



ANNUAL REPORT 2011

For the fiscal year ended March 31, 2011



NIPPON SODA CO.,LTD.

Profile

Realizing the dreams of the next generation

Working on diverse themes to become a chemical corporation desired by 21st century society.

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 semiconductors.

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 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 which realizes the dreams of the next generation through our innovative technologies and products.



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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
	2010	2011	2011
Net Sales	¥ 132,486	¥ 123,238	\$ 1,484,798
Operating Income	5,322	4,736	57,064
Net Income	8,571	5,548	66,851
Net Assets	84,173	85,723	1,032,815
Total Assets	172,795	167,223	2,014,736

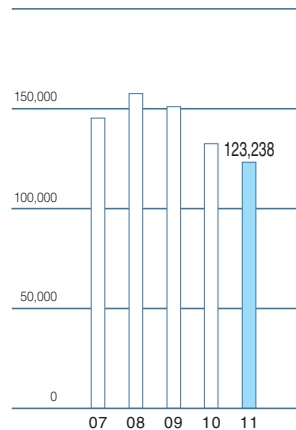
Per Share Data

	Yen		U.S. Dollars
Net Income	¥ 56.35	¥ 36.48	\$ 0.44
Shareholders' Equity	521.89	531.82	6.40

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥83=U.S. \$1.00.

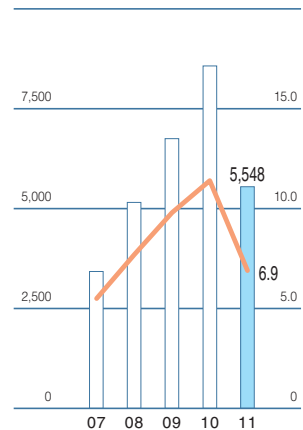
Net Sales

Millions of Yen



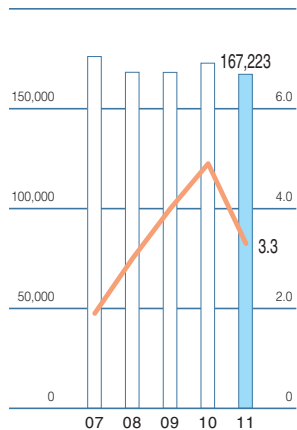
Net Income & ROE

Millions of Yen %



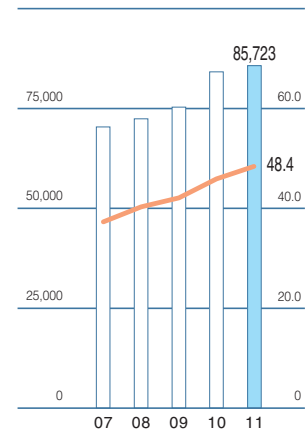
Total Assets & ROA

Millions of Yen %



Net Assets & Equity Ratio

Millions of Yen %





What were the effects of Great East Japan Earthquake?

We pray for the souls of those who died in the recent Great East Japan Earthquake. Our hearts go out to those who have suffered and their families.

The Nippon Soda Group has donated ¥20 million through the Central Community Chest of Japan, to provide aid for people who have

suffered from the earthquake and support recovery in disaster areas.

People in our group were not directly injured, but some of our production facilities were damaged, and power and industrial water outages unavoidably caused temporary halts to production at plants located in Fukushima, Ibaraki and Chiba prefectures. There was only light damage in all cases, so business activities have mostly returned to normal, but we posted ¥621 million in disaster-related losses as a special loss.

Factors that may affect business performance still remain, such as instability of raw materials, fuel and electricity, continuing problems at the Fukushima nuclear power plant, and other issues. However, we are carefully monitoring the business environment and taking a number of countermeasures.



President
Yutaka Kinebuchi



What is your evaluation of the business environment and results for the fiscal year under review (fiscal 2011, ended March 31, 2011)?

At the start of the fiscal year under review, looking ahead to our 100th anniversary in 2020, we created our long-term vision, *Chemigress To 100**, which aims to greatly enhance our corporate value. As a first step toward achieving the vision, Nippon Soda created its medium-term business plan (April 2010 to March 2013) and began with a renewed spirit.

