a rise in sales of NISSO HPC (hydroxypropyl cellulose)

pharmaceutical additive and NISSO-PB resin additive offset sluggish sales of pharmaceutical intermediates.

As a result, in fiscal 2015, we achieved growth in both sales and profits. Consolidated net sales rose 5.3% year on year to ¥148,062 million, and operating income increased 13.9% to ¥7,285 million. Ordinary income grew 53.2% to ¥14,924 million. Because of the recording of impairment losses as special losses, net income rose 87.6% to ¥10,945 million.

Taking a comprehensive view of the need to maintain stable dividends, enhance shareholders' equity, and improve our financial position, we proposed a dividend of ¥10 per share, up ¥2 from the previous year.

Implementation of the medium-term business plan (April 2013 to March 2017) and future challenges

The current medium-term business plan represents the second step of Nippon Soda's long-term vision, *Chemigress to 100*, which aims to take us to even greater heights by 2020, the centenary of our foundation. Under the plan, we are focusing on three priority initiatives: (1) increase the driving force for growth; (2) strengthen and restructure our business foundation; and (3) enhance the Group's comprehensive capabilities.

Priority initiative 1:

Increase the driving force for growth

In the Agro Products Division, the development of new agrochemicals, including a new fungicide and new acaricide, is proceeding smoothly. The new agrochemicals are scheduled to be launched gradually in fiscal 2018 and after. The development of next-generation candidate compounds is also advancing steadily to new phases, enhancing our development pipeline.

Concurrently with the development of new products, we are actively expanding sales of existing mainstay products, such as Mospilan and Topsin-M, achieving results in overseas markets. The production of agrochemical progenitors in South Korea and China is proceeding smoothly, contributing to the development of a stable supply system abroad.

In Japan, we started sales of two new products, the Verimark insecticide and Ethofin.

In the Chemicals Division, an additional production facility (the Nihongi plant in Joetsu City, Niigata Prefecture) launched operations for NISSO HPC pharmaceutical additive, which is a key strategic product in the cellulose derivatives business. As a medium-sized testing facility for cellulose derivatives has been completed at the plant, we will expand and enhance the cellulose derivatives business based on an integrated system of research, evaluation and production.

In the functional polymer business, sales of NISSO-PB resin additive (liquid polybutadiene) are growing for use in electronics materials. As NISSO-PB is expected to be used for a range of applications in the future, we are considering an increase in production.

We will nurture the developing agents business and the metallic sodium business as important driving forces for growth, since we expect to expand these businesses into a broader range of peripheral fields by employing our unique technologies.

However, to achieve our long-term goals, we need to further enhance the driving forces for growth. We will not only continue to promote internal development but also look for opportunities to expand and strengthen our businesses with an eye to future mergers and acquisitions.

Priority initiative 2:

Strengthen and restructure our business foundation

We are enhancing a number of overseas training programs and overseas dispatch of personnel for the purpose of human resource development. In the future, we will foster personnel able to achieve successful results by working with a broad perspective, while promoting the development and sales of products for overseas markets and expanding overseas production operations.

In addition, to improve the efficiency of business operations, we are working to globalize and streamline business operations by making use of information technology (IT). For example, we are promoting real-time information sharing through effective use of IT devices.

We are also striving to constantly cut costs in production divisions, boost R&D efficiency and improve the efficiency of administrative divisions. However, with respect to businesses whose competitiveness remains weak despite these improvement initiatives, we will implement measures such as drastic business restructuring.

Priority initiative 3:

Enhance the Group's comprehensive capabilities

The Nippon Soda Group as a whole is implementing measures under its current medium-term business plan while strengthening group-wide cooperation and making effective use of business resources.

We are striving to enhance the competitiveness of the Group as a whole by establishing optimal research, production and sales systems and improving the efficiency of functions of both domestic and foreign group companies. As part of this initiative, Nippon Soda will turn Sanwa Soko Co., Ltd., a subsidiary listed on the Tokyo Stock Exchange's Second Section, into a wholly owned subsidiary through a simplified share exchange. Through this measure, we will seek to leverage the synergy of the entire Group by strengthening the Group's transportation and warehousing business.

We will continue to take measures to improve the flexibility of the Group, including making effective use of human resources.

Future challenges

Although the development of new products is proceeding smoothly in the Agro Products Division, their sales will start in fiscal 2018 and later. To maximize the effects of the launch of the new products, it is important to expand the sales and share of existing products. We will achieve sales growth for our present mainstay products by enhancing cost-competitiveness and improving our mass sales system abroad by expanding overseas production. In this way, we will consolidate the foundation of the growth strategy for the Agro Products Division.

In the Chemicals Division, we will accelerate the development of businesses and products that will become the driving forces for growth, and achieve business expansion quickly by concentrating business resources on them. Concurrently, we will consider restructuring measures for businesses whose competitiveness continues to decline.

Outlook for the next fiscal year and priority measures

In fiscal 2016, we forecast consolidated net sales of ¥150 billion (up 1.3% year on year), operating income of ¥6.7 billion (down 8.0%), ordinary income of ¥12.7 billion (down 14.9%), and net income attributable to the parent company's

shareholders of ¥10 billion (down 8.6%).

We assume exchange rates of ¥115 to the U.S. dollar and ¥130 to the euro. Ordinary income is expected to decline due to an increase in the cost of entrusting tests related to the

development of new products and a decrease in investment profits earned through the equity method. Accordingly, net income attributable to the parent company's shareholders is also expected to drop slightly year on year.

Although there is uncertainty over the business environment, including prices of raw materials and fuels and electricity costs, we will strive to outperform the forecast through steady efforts to enhance our competitiveness. Fiscal 2016 is the third year of the current medium-term

business plan (April 2013 to March 2017). In fiscal 2016, the Group as a whole will continue to promote a range of measures. In particular, we will devote our efforts to enhancing cost-competitiveness with regard to overseas production of agrochemical progenitors, including Topsin-M fungicide, increasing sales of HPC, which is the core product of the cellulose derivatives business, and expanding the functional polymer business.

Message to shareholders

The economic situation in Japan is recovering moderately. The operating environment faced by Nippon Soda is also improving, as shown by the yen's continued weakness and falling crude oil prices. In these circumstances, we are entering the second half of the *Chemigress to 100* long-term vision for the years up to the centenary of the Company's foundation in 2020. The Group will focus maximum efforts to accelerate the implementation of a range of measures to achieve the goals under this vision.

Nippon Soda is also actively involved in corporate social responsibility (CSR) activities, and it extended such activities throughout the Group, starting in fiscal 2015. From the perspective of environmental protection and product safety and quality, we will promote business activities that consider the entire

lifecycle of products, from production to disposal. At the same time, we will make thorough efforts to ensure corporate behavior based on legal compliance and corporate ethics and further enhance compliance.

With regard to corporate governance, we will promote the enhancement of the monitoring and supervisory functions while speeding up business decision-making and strengthening the business execution function in light of the entry into force of the amended Companies Act and the Corporate Governance Code.

Despite the recovery in the economic environment, we will boldly tackle our challenges without being content with this situation.

We appreciate our shareholders' continued support.

Completion of additional production capacity for the hydroxypropyl cellulose (HPC) pharmaceutical additive

The construction of additional production capacity for HPC pharmaceutical additive, which started in the spring of 2012 at the Nihongi Plant (Joetsu City, Niigata Prefecture), was completed in October 2014.

