



ANNUAL REPORT 2010

For the fiscal year ended March 31, 2010



NIPPON SODA CO.,LTD.

Profile

Chemicals Division

Agro Products Division

Nippon Soda's corporate mission is to contribute to the

development of society through the supply of superior chemical products. With sound and

transparent management systems, the Company policy is

to meet the expectations of stakeholders such as shareholders, customers and employees, while maintaining a deep concern for the environment in all the Company's business activities.

Through the development of its unique technologies and sophisticated products, the Company can claim its rightful place in the front ranks of the chemicals industry.

For the future, the Company will continue to emphasize new product development in the fields of agrochemical products,

pharmaceuticals and environmental chemicals. At the same

time, Nippon Soda aims to strengthen its competitive edge in its existing areas of business and improve the profitability

of the Nippon Soda Group through activities such as

service networking, physical distribution and

engineering centered on our

expertise in chemicals.

Other Business

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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

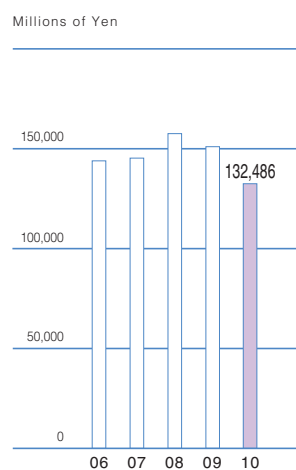
	Millions of Yen		Thousands of U.S. Dollars
	2009	2010	2010
Net Sales	¥ 151,021	¥ 132,486	\$ 1,424,583
Operating Income	5,782	5,322	57,233
Net Income	6,751	8,571	92,168
Net Assets	75,341	84,173	905,089
Total Assets	168,180	172,795	1,858,014

Per Share Data

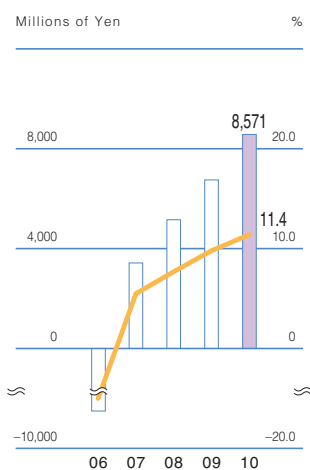
	Yen	U.S. Dollars
Net Income	¥ 44.38	\$ 0.60
Shareholders' Equity	464.88	5.61

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥93=U.S. \$1.00.

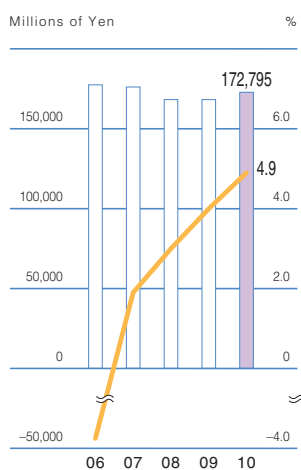
Net Sales



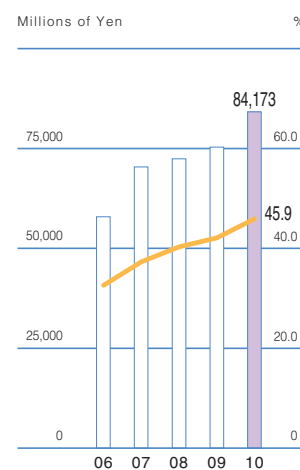
Net Income & ROE



Total Assets & ROA



Net Assets & Equity Ratio



Interview with the President



What is your analysis and evaluation of the business environment and results for the term under review (fiscal 2010)?

In fiscal 2010, ended March 31, 2010, while economic slowdown in developed countries in Europe and America continued, the Japanese economy showed some signs of recovery, led by new emerging countries, mainly Asian countries such as China and India. However, the rapid appreciation of the yen at an inopportune time slowed down economic recovery. This was also the year in which we faced a difficult economic environment, marked by a new social phenomenon of deflation caused by a continuous trend of sluggish consumption.

In particular, the chemical industry will require more time to see the full-fledged recovery of business performance as crude oil prices, which started to rise again, have put pressure on the profitability of the industry.

Despite our utmost efforts, the Company's financial results turned out to be severe and our consolidated net sales declined significantly to ¥132.5 billion (down 12.3% year on year). This was attributable to a decrease in industrial chemicals caused by sluggish domestic demand, stagnant sales of export products, including agricultural chemicals caused by the yen appreciation thereafter, and decreased sales of mainstay

products, such as the insecticide "Mospilan," due to a decline in domestic demand for agricultural chemicals caused by unseasonable weather, etc.

As for consolidated profits, although operating income was ¥5.3 billion (down 8.0% year on year), ordinary income amounted to ¥12.9 billion (up 7.6% year on year) and net income ¥8.6 billion (up 27.0% year on year), both of which reached a historical high. This was attributable largely to company-wide cost cutting and the solid performance of overseas equity-method affiliates, including Novus International, Inc. in the USA and IHARABRAS S/A. INDUSTRIAS QUIMICAS in Brazil, which has continued from the previous year.

Incidentally, the Company marked its 90th anniversary in February this year. I would like to express my appreciation for the continued support of shareholders.

In light of such business performance, from the comprehensive viewpoint of maintaining stable dividends, enhancing shareholders' equity and improving financial positions, we decided to propose a dividend of ¥8 per share, including a ¥2 per share commemorative dividend to mark the 90th anniversary.



Please tell us about progress in the current medium-term business plan (April 2007 to March 2010) and upcoming challenges.

• Basic philosophy

The current medium-term business plan, succeeding the structural reform undertaken in the previous medium-term business plan and including aggressive investments, positioned the current period as one for building corporate structures to reach the sales and profit targets for fiscal 2012, five years after the beginning of the plan (net sales of ¥170 billion, operating income of ¥13 billion, and net income of ¥7 billion). In addition, as a roadmap for its realization, we formulated an “Action Plan” and put various measures into practice.