However, Japan's economy during the year was significantly affected by political and economic developments, with political turmoil in Japan and overseas, the strengthening of the yen in the currency markets, and other factors. Moreover, in the wake of the Great East Japan Earthquake on March 11, the term concluded with the outlook highly uncertain.

In these conditions, the Group benefited from an expansion of cotton crop areas in Brazil, which brought higher sales of the insecticide "Mospilan," a major agricultural chemical. We also began selling the insecticide "Romdan," a business we purchased at the end of the previous fiscal year. These products contributed to a turnaround in our overseas business. We

also saw a recovery in functional chemicals. Our results were negatively affected, however, by the stronger yen, a drop in sales of a methionine feed additive that we stopped selling in March 2010, and the effects of the earthquake disaster. As a result, we recorded net sales of ¥123.2 billion (down 7.0% year on year), operating income of ¥4.7 billion (down 11.0% year on year), ordinary income of ¥9.6 billion (down 25.8% year on year) and net income of ¥5.5 billion (down 35.3% year on year). Thus, both sales and profits dropped significantly year on year.

Consequently, from the comprehensive viewpoint of maintaining stable dividends, enhancing shareholders' equity, improving our financial position, and the uncertainty regarding the effects of the earthquake, we decided to propose a dividend of ¥6 per share.

* The word "Chemigress" was coined by combining the words "chemical" and "progress," representing the Company's ambition of "contributing to the sound development of society with the strength of chemistry" as it approaches its 100th anniversary.

Q What are the priority policies and the status of progress of the medium-term business plan (April 2010 to March 2013)?

The business plan has four priority policies:

- (1) develop a driving force for growth;
- (2) enhance international competitiveness;
- (3) build a business foundation; and
- (4) combine and strengthen the resources of the

Group companies.

All of these policies represent major themes that we will focus on in the years ahead; during the fiscal year under review, we worked on the following initiatives.

• Develop a driving force for growth

In new agricultural chemicals, we made steady progress on a fungicide we plan to register in fiscal 2012, and on development of fungicides thereafter and biological agricultural chemicals. We also made great progress in our development of acaricides.

In our development of electronic materials, we progressed steadily toward commercialization of block polymers. Several new promising themes have also appeared, and we succeeded in recording solid results.

As for expanding the Group's distinctive business fields (developers, cellulose derivatives, macromolecules, etc.), we are working on this area as a future challenge.



• Enhance international competitiveness

In our overseas agricultural chemicals business, to build a competitive, stable supply system, we moved ahead with construction of production locations in China and South Korea.

Specifically, we reached agreements on investment and business establishment as follows. In China, we invested capital in Liling Fine Chemicals Co., Ltd., a company that undertakes outsourced manufacturing of agrochemical intermediates and others. In South Korea, we established Nisso Namhae Agro Co., Ltd., aiming to build a new production facility for the fungicide “Topsin-M,” which is enjoying increased demand.

Regarding other business locations for chemicals, we are pushing ahead to take specific actions in the future.

• Build a business foundation

Aiming to boost employee abilities and stabilize business performance, we revised our personnel system substantially. We also actively worked to enhance operations by upgrading our IT system, introducing new mobile tools, and making other improvements.

We created a business continuity plan (BCP), including safety policies, to better secure our plant infrastructure and improve risk management.

• Combine and strengthen the resources of the Group companies

We worked to boost the revenues of our non-ferrous metals business and environmental development business, as the most important issues. We continue to work to enhance cooperation with each group company,

Interview with the President

to expand the revenues of the Group as a whole.

Novus International, Inc. and IHARABRAS S/A. INDÚSTRIAS QUÍMICAS are overseas equity-method affiliates. Their importance is increasing, and we are striving to boost their earnings management.

We are achieving progress on each of these as described above. Since all of these themes are crucial to full-scale earnings, we will continue to exert all our efforts.

Q What is your outlook for the next fiscal year?