HPC is used as a pharmaceutical additive, particularly as a binding agent for solid preparations, and its sales have been steadily expanding due to the growth of the pharmaceutical market around the world.

This was the fourth expansion of production capacity since this product was commercialized in 1967. The latest capacity building has increased the annual production capacity at the Nihongi Plant by 500 tons to 2,000 tons. We will use the capacity expansion as an opportunity to further expand sales.



Opening in Hokkaido of a testing field for agrochemicals for cold regions

To promote the development of agrochemicals for Hokkaido, where agrochemical demand is expected to expand, Nippon Soda opened a testing field in the Tokachi region (Sarabetsu Village, Kasai-gun, in the neighborhood of Obihiro), one of the most agriculturally important regions in Hokkaido, in May 2015.

Given Hokkaido's importance as an agrochemical market, Nippon Soda will broaden the product lineup for Hokkaido by launching ALPHARD, a herbicide for animal feed corn, in the second half of fiscal 2015, among other efforts. As the weather conditions and the style of farming in Hokkaido differ from those in Honshu and other regions further south, a field test is necessary. Therefore, it is very significant to have our own testing field.



Chemicals Division

In the Chemicals Division, sales of industrial chemicals and chemical products remained steady because of a recovery in the operations of manufacturing industries due to the improvement in domestic economic conditions. Moreover, as demand for electronic products and semiconductors was firm, sales of materials for the IT industry increased.

On the other hand, sales of some pharmaceutical materials declined due to factors related to the pharmaceutical industry, such as drug price revisions and intensified competition with generic drugs. In addition, income decreased due to a rise in raw materials prices. As a result, the Chemicals Division recorded net sales of ¥41,355 million (up 1.3% year on year) and operating income of ¥526 million (down 52.4%).

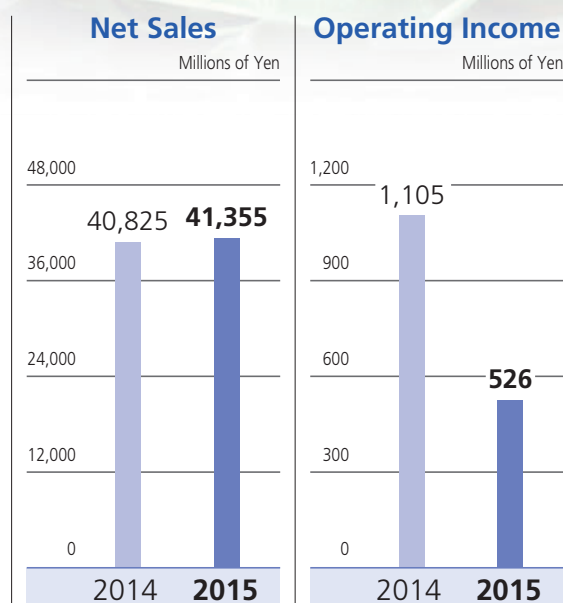
Despite a decline in sales of sodium cyanide, industrial chemicals sales increased as a result of robust sales of caustic soda and other products.

Chemical product sales remained flat as robust sales of sulfur derivatives were offset by a decline in sales of PCB detoxification treatment agent and other products.

Functional materials sales increased as robust sales of NISSO-PB resin additive and resins for a range of electronic materials outweighed a decline in sales of customized synthesized products.

Eco-care products sales decreased as a drop in sales of HIDION, a chelating agent for heavy metals, and other products offset robust exports of the NISSO Hi-Chlon water treatment agent.

Sales of pharmaceuticals and pharmaceutical intermediates decreased, with lower sales of the NISSO DAMN pharmaceutical material offsetting higher sales of HPC pharmaceutical additive. Industrial fungicide sales declined as sales of antiseptic agents for housing applications as well as anti-mold agents and insect repellents fell back following a demand increase before the consumption tax hike.



Agro Products Division

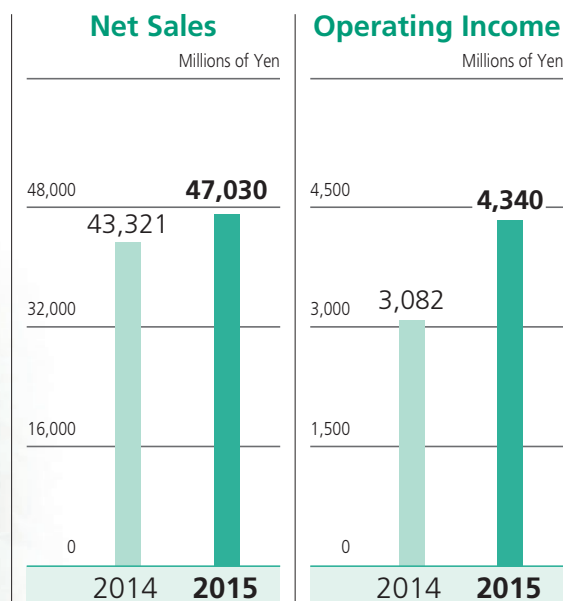
In the Agro Products Division, exports of fungicide, insecticide, acaricide and herbicide increased thanks to a recovery in export profitability caused by the yen's depreciation as well as the continued strong global demand for agrochemicals due to higher food demand stemming from population growth and economic development in emerging countries. (The overseas sales ratio was 58.3%.)

On the other hand, domestic sales decreased following a demand increase before the consumption tax hike.

As a result, the Agro Products Division posted net sales of ¥47,030 million (up 8.6% year on year) and operating income of ¥4,340 million (up 40.8%).

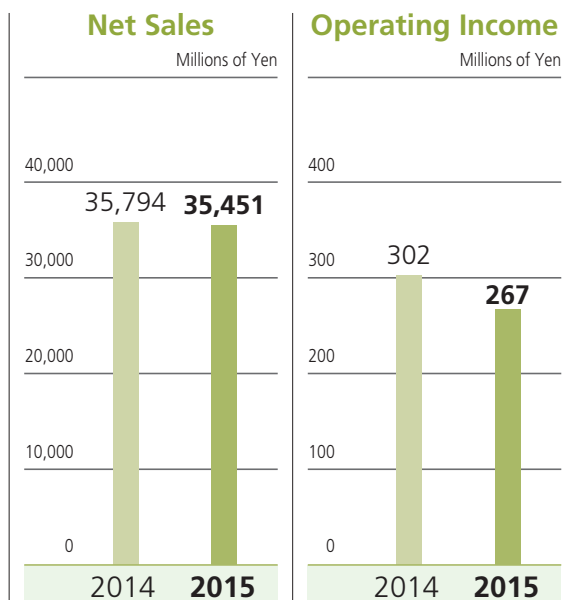
Fungicide sales grew due to higher exports of Topsin-M and Pancho. Sales of insecticide and acaricide increased as a result of higher exports of Mospilan.

Herbicide sales rose because of robust exports of Hoenest and ALPHARD, a new product.