• Major measures implemented

While making persistent efforts such as thorough cost reductions and revising selling prices, we constructed new research facilities: the Converting Technology Center (Chiba Research Center) and a pilot plant (Takaoka Plant). The former was designed for the development of nano-level thin film surface treatment agents “SAM” (self-assembled monolayers) and electronic materials such as hard coat, while the latter was designed for the development in new organic synthesis of such materials as pharmaceutical intermediates. It is

expected that these facilities will accelerate the development of new products.

We also constructed equipment for the in-house production of the fungicide “Befran” and “Bellkute” with the aim of ensuring competitiveness. In addition, safety measures for the facilities for agrochemical intermediates are being implemented to prepare for future stable operation.



President
Yutaka Kinebuchi

Moreover, we strove to proactively increase the product lineup, especially for agricultural chemicals. To cite one example, we developed and launched new products in succession, including a new herbicide for lawns named “Conclude,” which will play a central role in afforestation projects, and an eco-friendly biological agricultural chemical named “AgroCare.” Another example is the business transfer of the insecticide “Romdan” from Dow AgroSciences LLC in the USA.

Meanwhile, we withdrew from the sale of the feed additive “DL-Methionine” at the end of fiscal 2010 because, from the perspective of international competitiveness, we judged that it would become increasingly difficult to continue its business in the medium to long term.



• Future challenges (based on the sales and profit situations)

I am afraid that the present sales and profit situation is that a review of the targets for fiscal 2012 is inevitable because of the worldwide recession, which worsened in the second half of the fiscal year ended March 2009, yen appreciation, and soaring raw material and fuel prices, as well as delays in commercialization and development in the field of functional chemicals (pharmaceuticals and electronic materials), which we expected to become a new driving force for growth.

In addition, as for establishing a business foundation to enhance competitiveness through such methods as expanding the production system for major products, some measures are still in the planning phase.

We plan to incorporate these unresolved challenges into a new medium-term business plan and promptly resolve them in implementing the plan. We believe that we can create a bright future by consistently resolving challenges.



Please tell us about the outlook for business performance for the next fiscal year and priority issues.

Amid the dramatic changes in the global business environment, it is very difficult to forecast the consolidated financial results for fiscal 2011, but we plan to achieve net sales of ¥129.0 billion, operating income of ¥3.3 billion, ordinary income of ¥8.4 billion and net income of ¥6.5 billion. I am afraid that this forecast means declines in sales and profits, but, in order to get closer to the results of the preceding fiscal year, we are determined to make our utmost efforts, mainly through sales activities.

In particular, as the next fiscal year is the first year of a new medium-term business plan (April 2010 to March 2013, described later), we will steadily implement various measures toward the achievement of medium-term targets.

Major measures included therein are the expansion of agricultural chemicals, including the fungicide “Topsin-M” and insecticide “Mospilan,” and distinctive functional products, as well as the smooth succession of the business of the insecticide “Romdan,” which was transferred from Dow

AgroSciences LLC at the end of fiscal 2010, and the sales expansion thereof.

In addition, from the perspective of enhancing business competitiveness, we plan to proactively invest in the expansion of manufacturing equipment for agricultural chemicals, etc. both at home and abroad.

At the same time, in addition to the agricultural chemicals (fungicides) that are now jointly developed or developed on our own, we will accelerate the development of new products, including electronic materials and pharmaceutical intermediates, mainly at the two aforementioned new research facilities.





Please tell us about the outline of the new medium-term business plan (April 2010 to March 2013), and also about long-term visions and goals, as the Company will mark its 100th anniversary in 10 years' time.

• Basic policies

As described above, the plan starts amid the difficult business environment. In order to make a giant leap for the Company's 100th anniversary in 10 years' time, firstly we will try to draw a growth curve by placing this period as a step to achieve "Long-term Visions *Chemigress To 100*" (Stage I). The word "Chemigress" was coined by combining the two words of "chemical" and "progress," representing the Company's ambition of "contributing to the sound development of society with the strength of chemistry."

To this end, as basic policies of the medium-term business plan we will

(1) develop a driving force for growth (developing the businesses of agricultural chemicals and distinctive products and the peripheral businesses thereof; promoting the development of new businesses);

(2) enhance international competitiveness (business competitiveness);
(3) build a business foundation (responding to globalization, improving operational efficiency, developing human resources, etc.); and
(4) combine and strengthen the resources of group companies (enhancing the comprehensive strength of the Group).

Although each of the above measures is important for the development of the Company, we will focus management resources particularly on expanding the peripheral businesses of the Company's distinctive business (developers, cellulose derivatives, polybutadiene (NISSO-PB), organic metals, etc.) with the aim of developing a driving force for growth.

In expanding production systems, we will begin serious consideration of overseas production, mainly for agricultural chemicals, from the perspective of enhancing international competitiveness. In addition, we will certainly work on reconstructing the businesses of some subsidiary companies.

• Medium-term sales and profit targets

As we embark on a pre-harvest period in terms of business performance in fiscal 2011 amid the difficult business environment, and in view of an operating income target of ¥20 billion in the 100th anniversary



(fiscal 2020), we have decided that the operating income target for fiscal 2013 is over ¥7 billion.

- **Long-term visions toward the 100th anniversary**
(fiscal 2020) *Chemigress To 100*

- (1) We contribute to society in a broad range of aspects by providing useful, new products and businesses in a sustainable and safe manner, mainly in the business fields that are indispensable to the sound development of society, including agriculture, medical care, the environment and information.
- (2) We enhance the presence and necessity of the Group in the international community as an environmentally-friendly, CSR-conscious chemical company.
- (3) We increase the corporate value of the entire Group in a comprehensive manner by forming a corporate group that is full of the spirit of challenge and that can survive global competition.

For these visions, we will proactively promote corporate activities to achieve an operating income target of ¥20 billion in fiscal 2020.