For fiscal 2012 consolidated financial results, we forecast net sales of ¥125.0 billion (up 1.4% year on year), operating income of ¥4.0 billion (down 15.5% year on year), ordinary income of ¥8.2 billion (down 14.3% year on year) and net income of ¥6.3 billion (up 13.5% year on year). In addition to developments in political and economic conditions in Japan and abroad, the ultimate effects of the earthquake remain unclear, and thus it appears difficult as yet to predict the future business environment, but we are striving to exceed our plan.





Do you have any other message to shareholders and investors?

The Company recently embarked anew on the path to its 100th anniversary in 2020. As we move forward, first of all, we want to contribute our part to the recovery of Japan's economy and society, which were impacted by the recent unprecedented disaster, and to their growth thereafter. The Group's contribution must be to provide a safe and stable supply of useful products that serve society. We will continue our efforts to create such a system.

Over many years, we have solidly strengthened our "Responsible Care (RC) Activities" to protect the environment and boost our contribution to society. However, to promote even more progressive company activities, we plan to develop this into "Corporate Social Responsibility (CSR) Activities" as a new initiative. Fiscal 2012 is an important year for us as we prepare for full-scale introduction.

In addition, we intend to continue promoting our reinforcement of compliance systems across the Group, in accordance with the Nippon Soda Group Code of Conduct. We will also continue to actively work on our internal controls, aiming to create financial reports that are even more reliable.

We have only begun to work toward our targets for the Company's 100th anniversary, but step by step we will meet the challenges of pioneering new businesses.

We would appreciate further continuous support from shareholders.



Business Outline

Chemicals Division

Industrial chemicals saw higher sales of sodium cyanide, but sales decreased overall due to lower sales prices of caustic soda, caustic potash and other products.

Chemical products recorded higher sales due to growth of o-tolidine diisocyanate, polychlorinated biphenyl (PCB) dechlorination treatment agent, and so on.

Dye products saw higher sales, with increased exports of developers.

Functional materials posted expanded sales, with growth of "Nisso PB" and materials for IT industries.

Eco-care products saw lower sales, due to a drop in exports of "Nisso Hi-Chlon" water treatment agent, lower sales of desliming agent, and other products.

Pharmaceuticals and pharmaceutical intermediates registered lower sales. Sales rose for HPC pharmaceutical additives, but declined for Faropenem-Sodium antibiotic progenitor, and others.

We ended sales of a methionine feed additive on March 31, 2010.

As a result, net sales in the Chemicals Division amounted to ¥31,356 million (down 23.7% year on year).

Agro Products Division

Domestic sales grew for the "Befran" fungicide, but dropped for the fungicide "Pancho," the insecticide "Mospilan" and others, resulting in lower domestic sales overall.

Export sales of the insecticide "Mospilan" grew, and purchase of a business brought a new contribution from the insecticide "Romdan" beginning in the fiscal year under review. Export sales decreased, however, for the herbicides "Honest" and "Clethodim," and others, resulting in lower export sales overall.

Industrial herbicide sales grew due to higher sales to the lumber and paper and pulp sectors.

As a result, net sales in the Agro Products Division totaled ¥34,575 million (down 8.6% year on year).

Trading Division

We recorded growth for each organic chemical, but partly due to the decrease in feed additives, net sales in the Trading Division were ¥35,751 million (down 0.7% year on year).

Transportation/Warehousing Division

Due to recovery in movement of domestic and export freight, net sales in the Transportation/Warehousing Division were ¥3,856 million (up 2.6% year on year).

Construction Division

Plant construction work was firm, and accordingly the Construction Division posted net sales of ¥12,086 million (up 53.7% year on year).

Other Division

Sales fell in our environmental development business, with net sales of ¥5,611 million (down 5.6% year on year) in other businesses.