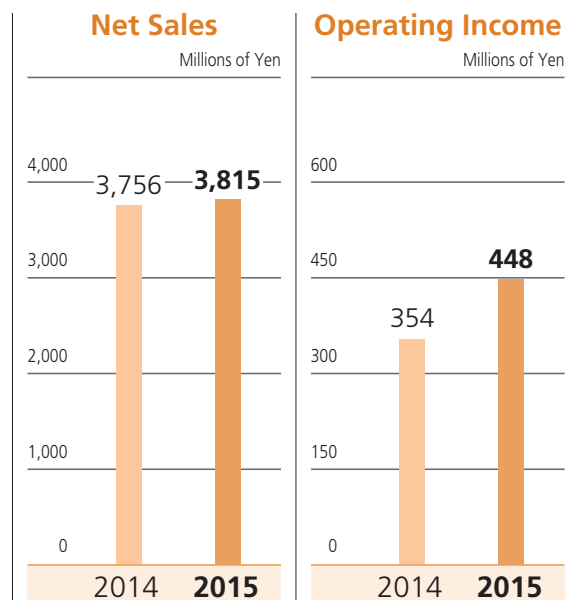
Trading Division

The Trading Division recorded net sales of ¥35,451 million nearly (unchanged from the previous year) as a decline in urethane materials sales offset strong sales of organic chemicals.



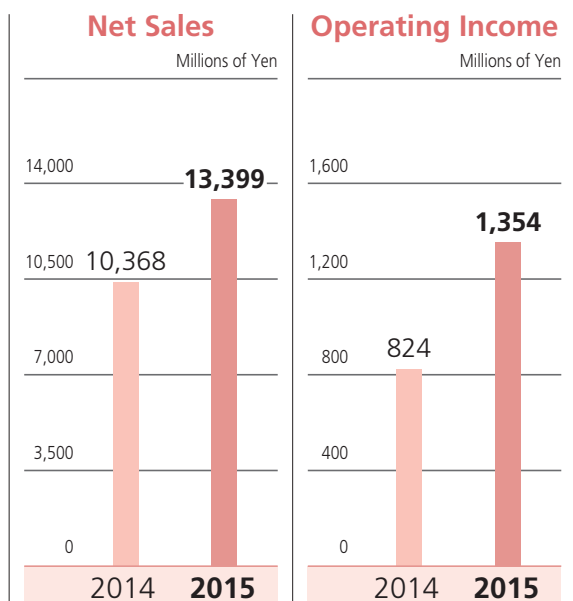
Transportation/Warehousing Division

The Transportation/Warehousing Division recorded net sales of ¥3,815 million (up 1.6% year on year) due to the strong performance of both the transportation and warehousing businesses.



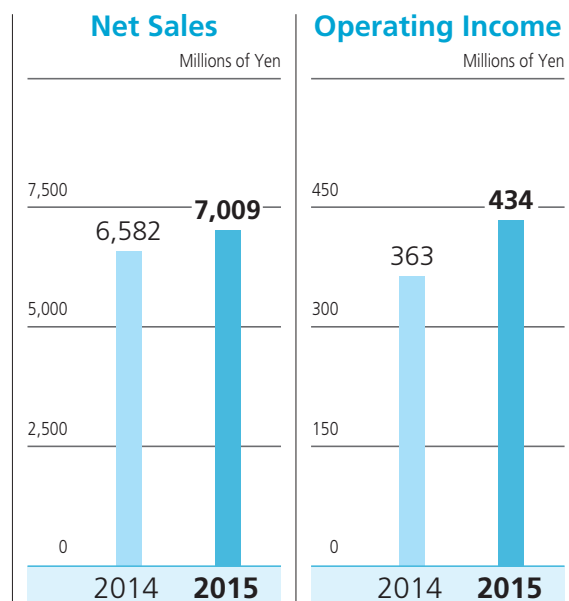
Construction Division

The Construction Division posted net sales of ¥13,399 million (up 29.2% year on year) as a result of robust demand for plant construction works.



Other Division

The Other Division recorded net sales of ¥7,009 million (up 6.5% year on year).



Chemicals Division

The functional chemicals business has a line of specialized products that few other manufacturers supply: liquid polybutadiene, which has a wide range of uses, semiconductor photoresist materials, o-tolidine diisocyanate, and others. In the dyes sector, we handle thermosensitive dyes and developers used as printing materials for POS receipts, barcode labels and ticket vending machines. Photocatalysts are noted for their antifouling and disinfectant capabilities, which we used to establish titanium oxide coating technology, develop stain-resistant self-cleaning glass, and other products, as we work on applications to a wide variety of products.

In the pharmaceuticals business, we utilize advanced organic synthetics technologies to develop and supply active pharmaceutical ingredients and intermediates for antibiotics and hypertension drugs. The NISSO HPC pharmaceutical additive is well regarded for its function as a binding agent in the preparation of pharmaceuticals, and is widely used for pharmaceuticals in Japan and abroad.

In eco business and consumer chemicals, we provide products to support a hygienic and secure social environment, such as chlorine for the sterilization of swimming pools that enjoys a high market share, septic tank effluent, and Take-One, a toilet-use urolith remover. And our Mitagen enzymatic and microbial solution helps to promote the treatment of wastewater.

In the Chlor-Alkali business, since the Company was founded we have continued to supply various basic chemicals, mainly caustic soda and chlorine. Our product variety has expanded with the development of industries in Japan. We now supply a very broad product line to Japan and abroad: caustic soda, chlorine, hydrochloric acid, caustic potash, potassium carbonate, sodium cyanide, phosphorus compounds, and others.

We will continue to utilize our unique technologies cultivated over many years, pouring effort into higher product quality, high added value, and stable supply, to meet society's expectations.

Agro Products Division

Since we expanded our business into the agrochemical field in the 1950s, Nippon Soda has provided various agrochemical products, pursuing effectiveness and safety.

Our Nabu farm treatment herbicide is registered in about 70 countries around the world, Topsin-M fungicide has a long sales history since it began selling in 1971, and Mospilan insecticide is very effective in removing various pests and difficult-to-control pests.

We will continue pouring effort into developing products that combine effectiveness and safety, and expand our distribution base network to boost our sales to global markets.

Trading Division

With our close ties to manufacturing companies, we handle a wide range of products: chemicals, agrochemicals, agricultural materials and equipment, functional products, synthetic resins, industrial machinery and devices, construction-related products, and so on. Based on our knowledge and experience in the chemical sector, we are expanding our business fields and are actively involved in development of related industries.

Transportation/ Warehousing Division

As an expert in storage and transport of dangerous materials, we provide total logistics services. We handle diverse needs: diverse small quantity shipping, bulk shipping of chemical products, safe and certain storage of chemical products such as dangerous and poisonous materials, and others.

Construction Division

We contribute to the optimization of production environments in industry by providing consultation on facilities, equipment, machinery, piping and civil works and construction for industrial and other uses, as well as comprehensive planning, design and construction management.

We utilize our comprehensive technical abilities cultivated through experience and technology development, providing excellent products and services.

Other Division

We conduct business utilizing organic synthetic technologies and a flexible production system, including the non-ferrous metals business and environmental development business. We provide products and services that utilize the strengths of each business, to contribute to a better society.