In particular, we set a sales target of ¥40 billion for new businesses (operating income target: ¥10 billion) and, in order to achieve this target, for the next ten years we will make new business investments of approximately ¥100 billion, including R&D expenses.



Finally, please give a message to shareholders and investors.

The Company has just embarked on a new beginning toward the 100th anniversary, which is in 10 years' time. On this occasion, the Company will promote corporate activities with more emphasis on the environment, thereby enhancing the degree of social contribution. To this end, we will endeavor to reinforce "Responsible Care Activities," while continuously striving to enrich the contents of the "Environmental Report," which is issued every year.

In addition, we will promote the reinforcement of compliance systems across the Group in accordance with the Nippon Soda Group Code of Conduct, while aggressively promoting efforts to establish internal controls, including preparing more reliable financial reports, with the Internal Control Department at the center.

Amid dramatic changes in business conditions, the business environment surrounding the Company and its group is becoming increasingly difficult. However, we will stand firm against these difficulties and proceed with the achievement of the business target of the Company's 100th anniversary, without losing the spirit of taking up the challenge of new business development.

We would appreciate further continuous support from shareholders.

Business Outline

Chemicals Division

Founded in 1920 as a producer of basic chemicals such as caustic soda and chlorine, Nippon Soda has kept pace with Japanese industrial growth through constant expansion of our business domains. Today our customers worldwide employ a wide variety of our industrial products, including caustic soda, chlorine, hydrochloric acid, caustic potash, sodium cyanide, potassium carbonate, phosphorus compounds and sodium metal.

In dye stuff chemicals, we manufacture fluorescent whitening dyes for paper and cloth, and thermal-sensitive and pressure-sensitive chemicals and color formers, which are increasingly used for facsimile paper and bar code labels.

In specialty chemicals, the Company has developed highly functional polymers used for industrial paints and glue and has exploited this technology to manufacture a semiconductor photo-resist material.

Further, the Company is in the forefront of developing new products and technologies that safeguard the environment and promote comfortable living. In the water treatment field, the Company has achieved a high market share in sterilizers and disinfectants of water discharged from septic tanks and pools. In addition to marketing our heavy metal chelating agent designed for fly ash treatment at waste incineration plants and our urolith removers for toilets, the Company launched a new slime remover for drains in the bathroom.

The Company's unique organic synthetic technology precisely satisfies pharmaceutical industry demand with the development and marketing of essential bases, intermediates and additives. The Company was the first to establish mass production technology for AOSA (acetoxy azetidinone), an intermediate for penem and carbapenem antibiotics. We also originated joint development with Suntory Ltd. and Yamanouchi Pharmaceutical Co., Ltd. (now Astellas Pharma Inc.) for the world's first oral penem antibiotic, Faropenem-Sodium, and supply the base for this biotic. The Company is Japan's only company to produce HPC (hydroxypropyl cellulose), an additive used in the manufacture of pharmaceuticals.

Agro Products Division

Since entering the agrochemical field in the 1950s, the Company has distributed a variety of safe and effective agricultural chemicals. NABU, a crop herbicide, is registered now in about 70 countries. TOPSIN-M, a fruit and vegetable fungicide, has been a steady seller since its launch in 1971. In the insecticide and acaricide fields, the Company has concentrated on the latter. In 1995, we introduced MOSPILAN, an insecticide that is highly effective even against resistant strains of destructive pests. The Company is targeting the global market with new strategic drugs to be distributed through a sales network expanded by business ties and mergers with overseas companies.

Transportation, Warehousing, Construction, Non-Ferrous Metals and others

In addition to the Chemicals business, Nippon Soda and its Group are active in the fields of transportation, warehousing, construction, non-ferrous metals and more.

Chemicals Division

Specialty Chemicals

Organic Titanate (TPT, TBT, TST, etc.)
 Magunesium Ethylate
 NISSO-PB (liquid-1, 2-polybutadiene)
 TODI (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)
 LACTET (rumen bypass methionine)
 NISSOCURE TIC-188 (epoxy catalyst)
 ITO Coated Glass (transparent conductive ITO glass)
 POLYSILANE (permechyl polysilane)

Pharmaceuticals/Intermediates

DAMN (diaminomaleonitril)
 5-MPC (5-methyl pyrazine-2-canboxylic acid)
 Imidazoles, Pyrazines
 AOSA (a key intermediate for newer generation antibiotics)
 NISSO-HPC, CELNI (hydroxypropyl cellulose)
 Faropenem-Sodium
 Map
 Crown Ethers

Eco-Business

Water Treatment Chemicals

NISSO HI-CHLON (calcium hypochlorite, AC70%, 65% min)
 TAKE-ONE (urolith remover)
 HIDION (the chelating agent for heavy metal)

Advanced Materials

BISTRAITER (photo catalyst)

Treatment System by Dechlorination for PCBs

Chlor-Alkali (Industrial Chemicals)

Caustic Soda (liquid, solid, flake)
 Caustic Potash (liquid, flake)
 Potassium Carbonate
 Hydrochloric Acid
 Chlorine (liquid)
 Sodium Hypochlorite
 Sodium Metal
 Sodium Alcoholates (sodium methylate, sodium ethylate)
 Sodium Cyanide
 Potassium Cyanide, Cuprous Cyanide
 Calcium Chloride (96%, 80%)
 Sulphur Monochloride
 Aluminum Chloride Anhydrous
 Phosphorus Oxychloride, Phosphorus Trichloride
 Sodium Sulfite
 Sulfur Trioxide
 Sulfuric Acid

Agro Products Division

Agri-Business (Agrochemicals)