Specialty Chemicals

Organic Titanate (TPT, TBT, TST, etc.)
 Magnesium 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)
 Crown ethers

Pharmaceuticals/Intermediates

DAMN (diaminomaleonitril)
 5-MPC (5-methyl pyrazine-2-carboxylic acid)
 Imidazoles, pyrazines
 AOSA (acetoxazetidine)
 NISSO-HPC, CELNY (hydroxypropyl cellulose)
 FAROPENEM-Sodium
 MAP (enolphosphate)

Eco Business

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

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)
 BEFRAN LQ (iminocadine triacetate)
 BELLKUTE WP/FL (iminocadine tris (albesilate))
 TRIFMINE WP/EC (triflumizole)
 PANCHO TF WDG (cyflufenamid-triflumizole)
 RUMILITE WP (triflumizole-thiophanate-methyl)

Insecticides

MOSPILAN SP/GE/EC/FL (acetamiprid)
 ROMDAN SC (tebufenozide)

Acaricides

NISSORUN WP/EC (hexythiazox)
 NISSOSTAR (hexythiazox-dicofol)

Herbicides-Plant Growth Regulator

NABU EC (sethoxydim)
 NABU-S EC (sethoxydim)
 HOENEST EC (tepaloxymid)
 NISSO FRASTAR (mepiquat-chloride-growth regulator)

Biocide

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

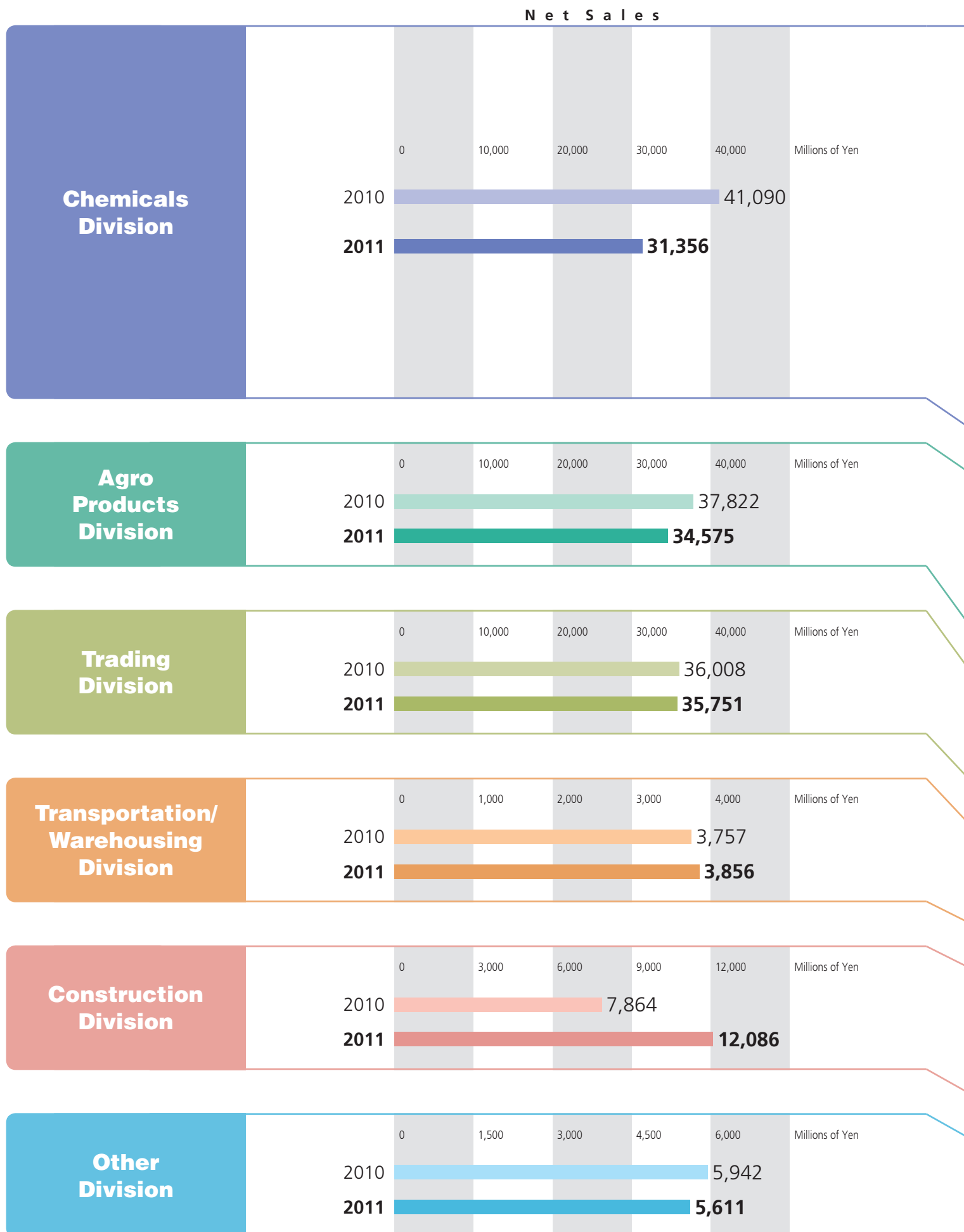
Chemical products, functional products, synthetic resins,
 industrial machines and devices, construction products