Specialty Chemicals

Organic Titanate (TPT, TBT, TST, etc.)
NISSO-PB (liquid-1, 2-polybutadiene)
O-tolidine diisocyanate
TITA BOND (adhesive agent for film lamination)
VP-Polymer (photo resist base resin)
PSD (color former for carbonless and thermal paper)
D-8, D-90 (developer for thermal paper)

Biocide

Bestcide (bactericides)
Biocut (fungicides/algaecides)
Millcut (fungicides for wood)

Pharmaceuticals/Intermediates

DAMN (diaminomaleonitril)
AOSA (acetoxazetidinone)
NISSO-HPC, CELNY (hydroxypropyl cellulose)
FAROPENEM-Sodium

Eco Business

NISSO HI-CHLON (calcium hypochlorite, AC70%, 65% min)
NISSO MELSAN (trichloroisocyanuric acid)
TAKE-ONE (uroliths remover)
HIDION (the chelating agent for heavy metal)
NUMERITORI (slime inhibitor for kitchen)
BISTRAITER (photo catalyst)
PCB detoxification treatment agent

Chlor-Alkali (Industrial Chemicals)

Caustic soda (liquid, solid, flake)
Caustic potash (liquid, flake)
Potassium carbonate
Hydrochloric acid
Chlorine (liquid)
Sodium metal
Sodium alcoholates (sodium methylate, sodium ethylate)
Sodium cyanide
Potassium cyanide
Aluminum chloride anhydrous
Phosphorus oxychloride, phosphorus trichloride
Sulfur derivatives

Agri-Business (Agrochemicals)

Fungicides

TOPSIN-M (thiophanate-methyl)
BEFRAN (iminocadine triacetate)
BELLKUTE (iminocadine tris (albesilate)
TRIFMINE (triflumizole)
PANCHO TF (cyflufenamid-triflumizole)
AGROCARE (bacillus subtilis)
MASTERPIECE (pseudomonas rhodesiae)
FANTASISTA (pyribencarb)
ETHOFIN (ethaboxam)
MONSIEUR BORDEAUX (basic copper sulfate)

Insecticides

MOSPILAN (acetamiprid)
ROMDAN (tebufenozide)
PHOENIX (flubendiamide)
VERIMARK (cyantraniliprole)

Acaricides

NISSORUN (hexythiazox)
KOTETSU (chlorfenapyr)

Herbicides-Plant Growth Regulator

NABU (sethoxydim)
HOENEST (tepaloxym)
CLETHODIM
EIGEN (pyributicarb)
CONCLUDE (flupoxam)
ALPHARD (topramezone)

Fimigants

Chemical products, functional products, synthetic resins,
industrial machines and devices, construction products

Transportation, warehousing

Plant construction, civil engineering

Non-ferrous metals, industrial waste treatment

Research and Development Activities

The Group's basic policy calls for the development of high-value-added products based on our own unique, distinctive technologies. We are working on the R&D of a number of organic chemical products that employ functional materials and fine organic synthesis technology, which are part of the Chemicals Division. We also undertake R&D in the Agro Products Division with the aim of developing new agricultural chemicals. To anticipate developments in our operating environment, we will further strengthen and expand our product lineup and vigorously promote new product development in fields that are peripheral to existing businesses, as well as in priority fields. At the same time, we aim to enhance the technological capability of Group companies as a whole through technological cooperation with affiliated companies, advance into new technological fields, and create new businesses by fusing new technologies with ones that we already own.

The overview of R&D by business segment for the fiscal year under review is as follows:

The aggregate amount of R&D expenses totaled ¥6,343 million (4.3% of consolidated net sales), and there were 324 R&D personnel (12.9% of all employees) in the entire Group.

● Chemicals Division

In the functional materials field, we are proceeding with R&D in fields such as new polymer materials created through fine polymerization technology, thin-film lubricant materials, basecoat materials, inclusion compound catalysts for curing epoxy resin, visible-light type photocatalysts, and others. We launched and started sales of visible-light type photocatalysts in the second half of fiscal 2015. In addition, we work actively to enter new fields, while striving to enhance the competitiveness of the Company's distinctive products, including cellulose derivatives, polybutadiene products, developer agents, polysilane products, and eco-care products.

In the field of precise organic synthetics, we develop material intermediates by utilizing our characteristic raw materials, such as phosgene and hydrocyanic acid. We also aim to create new products by employing new manufacturing technologies.

Our R&D expenses in the Chemicals Division totaled ¥1,616 million.

● Agro Products Division

Given the increasing concern over the safety and reliability of foods, we are conducting R&D in horticulture and farming agrochemicals with sufficient effects in even small volumes and low residuals.

In Japan, we started sales of ALPHARD, a herbicide for corn, and Monsieur Bordeaux, an inorganic copper fungicide, in fiscal 2014, and sales of Verimark, an irrigation insecticide, and Ethofin, a fungicide for oomycete, in fiscal 2015, aiming to develop new markets.

Furthermore, in the development of self-developed new fungicides, last year we began full-scale development of NF-180, a fungicide effective against widespread disease. In addition, in September 2015 we completed an application in Japan for the registration of NF-171, a fungicide with superior effectiveness against downy mildew and Pythium blight. We have also steadily advanced the development of NA-89, an acaricide with new effects, and aim to apply for registration in Japan at an early date. We have other promising compounds in our pipeline and are earnestly moving them toward the next phase.

In addition to chemistry agrochemicals, in 2010 we launched AgroCare, the Company's first biological agricultural chemicals. We launched and started sales of Masterpiece, which is effective against bacterial diseases, in February 2014. We will continue our efforts to enhance our line of biological agrochemicals that utilize the diverse abilities of microorganisms.

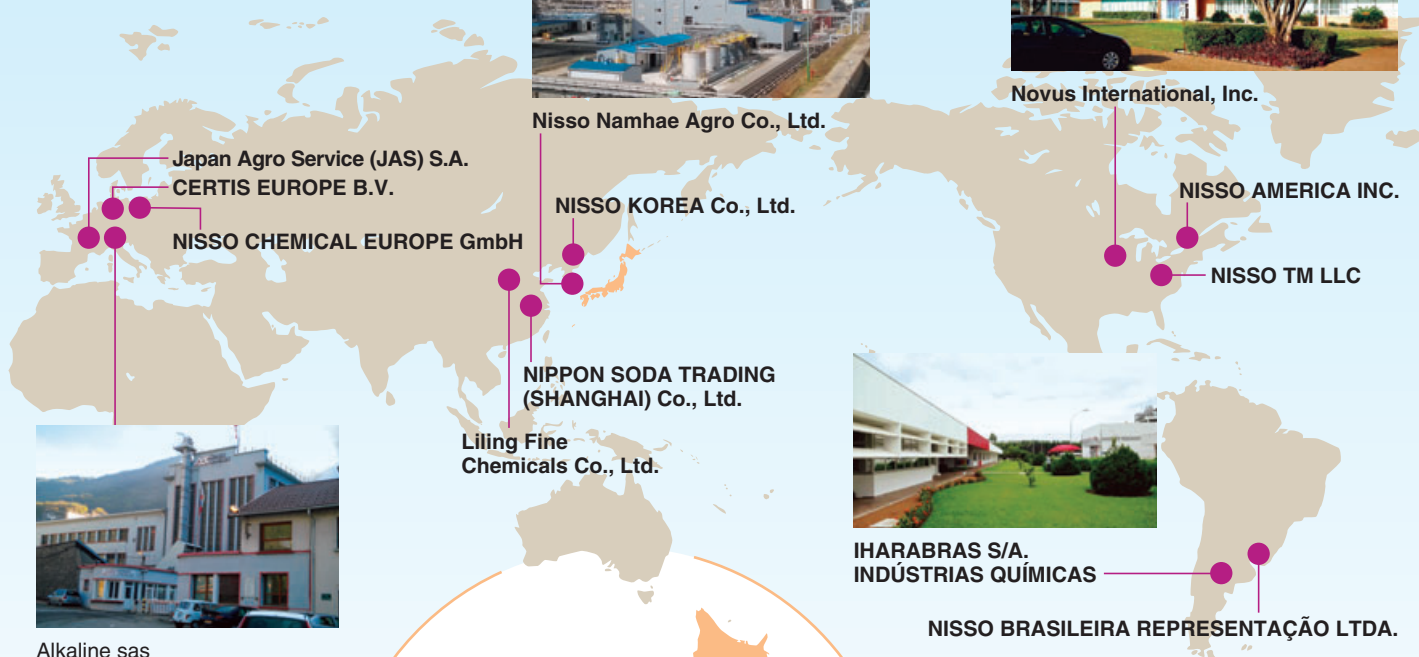
Our R&D expenses in the Agro Products Division amounted to ¥4,679 million.