Fungicides

TOPSIN-M WP/ULV/DUST/PASTE/WDG (thiophanate-methyl)
 HOMAI WP/COAT (thiophanate-methyl-thiram)
 LABILITE WP (thiophanate-methyl-maneb)
 GETTER WP (thiophanate-methyl-diethofencarb)
 ATACKIN WP (thiophanate-methyl-streptomycin)
 NISSO DELAN-T WP (thiophanate-methyl-dithianon)
 BEFRAN LQ (iminocadine triacetate)
 BEFTOPSIN FL (thiophanate-methyl-iminocadine triacetate)
 BEFQUINON WP (iminocadine triacetate-oxine-copper)
 BEFUDOU WP (iminocadine triacetate-copper oxychloride)
 BELLKUTE WP/FL (iminocadine tris (albesilate))
 TRIFMINE WP/EC (triflumizole)
 PANCHO TF WDG (cyflufenamid-triflumizole)
 RUMILITE WP (triflumizole-thiophanate-methyl)
 FRUPICA FL (mepanipyrim)
 NISSO TRIAZINE WP (anilazine)
 NISSO STROBY DF/FL (kresoxim-methyl)
 NISSO FROWNCIDE WP/SC (fluazinam)
 BROADONE WDG (mepanipyrim-thiophanate-methyl)
 DYEPOWER WP (captan-iminocadine tris)
 NISSO MONCUTBEFRAN FL (flutolanil-iminocadine triacetate)
 EKNINE WDG (cymoxanil-benthiavalicarb-isopropyl)
 BETOFIGHTER WDG (cymoxanil-benthiavalicarb-isopropyl)
 NISSO CANTUS DF (boscalid)
 HARMOMATE (sodiumbicarbonate)
 PREVICUR-N (propamocarb-HCL)
 AGROCARE (bacillus subtilis)

Insecticide Fungicide

NISSO SUMITOP-M DUST (fenitrothion-thiophanate-methyl)

Insecticides

MOSPILAN SP/GE/EC/FL (acetamiprid)
 NISSO KOTETSU FL (chlorfenapyr)

NISSO SCOUT EC/FL (tralomethrin)
 NISSO PHOENIX WDG (flubendiamide)
 KARHOS EC/MGF/DUST (isoxathion)
 NISSO LARVIN WP/BAIT (thiodicarb)
 ROMDAN SC (tebufenozide)

Acaricides

NISSORUN WP/EC (hexythiazox)
 NISSOSTAR (hexythiazox-dicofol)
 NISSO PYRANICA WP/EW (tebufenpyrad)

Soil Fumigants

BASAMID MG (dazomet)
 KILPER (carbam-sodium)
Herbicides-Plant Growth Regulator
 NABU EC (sethoxydim)
 NABU-S EC (sethoxydim)
 HOENEST EC (tepaloxymid)
 B-NINE SP80 (daminozide-growth regulator)
 NISSO FRASTAR (mepiquat-chloride-growth regulator)
 FIELDSTAR EC (dimethenamid)

Fumigants

TRIFMINE JET (triflumizole)
 MOSPILAN JET (acetamiprid)
 NISSO MAVRIC JET (fluvalinate)
 NISSO SIMAR JET (tebufenpyrad-BPMC)
 FRUPICA SMOKE (mepanipyrim)
 PANCHO TF JET (cyflufenamid-triflumizole)
 SHINFUJI ALTO SMOKE (cyproconazole)
 NISSO DICONIL-JET (chlorothalonil)
 PHOENIX JET (flubendiamide)

Biocides

Besticide (bactericides)
 Biocut (fungicides/algacides)
 Millcut (fungicides for wood)
 Bestac (insecticides)

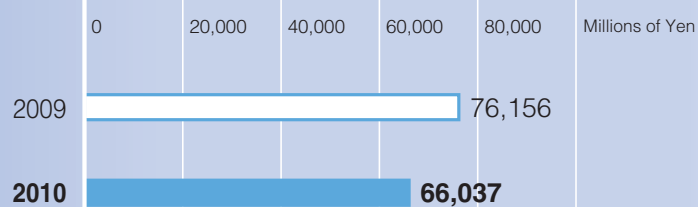
Transportation, Warehousing, Civil Engineering and Construction

Non-ferrous Metal

Review of Operations

Chemicals Division

SALES



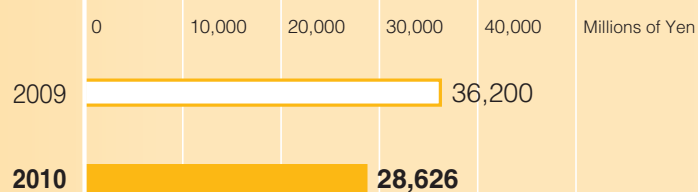
Agro Products Division

SALES



Transportation, Warehousing, Construction, Non-Ferrous Metals and others

SALES





In the chemicals category, sales decreased due to declines in sales of sodium cyanide for export, potassium cyanide, phosphorus oxychloride, etc.

In the dye stuff chemicals category, sales fell mainly due to a decrease in sales of functional dyestuff PSD for export.

Sales of the feed additive “DL-Methionine” declined mainly due to a drop in the selling price for export.

Although demand for specialty chemicals products in the automotive and IT industries is recovering, sales in this category as a whole decreased.

In the eco-business category, sales rose due to increases in sales of the water treatment agent “Nisso Hi-Chlon” for export and the heavy metal chelating agent for ash handling “Hidion.”

In the pharmaceuticals and pharmaceutical intermediates category, sales expanded due to increases in sales of the pharmaceutical intermediate AOSA, pharmaceutical excipients HPC, etc.

In the system to treat PCBs by dechlorination, sales fell due to a decrease in sales of treatment equipment.



Domestically, although a new herbicide for lawns named “Conclude” was launched, sales declined due to decreases in sales of the fungicide “Befran,” insecticides “Mospilan” and “Kotetsu,” etc.

Although sales of the fungicides “Topsin-M” and “Trifmine” rose, sales for exports fell due to decreases in sales of insecticide “Mospilan,” herbicide “Clethodim,” etc.

Sales of fungicide for industrial use increased in the paint field. However, sales in this category dropped because sales in the lumber field decreased.



Negatively impacted by the economic slowdown, sales declined in the sectors of transportation, warehousing, construction, non-ferrous metals and others.