Transportation, warehousing

Plant construction, civil engineering

Non-ferrous metals, industrial waste treatment

Review of Operations



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.

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 which enjoys a high market share, septic tank effluent, and Take-One, a toilet-use urolith remover. 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 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.

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.

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.

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.

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.

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 which utilize the strengths of each business, to contribute to a better society.

Research and Development Activities

The Group's basic policy calls for "development of high-value-added products based on our own unique, distinctive technologies." We are working on R&D in various organic chemical products that utilize 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. We continue to actively develop new products in these fields, utilizing the Converting Technology Center (Chiba), which was established to develop functional materials and various fine organic synthesis technologies, and our pilot plant (Takaoka).

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 ¥5,650 million (4.6% of consolidated net sales) and there were 347 R&D personnel (15.1% of all employees) for the entire Group.

● Chemicals Division

In the functional materials field, we are proceeding with development research in fields such as polymer materials by fine polymerization, self-assembled monolayer (SAM), and inclusion compound catalyst for curing epoxy resin. We launched a new product in the curing epoxy resin catalyst field.

In addition, we are striving to enhance the competitiveness of the Company's distinctive products, including cellulose derivatives, developer agents, polybutadiene and eco-friendly products.

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

Our R&D expenses in the Chemicals Division were ¥1,536 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.

We aim to expand the applications of our mainstay agricultural chemical "Mospilan" to include rapeseed treatment overseas. We are proceeding with development of bait agents targeting soil insect pests in Japan and abroad.

With regard to our new fungicide "cyclufenamid," 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 United States in fiscal 2012.

In February 2010, we launched "AgroCare," the Company's first biological agricultural chemical. We plan to continue our efforts to enhance our line of biological agricultural chemicals that utilize the diverse abilities of microorganisms.

Our R&D expenses in the Agro Products Division amounted to ¥4,064 million.

● Other Division

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 the processes for resource recycling of various refractory industry waste products.

Our R&D expenses for the Other Division totaled ¥49 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
	2007	2008	2009	2010	2011	2011
Net Sales	¥ 145,300	¥ 157,561	¥ 151,021	¥ 132,486	¥ 123,238	\$ 1,484,798
Gross Profit	34,687	36,024	32,225	29,830	28,644	345,113
Selling, General and Administrative Expenses	25,740	26,200	26,442	24,508	23,908	288,048
Operating Income	8,947	9,823	5,782	5,322	4,736	57,064
Income before Income Taxes and Minority Interests	5,841	9,342	10,169	10,233	7,049	84,936
Net Income	3,426	5,155	6,751	8,571	5,548	66,851
Net Assets	70,385	72,418	75,341	84,173	85,723	1,032,815
Total Assets	176,116	168,232	168,180	172,795	167,223	2,014,736

Per Share Data	Yen					U.S. Dollars
Net Income	¥ 22.54	¥ 33.88	¥ 44.38	¥ 56.35	¥ 36.48	\$ 0.44
Shareholders' Equity	431.77	445.20	464.88	521.89	531.82	6.40