● Other Divisions

In our non-ferrous metals business, we conduct research to improve the characteristics of new alloys. In the environmental development business, our research seeks to improve processes for resource recycling of various refractory industry waste products.

Our R&D expenses in the Other Division totaled ¥47 million.

Overseas Group Companies



Head Office

① Tokyo Head Office

2-2-1, Ohtemachi, Chiyoda-ku,
Tokyo 100-8165, Japan

Osaka Branch Office

3-4-10, Kouraihashi, Chuo-ku,
Osaka 541-0043, Japan

Office

Sapporo Office
Sendai Office
Kanto Office
Nagoya Office
Shinetsu Office
Takaoka Office
Matsuyama Office
Fukuoka Office
Bangkok Representative Office

Domestic Subsidiaries

Chemicals

Nisso Fine Co., Ltd.
Nisso Metallochemical Co., Ltd.
Shin Fuji Kaseiyaku Co., Ltd.
Joetsu Nisso Chemical Co., Ltd.
NISSO BASF Agro Co., Ltd.

Trading

Nisso Shoji Co., Ltd.
Nisso Green Co., Ltd.

Logistics

Sanwa Soko Co., Ltd.
Sanzo Unyu Co., Ltd.

Engineering

Nisso Engineering Co., Ltd.

Civil Engineering and Construction

Nisso Construction Co., Ltd.

R&D Consultants

Nisso Chemical Analysis Service Co., Ltd.

Plants



④ Nihongi Plant

950, Fujisawa, Nakago-ku, Joetsu,
Niigata 949-2392, Japan



⑤ Takaoka Plant

300, Mukainohonmachi, Takaoka,
Toyama 933-8507, Japan



⑥ Mizushima Plant

2767-12, Kojima shionasu, Kurashiki,
Okayama
711-0934, Japan



⑦ Chiba Plant

12-8, Goiminamikaigan, Ichihara,
Chiba 290-8530, Japan

Research Centers



② Odawara Research Center

345, Takada, Odawara,
Kanagawa 250-0280, Japan



③ Chiba Research Center

12-54, Goiminamikaigan, Ichihara,
Chiba 290-0045, Japan

Haibara Field Research Center

62-1, Sakabe, Makinohara,
Shizuoka 421-0212, Japan

Bandai Field Research Station

3967, Sarashina bikuniyama, Bandaimachi
yama-gun,
Fukushima 969-3302, Japan

Consolidated Balance Sheets (Unaudited)

Nippon Soda Co., Ltd. and its consolidated subsidiaries

As of March 31

Millions of Yen

Thousands of
U.S. Dollars

ASSETS	2014	2015	2015
Current assets			
Cash and deposits with banks	¥ 12,424	¥ 14,875	\$ 123,965
Notes and accounts receivable—trade	43,886	44,049	367,076
Inventories	27,464	28,400	236,674
Deferred tax assets	1,995	1,834	15,286
Other	3,119	3,105	25,883
Allowance for doubtful accounts	(30)	(36)	(304)
Total current assets	88,859	92,229	768,581
Fixed assets			
Tangible fixed assets			
Buildings and structures	16,985	17,177	143,145
Machinery, equipment and vehicles	17,175	17,946	149,550
Tools, furniture and fixtures	1,644	1,590	13,251
Land	15,413	15,370	128,089
Lease assets	405	353	2,946
Construction in progress	3,008	1,143	9,528
Total tangible fixed assets	54,631	53,581	446,512
Intangible fixed assets			
Trade right	1,407	1,173	9,782
Other	1,421	1,322	11,021
Total intangible fixed assets	2,828	2,496	20,803
Investments and other assets			
Investment securities	47,050	59,556	496,303
Net defined benefit asset	5,304	7,486	62,383
Deferred tax assets	3,163	3,065	25,543
Other	2,514	2,936	24,470
Allowance for doubtful accounts	(56)	(66)	(552)
Total investments and other assets	57,976	72,977	608,148
Total fixed assets	115,437	129,055	1,075,464
Total assets	¥ 204,297	¥ 221,285	\$ 1,844,046

The financial statements are a translation of the Japanese annual securities report's financial statements.

As of March 31

Millions of Yen

Thousands of
U.S. Dollars

LIABILITIES	2014	2015	2015
Current liabilities			
Notes and accounts payable—trade	¥ 22,757	¥ 21,355	\$ 117,963
Short-term borrowings	32,259	31,706	264,217
Lease obligations	408	231	1,930
Corporation and inhabitants taxes payable	1,914	1,433	11,943
Accrued bonuses	3,728	3,350	27,922
Other	7,650	7,765	64,712
Total current liabilities	68,718	65,842	548,688
Long-term liabilities			
Long-term borrowings	17,701	17,292	144,101
Lease obligations	326	113	949
Deferred tax liabilities	3,023	4,835	40,298
Net defined benefit liability	2,883	2,837	23,646
Other	3,419	3,182	26,519
Total long-term liabilities	27,353	28,261	235,514
Total liabilities	96,072	94,104	784,202
NET ASSETS			
Shareholders' equity			
Capital stock	29,166	29,166	243,055
Capital surplus	26,095	26,095	217,460
Retained earnings	44,174	52,790	439,924
Treasury stock	(644)	(659)	(5,494)
Total shareholders' equity	98,792	107,393	894,947
Accumulated other comprehensive income			
Valuation differences on available-for-sale securities	2,919	7,043	58,697
Deferred gains or losses on hedges	(112)	34	284
Translation adjustments	2,067	5,663	47,199
Pension liability adjustment	(1,441)	689	5,741
Total accumulated other comprehensive income	3,433	13,430	111,923
Minority interests	5,999	6,356	52,973
Total net assets	108,224	127,181	1,059,844
Total liabilities and net assets	¥ 204,297	¥ 221,285	\$ 1,844,046

The financial statements are a translation of the Japanese annual securities report's financial statements.