Research and Development Activities

The fundamental policy of the Group is to develop high-value-added products based on unique, distinctive technologies. To realize this goal, the Group has prioritized R&D in the field of functional materials and precise organic synthetics in the Chemicals Division, and R&D in the Agro Products Division aiming at developing new agrochemicals. In order to enhance the development of new functional materials, mainly electronic materials, we completed the construction of the Converting Technology Center in the R&D Laboratory for High-Performance Materials in September 2009.

The overview of R&D by business segment for the fiscal year under review is as follows:
The aggregate amount of R&D expenses amounted to ¥5,596 million (4.2% of consolidated net sales) and there were 324 R&D personnel (13.8% of all employees) for the entire Group.

Chemicals Division

In the field of functional materials, we are promoting R&D of self-assembled monolayer "SAM," an enclathrated catalyst for hardening epoxy resin and precise polymers, while conducting application research for electronic materials. In addition, we are striving to enhance the competitiveness of the Company's distinctive products, including polysilane, cellulose derivatives, developer agents and eco-friendly products.

In the field of precise organic synthetics, we are engaging in the development of agricultural and pharmaceutical ingredients and material intermediates by utilizing characteristic raw materials, such as phosgene, thiophosgene and hydrocyanic acid. We are also aiming to create new products by using new manufacturing technologies.

Our R&D expenses in the Chemicals Division were ¥1,179 million.

Agro Products Division

With the increasing concerns 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.

With regard to the core agrochemical "Mospilan," we are seeking to extend the scope of application to the treatment of rapeseed overseas. In the domestic market, we launched a soil treatment agent named "MospilanOne."

With regard to our new fungicide "Syflepheminado," which has been sold for wheat cultivation in Europe, we acquired EU registration in April 2010, and from now on we will extend its application to fruit trees and vegetables. We also plan to launch the product in the USA in fiscal 2012.

We acquired agricultural chemicals registration for a new herbicide for lawns named "Conclude" in May 2009 and started its sale in July. We also launched the Company's first biological agricultural chemical, named "AgroCare," in February 2010.

Our R&D expenses in the Agro Products Division amounted to ¥4,376 million.

Other Division

In the non-ferrous metal and other businesses, we are engaged in research to improve the properties of new alloys and to enhance recycling processes for various hard-to-treat industrial wastes.

Our R&D expenses for the Other Division totaled ¥40 million.

Consolidated Five-year Summary

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

	Millions of Yen					Thousands of U.S. Dollars
	2006	2007	2008	2009	2010	2010
Net Sales	¥ 143,934	¥ 145,300	¥ 157,561	¥ 151,021	¥ 132,486	\$ 1,424,583
Gross Profit	31,336	34,687	36,024	32,225	29,830	320,760
Selling, General and Administrative Expenses	25,683	25,740	26,200	26,442	24,508	263,527
Operating Income	5,651	8,947	9,823	5,782	5,322	57,233
Income (Loss) before Income Taxes and Minority Interests	(9,179)	5,841	9,342	10,169	10,233	110,041
Net Income (Loss)	(6,263)	3,426	5,155	6,751	8,571	92,168
Net Assets	57,908	70,385	72,418	75,341	84,173	905,089
Total Assets	177,452	176,116	168,232	168,180	172,795	1,858,014

Per Share Data

	Yen					U.S. Dollars
	2006	2007	2008	2009	2010	2010
Net Income (Loss)	¥ (44.63)	¥ 22.54	¥ 33.88	¥ 44.38	¥ 56.35	\$ 0.60
Shareholders' Equity	412.69	431.77	445.20	464.88	521.89	5.61

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥93=U.S. \$1.00.

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	2009	2010	2010
Current assets			
Cash and deposits with banks	¥ 17,543	¥ 13,718	\$ 147,512
Notes and accounts receivable—trade	40,807	42,993	462,290
Inventories	24,565	21,397	230,081
Deferred tax assets	1,648	1,317	14,167
Other	2,601	3,007	32,335
Allowance for doubtful accounts	(247)	(19)	(209)
Total current assets	86,917	82,414	886,177
Fixed assets			
Tangible fixed assets			
Buildings and structures	16,530	15,683	168,636
Machinery, equipment and vehicles	13,611	13,134	141,233
Tools, furniture and fixtures	1,529	1,561	16,787
Land	14,766	14,785	158,984
Lease assets	862	722	7,773
Construction in progress	204	1,252	13,464
Total tangible fixed assets	47,503	47,139	506,880
Intangible fixed assets			
Trade right	—	2,346	25,228
Other	1,281	1,327	14,276
Total intangible fixed assets	1,281	3,673	39,505
Investments and other assets			
Investment securities	26,473	33,778	363,206
Long-term prepaid expenses	575	380	4,092
Deferred tax assets	1,527	1,335	14,361
Other	3,973	4,132	44,435
Allowance for doubtful accounts	(72)	(59)	(644)
Total investments and other assets	32,476	39,566	425,451
Total fixed assets	81,262	90,380	971,836
Total assets	¥ 168,180	¥ 172,795	\$ 1,858,014

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

Consolidated Balance Sheets

As of March 31

Millions of Yen

Thousands of
U.S. Dollars

LIABILITIES	2009	2010	2010
Current liabilities			
Notes and accounts payable—trade	¥ 21,109	¥ 21,056	\$ 226,412
Short-term borrowings	40,111	36,154	388,752
Lease obligations	449	516	5,553
Corporation and inhabitants taxes payable	750	1,266	13,614
Accrued bonuses	2,325	2,293	24,657
Other	5,399	5,519	59,351
Total current liabilities	70,144	66,805	718,341
Long-term liabilities			
Long-term borrowings	15,796	15,292	164,430
Lease obligations	946	947	10,190
Deferred tax liabilities	609	309	3,326
Reserve for retirement benefits	2,700	2,548	27,398
Reserve for retirement benefits for directors and corporate auditors	516	490	5,275
Other	2,124	2,228	23,961
Total long-term liabilities	22,693	21,816	234,583
Total liabilities	92,838	88,622	952,925
NET ASSETS			
Shareholders' equity			
Capital stock	29,166	29,166	313,620
Capital surplus	26,094	26,094	280,582
Retained earnings	17,042	24,701	265,605
Treasury stock	(586)	(589)	(6,334)
Total shareholders' equity	71,716	79,373	853,473
Valuation and translation adjustments			
Valuation differences on available-for-sale securities	615	1,213	13,047
Deferred gains or losses on hedges	(121)	(73)	(791)
Translation adjustments	(1,489)	(1,122)	(12,069)
Total valuation and translation adjustments	(995)	17	186
Minority interests	4,619	4,782	51,429
Total net assets	75,341	84,173	905,089
Total liabilities and net assets	¥ 168,180	¥ 172,795	\$ 1,858,014

The financial statements are a translation of Japanese annual security 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
	2009	2010	2010
Net sales	¥ 151,021	¥ 132,486	\$ 1,424,583
Cost of sales	118,796	102,655	1,103,822
Gross profit	32,225	29,830	320,760
Selling, general and administrative expenses	26,442	24,508	263,527
Operating income	5,782	5,322	57,233
Nonoperating income	8,380	9,600	103,232
Interest income	43	17	183
Dividends received	453	322	3,472
Rent income	532	489	5,268
Income from investments accounted for by equity method	6,420	7,906	85,013
Other	929	864	9,293
Nonoperating expenses	2,168	2,016	21,679
Interest expenses	908	821	8,833
Salaries for seconded staff	464	244	2,630
Cost—lease	352	293	3,160
Other	443	656	7,055
Ordinary income	11,995	12,907	138,786
Special income	521	3	39
Gain on sales of golf memberships	—	3	39
Compensation income	492	—	—
Other	29	—	—
Special loss	2,347	2,676	28,784
Impairment loss	843	1,812	19,494
Loss on disposal of fixed assets	355	466	5,019
Structure improvement expenses	383	34	368
Loss on valuation of investment securities	593	29	317
Other	171	333	3,584
Income before income taxes and minority interests	10,169	10,233	110,041
Corporation, inhabitants and enterprise taxes	1,469	1,753	18,856
Deferred income taxes and other	1,936	(260)	(2,798)
Minority interests in net income	11	168	1,814
Net income	¥ 6,751	¥ 8,571	\$ 92,168

The financial statements are a translation of Japanese annual security 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
	2009	2010	2010
Shareholders' equity			
Capital stock			
Balance at the end of previous year	¥ 29,166	¥ 29,166	\$ 313,620
Changes of the current year			
Total changes of items during the current year	—	—	—
Balance at the end of current year	29,166	29,166	313,620
Capital surplus			
Balance at the end of previous year	26,094	26,094	280,582
Changes of items during the current year			
Total changes of items during the current year	—	—	—
Balance at the end of current year	26,094	26,094	280,582
Retained earnings			
Balance at the end of previous year	11,203	17,042	183,251
Changes of items during the current year			
Dividends from surplus	(912)	(912)	(9,814)
Net income	6,751	8,571	92,168
Total changes of items during the current year	5,838	7,658	82,353
Balance at the end of current year	17,042	24,701	265,605
Treasury stock			
Balance at the end of previous year	(573)	(586)	(6,308)
Changes of items during the current year			
Acquisition of treasury stock	(12)	(4)	(45)
Disposal of treasury stock	—	1	19
Total changes of items during the current year	(12)	(2)	(25)
Balance at the end of current year	(586)	(589)	(6,334)
Total shareholders' equity			
Balance at the end of previous year	65,890	71,716	771,146
Changes of items during the current year			
Dividends from surplus	(912)	(912)	(9,814)
Net income	6,751	8,571	92,168
Acquisition of treasury stock	(12)	(4)	(45)
Disposal of treasury stock	—	1	19
Total changes of items during the current year	5,825	7,656	82,327
Balance at the end of current year	71,716	79,373	853,473
Valuation and translation adjustments			
Valuation differences on available-for-sale securities			
Balance at the end of previous year	1,655	615	6,619
Changes of items during the current year			
Net changes of items other than shareholders' equity	(1,040)	597	6,427
Total changes of items during the current year	(1,040)	597	6,427
Balance at the end of current year	615	1,213	13,047
Deferred gains or losses on hedges			
Balance at the end of previous year	(12)	(121)	(1,302)
Changes of items during the current year			
Net changes of items other than shareholders' equity	(108)	47	510
Total changes of items during the current year	(108)	47	510
Balance at the end of current year	(121)	(73)	(791)
Translation adjustments			
Balance at the end of previous year	209	(1,489)	(16,017)
Changes of items during the current year			
Net changes of items other than shareholders' equity	(1,698)	367	3,948
Total changes of items during the current year	(1,698)	367	3,948
Balance at the end of current year	(1,489)	(1,122)	(12,069)
Total valuation and translation adjustments			
Balance at the end of previous year	1,852	(995)	(10,699)
Changes of items during the current year			
Net changes of items other than shareholders' equity	(2,847)	1,012	10,885
Total changes of items during the current year	(2,847)	1,012	10,885
Balance at the end of current year	(995)	17	186
Minority interests			
Balance at the end of previous year	4,674	4,619	49,677
Changes of items during the current year			
Net changes of items other than shareholders' equity	(54)	162	1,752
Total changes of items during the current year	(54)	162	1,752
Balance at the end of current year	4,619	4,782	51,429
Total net assets			
Balance at the end of previous year	72,418	75,341	810,123
Changes of items during the current year			
Dividends from surplus	(912)	(912)	(9,814)
Net income	6,751	8,571	92,168
Acquisition of treasury stock	(12)	(4)	(45)
Disposal of treasury stock	—	1	19
Net changes of items other than shareholders' equity	(2,902)	1,175	12,638
Total changes of items during the current year	2,923	8,831	94,965
Balance at the end of current year	¥ 75,341	¥ 84,173	\$ 905,089