Consolidated Statements of Income (Unaudited)

Nippon Soda Co., Ltd. and its consolidated subsidiaries

For the years ended March 31

Millions of Yen

Thousands of
U.S. Dollars

	2014	2015	2015
Net sales	¥ 140,649	¥ 148,062	\$ 1,233,853
Cost of sales	105,323	111,776	931,472
Gross profit	35,325	36,285	302,380
Selling, general and administrative expenses	28,926	29,000	241,667
Operating income	6,399	7,285	60,712
Nonoperating income	4,699	9,067	75,560
Interest income	11	7	64
Dividends received	380	536	4,466
Income from investments accounted for by equity method	2,705	6,338	52,822
Other	1,602	2,184	18,206
Nonoperating expenses	1,358	1,428	11,903
Interest expenses	595	564	4,703
Salaries for seconded staff	218	167	1,394
Other	544	696	5,806
Ordinary income	9,740	14,924	124,370
Special income	0	51	431
Gain on sales of noncurrent assets	0	47	392
Other	—	4	39
Special loss	1,543	1,905	15,882
Impairment loss	1,318	1,520	12,674
Loss on disposal of fixed assets	206	345	2,878
Other	18	39	329
Income before income taxes and minority interests	8,196	13,070	108,918
Corporation, inhabitants and enterprise taxes	2,527	2,088	17,403
Deferred income taxes and other	(385)	(206)	(1,723)
Net income before minority interests	6,054	11,188	93,238
Minority interests in net income	221	243	2,025
Net income	¥ 5,833	¥ 10,945	\$ 91,213

The financial statements are a translation of the Japanese annual securities report's financial statements.

Consolidated Statements of Changes in Net Assets (Unaudited)

Nippon Soda Co., Ltd. and its consolidated subsidiaries

For the years ended March 31

Millions of Yen

Thousands of
U.S. Dollars

	2014	2015	2015
Shareholders' equity			
Capital stock			
Beginning balance	¥ 29,166	¥ 29,166	\$ 243,055
Restated balance	—	29,166	243,055
Changes of the current year	—	—	—
Total changes of items during the current year	—	—	—
Ending balance	29,166	29,166	243,055
Capital surplus			
Beginning balance	26,094	26,095	217,460
Restated balance	—	26,095	217,460
Changes of items during the current year	—	—	—
Total changes of items during the current year	0	—	—
Ending balance	26,095	26,095	217,460
Retained earnings			
Beginning balance	39,253	44,174	368,121
Cumulative effects of changes in accounting policies	—	(1,112)	(9,274)
Restated balance	—	43,061	358,846
Changes of items during the current year	—	—	—
Dividends from surplus	(912)	(1,216)	(10,135)
Net income	5,833	10,945	91,213
Total changes of items during the current year	4,920	9,729	81,078
Ending balance	44,174	52,790	439,924
Treasury stock			
Beginning balance	(595)	(644)	(5,370)
Restated balance	—	(644)	(5,370)
Changes of items during the current year	—	—	—
Acquisition of treasury stock	(49)	(14)	(123)
Disposal of treasury stock	0	—	—
Total changes of items during the current year	(49)	(14)	(123)
Ending balance	(644)	(659)	(5,494)
Total shareholders' equity			
Beginning balance	93,919	98,792	823,267
Cumulative effects of changes in accounting policies	—	(1,112)	(9,274)
Restated balance	—	97,679	813,992
Changes of items during the current year	—	—	—
Dividends from surplus	(912)	(1,216)	(10,135)
Net income	5,833	10,945	91,213
Acquisition of treasury stock	—	(14)	(123)
Disposal of treasury stock	0	—	—
Total changes of items during the current year	4,872	9,714	80,954
Ending balance	98,792	107,393	894,947
Accumulated other comprehensive income			
Valuation differences on available-for-sale securities			
Beginning balance	1,737	2,919	24,328
Restated balance	—	2,919	24,328
Changes of items during the current year	—	—	—
Net changes of items other than shareholders' equity	1,181	4,124	34,368
Total changes of items during the current year	1,181	4,124	34,368
Ending balance	2,919	7,043	58,697
Deferred gains or losses on hedges			
Beginning balance	(32)	(112)	(938)
Restated balance	—	(112)	(938)
Changes of items during the current year	—	—	—
Net changes of items other than shareholders' equity	(80)	146	1,223
Total changes of items during the current year	(80)	146	1,223
Ending balance	(112)	34	284
Translation adjustments			
Beginning balance	(926)	2,067	17,228
Restated balance	—	2,067	17,228
Changes of items during the current year	—	—	—
Net changes of items other than shareholders' equity	2,993	3,596	29,970
Total changes of items during the current year	2,993	3,596	29,970
Ending balance	2,067	5,663	47,199
Pension liability adjustment			
Beginning balance	(216)	(1,441)	(12,009)
Restated balance	—	(1,441)	(12,009)
Changes of items during the current year	—	—	—
Net changes of items other than shareholders' equity	(1,224)	2,130	17,750
Total changes of items during the current year	(1,224)	2,130	17,750
Ending balance	(1,441)	689	5,741
Total accumulated other comprehensive income			
Beginning balance	562	3,433	28,610
Restated balance	—	3,433	28,610
Changes of items during the current year	—	—	—
Net changes of items other than shareholders' equity	2,870	9,997	83,313
Total changes of items during the current year	2,870	9,997	83,313
Ending balance	3,433	13,430	111,923
Minority interests			
Beginning balance	5,763	5,999	49,995
Cumulative effects of changes in accounting policies	—	(43)	(362)
Restated balance	—	5,955	49,632
Changes of items during the current year	—	—	—
Net changes of items other than shareholders' equity	235	400	3,341
Total changes of items during the current year	235	400	3,341
Ending balance	5,999	6,356	52,973
Total net assets			
Beginning balance	100,246	108,224	901,872
Cumulative effects of changes in accounting policies	—	(1,156)	(9,637)
Restated balance	—	107,068	892,234
Changes of items during the current year	—	—	—
Dividends from surplus	(912)	(1,216)	(10,135)
Net income	5,833	10,945	91,213
Acquisition of treasury stock	(49)	(14)	(123)
Disposal of treasury stock	0	—	—
Net changes of items other than shareholders' equity	3,106	10,398	86,654
Total changes of items during the current year	7,978	20,113	167,609
Ending balance	¥ 108,224	¥ 127,181	\$ 1,059,844

The financial statements are a translation of the Japanese annual securities report's financial statements.

Consolidated Statements of Cash Flows (Unaudited)