The financial statements are a translation of Japanese annual security 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

	2009	2010	2010
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 10,169	¥ 10,233	\$ 110,041
Depreciation	6,242	6,278	67,506
Impairment loss	843	1,812	19,494
Amortization of trade right	1,552	(3)	(32)
Loss (gain) on investments accounted for by equity method	(6,420)	(7,906)	(85,013)
Increase (decrease) in reserve for retirement benefits	451	(152)	(1,644)
Increase (decrease) in accrued bonuses	(195)	(32)	(345)
Increase (decrease) in allowance for doubtful accounts	214	(240)	(2,586)
Interest and dividends income	(497)	(340)	(3,656)
Interest expenses	908	821	8,833
Loss on disposal of fixed assets	385	494	5,315
Loss on valuation of investment securities	593	29	317
Decrease (increase) in notes and accounts receivable—trade	8,013	(2,203)	(23,690)
Decrease (increase) in inventories	(884)	3,154	33,916
Increase (decrease) in account payables—purchases	(5,308)	(25)	(277)
Other	(477)	542	5,838
Subtotal	15,591	12,463	134,017
Interests and dividend received	1,172	2,761	29,689
Interest paid	(892)	(838)	(9,019)
Payments of income taxes, etc.	(1,286)	(1,341)	(14,421)
Cash flows from operating activities	14,584	13,044	140,265
Cash flows from investing activities			
Purchases of tangible fixed assets	(5,873)	(7,745)	(83,283)
Proceeds from sales of tangible fixed assets	2	3	32
Purchases of intangible fixed assets	(156)	(2,582)	(27,763)
Purchases of investment securities	(97)	(2,471)	(26,580)
Proceeds from sales of investment securities	93	2,032	21,858
Payments for loans receivable	(143)	(36)	(387)
Proceeds from loans receivable	70	55	599
Other	(222)	(6)	(71)
Cash flows from investing activities	(6,327)	(10,750)	(115,596)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	740	(2,730)	(29,354)
Proceeds from long-term borrowings	10,800	7,000	75,268
Repayment of long-term borrowings	(9,803)	(8,731)	(93,881)
Dividends paid	(912)	(908)	(9,773)
Dividends paid to minority interests	(87)	(66)	(719)
Repayment of lease obligations	(609)	(655)	(7,046)
Other	(12)	(2)	(25)
Cash flows from financing activities	114	(6,094)	(65,532)
Translation differences on cash and cash equivalents	(177)	(24)	(263)
Increase (decrease) in cash and cash equivalents	8,194	(3,824)	(41,127)
Cash and cash equivalents at beginning of period	9,326	17,521	188,400
Cash and cash equivalents at end of period	¥ 17,521	¥ 13,696	\$ 147,273

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

Shareholder Information

Common Stock:

Authorized: 480,000,000 shares

Issued: 154,317,630 shares

Number of Shareholders: 20,070

Settlement Period: March

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, Japan 103-8670

Principal Shareholders

	Number of Shares Owned (Thousands)	Percentage of Total Shares Issued (%)
Japan Trustee Services Bank, Ltd. (Trust account)	12,633	8.30
The Master Trust Bank of Japan, Ltd. (Trust account)	10,236	6.73
MITSUI & CO., LTD.	6,075	3.99
Sompo Japan Insurance Inc.	4,613	3.03
The Norinchukin Bank	4,120	2.71
Mizuho Corporate Bank, Ltd.	4,082	2.68
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	3,824	2.51
JPMorgan Securities Japan Co., Ltd.	3,259	2.14
Shareholding Members of Nippon Soda Clients	3,246	2.13
Japan Trustee Services Bank, Ltd. (Trust account 4G)	3,041	2.00

Ownership among Shareholders

	(%)
Individuals and others	15.94
Financial institutions	46.37
Other domestic corporations	9.93
Foreign shareholders	21.13
Securities firms	6.63

Corporate Data

(as of March 31, 2010)

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
Established:	February 1, 1920
Capital:	¥29,166 million
Number of Employees:	1,283 (Consolidated: 2,351)

Board of Directors and Corporate Auditors

(as of June 29, 2010)

Executive Chairman

Katsunobu Inoue

President

Yutaka Kinebuchi

Managing Directors

Tsutomu Kaku

Hiroharu Hirashita

Eiji Ito

Kazuhiro Muto

Directors

Gaishi Fujita

Yoshinobu Takami

Makoto Masuda

Shingo Nakamura

Akihiko Kikuchi

Akira Ishii

Hiroyuki Uryu

Haruo Higuchi

Corporate Auditors

Mitsuro Suzuki

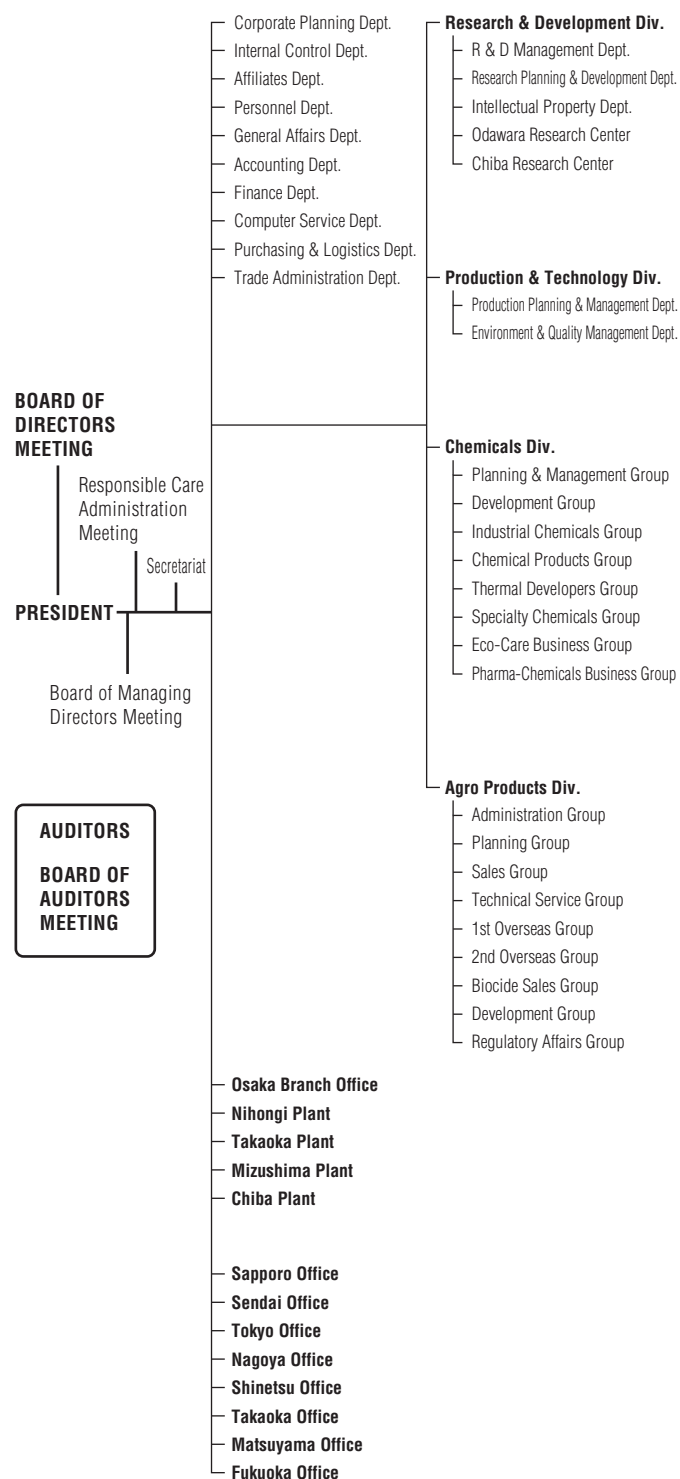
Ryuichiro Yagi

Isomi Suzuki

Sota Kobayashi

Organization

(as of April 1, 2010)



Domestic Subsidiaries

CHEMICALS - AGROCHEMICALS

Shin Fuji Kaseiyaku Co., Ltd.

313, Koyagimachi, Takasaki,
Gunma 370-0071
Phone: (027) 361-6100

NISSO BASF Agro Co., Ltd.

1-13-4, Nihonbashi Muromachi,
Chuo-ku, Tokyo 103-0022
Phone: (03) 3275-0261

CHEMICALS - SPECIALTY CHEMICALS

Nisso Finechemicals Co., Ltd.

(Equipped with GMP-certified facilities)
3-3-6, Nihonbashi Honcho,
Chuo-ku, Tokyo 103-8422
Phone: (03) 6202-0161

Joetsu Nisso Chemical Co., Ltd.

950, Fujisawa, Nakago, Joetsu,
Niigata 949-2302
Phone: (0255) 81-2390

CHEMICALS - PLASTICS AND CONSUMER PRODUCTS

Nisso Jushi Co., Ltd.

1274, Isohara, Isohara-cho,
Kitaibaraki, Ibaraki 319-1541
Phone: (0293) 42-2021

CHEMICALS - NON-FERROUS METALS AND INDUSTRIAL WASTE TREATMENT

Nisso Metallochemical Co., Ltd.

3-1-2, Ueno, Taito-ku,
Tokyo 110-0005
Phone: (03) 5688-6381

ENGINEERING

Nisso Engineering Co., Ltd.

1-6-1, Kanda Jinbo-cho,
Chiyoda-ku, Tokyo 101-0051
Phone: (03) 3296-9315

LOGISTICS

Sanwa Soko Co., Ltd.

(Listed on the Tokyo Stock Exchange, Second Section)
2-4-1, Shibakoen, Minato-ku,
Tokyo 105-0011
Phone: (03) 3578-3001

Sanso Unyu Co., Ltd.

1-4-1, Tamamaenishi, Ichihara,
Chiba 290-0044
Phone: (0436) 22-8947

TRADING

Nisso Shoji Co., Ltd.

3-3-6, Nihonbashi Honcho,
Chuo-ku, Tokyo 103-8422
Phone: (03) 3270-0701

Nisso Green Co., Ltd.

3-1-2, Ueno, Taito-ku,
Tokyo 110-0005
Phone: (03) 5816-4351

R&D CONSULTANTS

Nisso Chemical Analysis Service Co., Ltd.

(Equipped with GLP-certified facilities)
345, Takada, Odawara,
Kanagawa 250-0216
Phone: (0465) 42-3115

CIVIL ENGINEERING AND CONSTRUCTION

Nisso Construction Co., Ltd.

1169, Fujisawa, Nakago-ku,
Joetsu, Niigata 949-2302
Phone: (0255) 74-2561

Overseas Group Companies

Nisso America Inc.

45 Broadway, Suite 2120,
New York, NY 10006, USA
Phone: (212) 490-0350
Business lines: Product importing and exporting, and collection of technical and market information

Nisso Chemical Europe GmbH

Berliner Allee 42, 40212
Düsseldorf, Germany
Phone: (211) 1306686-0
Business lines: Importing and exporting, and technical and marketing information center for European and African countries

Nisso TM LLC

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

Nisso Brasileira Representacao 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. INDUSTRIAS QUIMICAS

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

Certis Europe B.V.

Bd. de la Woluwe 60 Woluwedal
B-1200 Brussels, Belgium

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,
Korea
Phone: (02) 2051-7718, 7719
Business lines: Sales promotion planning and management for insecticides, fungicides, herbicides and other agrochemicals

NIPPON SODA CO., LTD.

2-2-1, Ohtemachi, Chiyoda-ku

Tokyo 100-8165, Japan

<http://www.nippon-soda.co.jp>