Nippon Soda Co., Ltd. and its consolidated subsidiaries

For the years ended March 31

Millions of Yen

Thousands of
U.S. Dollars

	2014	2015	2015
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 8,196	¥ 13,070	\$ 108,918
Depreciation	6,480	6,436	53,636
Impairment loss	1,318	1,520	12,674
Amortization of trade right	234	234	1,956
Loss (gain) on investments accounted for by equity method	(2,705)	(6,338)	(52,822)
Increase (decrease) in accrued bonuses	845	(376)	(3,135)
Increase (decrease) in allowance for doubtful accounts	(73)	15	131
Decrease (Increase) in net defined benefit asset	(219)	(957)	(7,980)
Increase (Decrease) in net defined benefit liability	(339)	(112)	(940)
Interest and dividends income	(391)	(543)	(4,531)
Interest expenses	595	564	4,703
Loss on disposal of fixed assets	208	350	2,920
Loss on valuation of investment securities	14	—	—
Decrease (increase) in notes and accounts receivable—trade	(2,365)	(76)	(638)
Decrease (increase) in inventories	(2,572)	(963)	(8,027)
Increase (decrease) in account payables—purchases	(1,468)	(1,377)	(11,475)
Other	725	58	484
Subtotal	8,483	11,505	95,876
Interests and dividend received	4,527	1,957	16,310
Interest paid	(604)	(563)	(4,696)
Payments of income taxes, etc.	(1,145)	(3,310)	(27,583)
Net cash provided by operating activities	11,260	9,588	79,906
Cash flows from investing activities			
Purchases of tangible fixed assets	(8,154)	(5,851)	(48,766)
Proceeds from sales of tangible fixed assets	10	97	811
Purchases of intangible fixed assets	(341)	(372)	(3,107)
Purchases of investment securities	(3,461)	(321)	(2,679)
Proceeds from redemption of investment securities	—	2,000	16,666
Proceeds from sales of investment securities	15	8	70
Purchase of investments in subsidiaries	(29)	—	—
Payments for loans receivable	(107)	(91)	(764)
Proceeds from loans receivable	406	162	1,356
Other	(143)	(230)	(1,921)
Net cash used in investing activities	(11,805)	(4,600)	(38,334)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	108	(1,421)	(11,849)
Proceeds from long-term borrowings	7,104	8,000	66,666
Repayment of long-term borrowings	(7,633)	(7,565)	(63,046)
Dividends paid	(909)	(1,212)	(10,102)
Dividends paid to minority interests	(68)	(127)	(1,063)
Repayment of lease obligations	(441)	(433)	(3,616)
Other	(48)	(14)	(123)
Net cash used in financing activities	(1,888)	(2,776)	(23,134)
Translation differences on cash and cash equivalents	489	238	1,990
Increase (decrease) in cash and cash equivalents	(1,944)	2,451	20,428
Cash and cash equivalents at beginning of period	14,346	12,402	103,352
Cash and cash equivalents at end of period	¥ 12,402	¥ 14,853	\$ 123,781

The financial statements are a translation of the Japanese annual securities report's financial statements.

Shareholder Information

(as of March 31, 2015)

Common Stock

Authorized: 480,000,000 shares

Issued: 154,317,630 shares

Number of Shareholders: 16,000

Settlement Period

March 31 every year

Stock Listing

Tokyo Stock Exchange, First Section

Transfer Agent of Common Stock

The Mizuho Trust & Banking Co., Ltd.

2-1, Yaesu 1-chome, Chuo-ku, Tokyo 103-8670, Japan

Principal Shareholders

	Number of Shares Owned (Thousands)	Percentage of Total Shares Issued (%)*
The Master Trust Bank of Japan, Ltd. (Trust account)	13,376	8.80
Japan Trustee Services Bank, Ltd. (Trust account)	12,065	7.94
MITSUI & CO., LTD.	5,075	3.34
Shareholding Members of Nippon Soda Clients	4,165	2.74
The Norinchukin Bank	4,120	2.71
Mizuho Bank, Ltd.	4,082	2.69
JPMorgan Chase Bank, N.A.	3,190	2.10
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	2,563	1.69
Resona Bank, Limited	2,400	1.58
Sompo Japan Nipponkoa Insurance Inc.	2,307	1.52

* The Company's 2,312,454 shares of treasury stock were excluded from the calculation of percentage of total shares issued.

Ownership among Shareholders

	(%)
Individuals and others	11.70
Financial institutions	45.15
Other domestic corporations	14.74
Foreign shareholders	25.28
Securities firms	3.13

Corporate Data

(as of March 31, 2015)

Name	Nippon Soda Co., Ltd.
Head Office	2-2-1, Ohtemachi, Chiyoda-ku, Tokyo 100-8165, Japan
Phone	+81-3-3245-6054
Fax	+81-3-3245-6238
Website	http://www.nippon-soda.co.jp/e
Established	February 1, 1920
Capital	¥29,166 million
Number of Employees	1,194 (Consolidated: 2,507)

Executives

(as of June 26, 2015)

Representative Director, Chairman

Yutaka Kinebuchi

Representative Director, President

Akira Ishii

Director, Senior Executive Managing Officer

Makoto Masuda

Director, Executive Managing Officers

Hiroyuki Uryu

Hiroyuki Adachi

Haruo Higuchi

Directors

Naoyuki Hori

Yasuko Takayama

Audit & Supervisory Board Members

Ryuichiro Yagi

Mitsuru Kobayashi

Isomi Suzuki

Masahiro Murakami

Executive Managing Officers

Noriyuki Haketa

Tsutomu Sakuma

Executive Officers

Shinsuke Sano

Satoshi Tsukamura

Eisaku Okamoto

Akio Morii

Takashi Kishimoto

Akira Kaneko

Masahito Ikeda

Toshimichi Okubo

Izumi Takano

Tateshi Tsujikawa

Nobuyuki Shimoide

Note: Naoyuki Hori and Yasuko Takayama are outside directors, while Mitsuru Kobayashi, Isomi Suzuki and Masahiro Murakami are outside Audit & Supervisory Board Members.

Long-Term Vision: Chemigress to 100



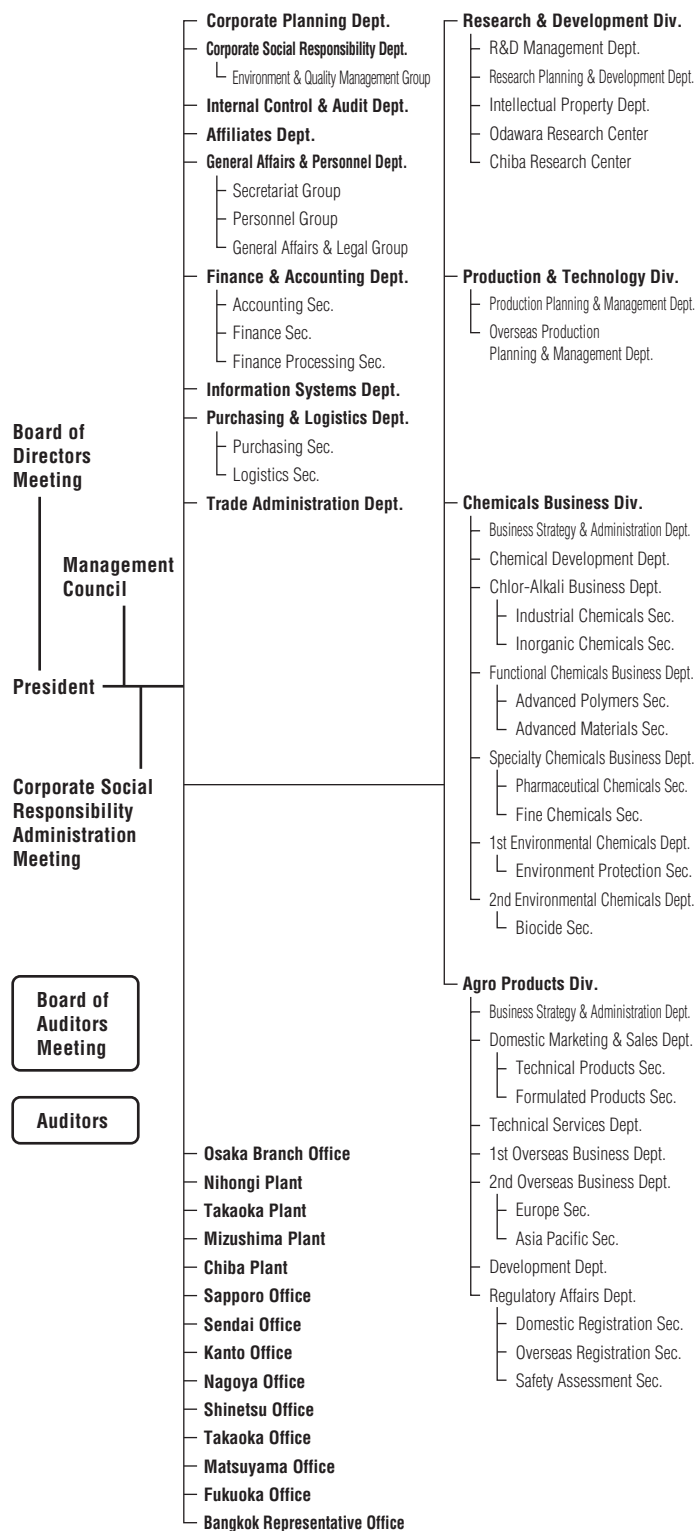
Thanks to the support of everyone, Nippon Soda is approaching its 100th anniversary in 2020.

Based on the concept of "Chemigress" (contributing to the sound development of society with the strength

of chemistry), we aim to utilize the Group's strengths, and face the challenge of reaching new targets, allowing us to attain even greater heights in the years ahead.

Organization

(as of July 1, 2015)



Group Companies

(as of April 1, 2015)

Domestic Subsidiaries

CHEMICALS- AGROCHEMICALS

Shin Fuji Kaseiyaku Co., Ltd.
313, Koyagimachi, Takasaki,
Gunma 370-0071, Japan
Phone: (027) 361-6100

NISSO BASF Agro Co., Ltd.
1-13-4, Nihonbashi Muromachi,
Chuo-ku, Tokyo 103-0022, Japan
Phone: (03) 3275-0261

CHEMICALS-SPECIALTY CHEMICALS

Nisso Fine Co., Ltd.
(Equipped with GMP-certified
facilities)
3-3-6, Nihonbashi Honcho,
Chuo-ku, Tokyo 103-8422, Japan
Phone: (03) 6202-0161

Joetsu Nisso Chemical Co., Ltd.
950, Fujisawa, Nakago-ku, Joetsu,
Niigata 949-2302, Japan
Phone: (0255) 81-2390

TRADING

Nisso Shoji Co., Ltd.
3-3-6, Nihonbashi Honcho,
Chuo-ku, Tokyo 103-8422, Japan
Phone: (03) 3270-0701
<http://www.nissoshoji.com/>

Nisso Green Co., Ltd.
3-1-2, Ueno, Taito-ku,
Tokyo 110-0005, Japan
Phone: (03) 5816-4351

LOGISTICS

Sanwa Soko Co., Ltd.
(Listed on the Tokyo Stock
Exchange, Second Section)
2-4-1, Shibakoen, Minato-ku,
Tokyo 105-0011, Japan
Phone: (03) 3578-3001
<http://www.sanwasoko.co.jp/>

Sanso Unyu Co., Ltd.
1-4-1, Tamamaenishi, Ichihara,
Chiba 290-0044, Japan
Phone: (0436) 22-8947

ENGINEERING

Nisso Engineering Co., Ltd.
1-6-1, Kanda Jinbo-cho,
Chiyoda-ku, Tokyo 101-0051, Japan
Phone: (03) 3296-9315

CIVIL ENGINEERING AND CONSTRUCTION

Nisso Construction Co., Ltd.
1169, Fujisawa, Nakago-ku,
Joetsu, Niigata 949-2302, Japan
Phone: (0255) 74-2561

CHEMICALS - NON-FERROUS METALS AND INDUSTRIAL WASTE TREATMENT

Nisso Metallochemical Co., Ltd.
3-1-2, Ueno, Taito-ku,
Tokyo 110-0005, Japan
Phone: (03) 5688-6381

R&D CONSULTANTS

**Nisso Chemical Analysis
Service Co., Ltd.**
(Equipped with GLP-certified
facilities)
345, Takada, Odawara,
Kanagawa 250-0216, Japan
Phone: (0465) 42-3115

Overseas Group Companies

NISSO AMERICA INC.

Wall Street Plaza,
88 Pine Street, 14th Floor,
New York, NY 10005, USA
Phone: (212) 490-0350
Business lines: Product importing
and exporting, and collection of
technical and market information
<http://www.nissoamerica.com/>

NISSO CHEMICAL EUROPE GmbH

Berliner Allee 42, 40212
Dusseldorf, Germany
Phone: (211) 1306686-0
Business lines: Importing and
exporting, and technical and
marketing information center
for European and African countries
<http://nisso-chem.de/>

NISSO TM LLC

45 Broadway, Suite 2120,
New York, NY 10006, USA
Business lines: U.S. sales and
distribution of Topsin-M

NISSO BRASILEIRA REPRESENTAÇÃO LTDA.

Av. Paulista, 854-13° andar-cj. 135
Bela Vista Sao Paulo-SP-
CEP01310-913, Brazil
Phone: (11) 3145-1840
Business lines: Sales promotion
planning and management for
insecticides, fungicides,
herbicides and other
agrochemicals

NIPPON SODA TRADING (SHANGHAI) Co., Ltd.

RM. 2318, Ruijing Building 205,
Maoming South Road,
Shanghai P.R. 200020, China
Phone: 21-64731277
Business lines: Importing and
exporting, business in China, and
consulting

Novus International, Inc.

20 Research Park Drive,
St. Charles, MO 63304, USA
Business lines: Manufacture and
sales of feed additives
<http://www.novusint.com/>

IHARABRAS S/A. INDÚSTRIAS QUÍMICAS

Av. Liberdade, 1701-Bairro
Cajuru do Sul, CEP18087-170-
Sorocaba-SP, Brazil
Business lines: Import/export and
wholesale of agrochemicals;
marketing of agrochemicals
including own and third party
products
<http://www.ihara.com/br/>

Certis Europe B.V.

Bd. de la Woluwe 60 Woluwedal
B-1200 Brussels, Belgium
<http://www.certiseurope.com/>

Japan Agro Service (JAS) S.A.

Bd. de la Woluwe 60 Woluwedal
B-1200 Brussels, Belgium
Business lines: Survey and
collection of information related
to agrochemicals in the EU, field
trials, and product registration

NISSO KOREA Co., Ltd.

A-1401, Champs Elysees Center
B/D 889-5, Daechi-dong,
Kangnam-gu, Seoul 135-712,
Republic of Korea
Phone: (02) 2051-7718, 7719
Business lines: Sales promotion
planning and management for
insecticides, fungicides,
herbicides and other
agrochemicals

Nisso Namhae Agro Co., Ltd.

323-1, Nakpo-dong, Yeosu city,
Jeollanam-do, Republic of Korea
Business lines: Manufacture of
agrochemical progenitors and
intermediates

Alkaline SAS

Pomblière 73600 Saint-Marcel,
France
Phone: 4-79-24-70-70
Business lines: Manufacture and
sales of metallic sodium, chlorine
and other chemicals
<http://www.metauxspeciaux.fr/>

Liling Fine Chemicals Co., Ltd.

Xing Gang Rd., Riverside Industry
Park, Changshu Economic
Development Zone, Jiangsu, China
Business lines: Manufacture of
agrochemical intermediates and
fine chemical intermediates

NIPPON SODA CO., LTD.

2-2-1, Ohtemachi, Chiyoda-ku
Tokyo 100-8165, Japan
<http://www.nippon-soda.co.jp/e/>