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥83=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	2010	2011	2011
Current assets			
Cash and deposits with banks	¥ 13,718	¥ 13,177	\$ 158,770
Notes and accounts receivable—trade	42,993	39,129	471,440
Inventories	21,397	20,541	247,488
Deferred tax assets	1,317	1,684	20,297
Other	3,007	2,821	33,997
Allowance for doubtful accounts	(19)	(22)	(268)
Total current assets	82,414	77,333	931,724
Fixed assets			
Tangible fixed assets			
Buildings and structures	15,683	15,921	191,825
Machinery, equipment and vehicles	13,134	13,312	160,389
Tools, furniture and fixtures	1,561	1,457	17,555
Land	14,785	14,785	178,139
Lease assets	722	572	6,892
Construction in progress	1,252	328	3,953
Total tangible fixed assets	47,139	46,376	558,755
Intangible fixed assets			
Trade right	2,346	2,111	25,441
Other	1,327	1,699	20,474
Total intangible fixed assets	3,673	3,810	45,915
Investments and other assets			
Investment securities	33,778	32,469	391,194
Prepaid pension cost	—	3,684	44,390
Long-term prepaid expenses	380	—	—
Deferred tax assets	1,335	1,648	19,864
Other	4,132	1,926	23,216
Allowance for doubtful accounts	(59)	(26)	(324)
Total investments and other assets	39,566	39,702	478,341
Total fixed assets	90,380	89,890	1,083,012
Total assets	¥ 172,795	¥ 167,223	\$ 2,014,736

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

Consolidated Balance Sheets

As of March 31

Millions of Yen

Thousands of
U.S. Dollars

LIABILITIES	2010	2011	2011
Current liabilities			
Notes and accounts payable—trade	¥ 21,056	¥ 18,849	\$ 227,104
Short-term borrowings	36,154	34,422	414,722
Lease obligations	516	558	6,733
Corporation and inhabitants taxes payable	1,266	657	7,923
Accrued bonuses	2,293	1,769	21,316
Other	5,519	4,754	57,287
Total current liabilities	66,805	61,012	735,089
Long-term liabilities			
Long-term borrowings	15,292	12,490	150,481
Lease obligations	947	1,202	14,484
Deferred tax liabilities	309	846	10,195
Reserve for retirement benefits	2,548	2,263	27,268
Reserve for retirement benefits for directors and corporate auditors	490	527	6,361
Other	2,228	3,157	38,038
Total long-term liabilities	21,816	20,487	246,831
Total liabilities	88,622	81,499	981,921
NET ASSETS			
Shareholders' equity			
Capital stock	29,166	29,166	351,405
Capital surplus	26,094	26,094	314,393
Retained earnings	24,701	28,730	346,149
Treasury stock	(589)	(592)	(7,136)
Total shareholders' equity	79,373	83,399	1,004,813
Accumulated other comprehensive income			
Valuation differences on available-for-sale securities	1,213	800	9,648
Deferred gains or losses on hedges	(73)	(102)	(1,232)
Translation adjustments	(1,122)	(3,080)	(37,114)
Pension liability adjustment	—	(120)	(1,456)
Total accumulated other comprehensive income	17	(2,502)	(30,155)
Minority interests	4,782	4,827	58,157
Total net assets	84,173	85,723	1,032,815
Total liabilities and net assets	¥ 172,795	¥ 167,223	\$ 2,014,736

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
	2010	2011	2011
Net sales	¥ 132,486	¥ 123,238	\$ 1,484,798
Cost of sales	102,655	94,593	1,139,684
Gross profit	29,830	28,644	345,113
Selling, general and administrative expenses	24,508	23,908	288,048
Operating income	5,322	4,736	57,064
Nonoperating income	9,600	7,191	86,645
Interest income	17	13	161
Dividends received	322	284	3,430
Rent income	489	493	5,945
Income from investments accounted for by equity method	7,906	5,569	67,108
Other	864	829	9,999
Nonoperating expenses	2,016	2,355	28,382
Interest expenses	821	674	8,131
Cost—lease	293	309	3,726
Salaries for seconded staff	244	387	4,665
Foreign exchange losses	—	316	3,818
Other	656	667	8,041
Ordinary income	12,907	9,572	115,327
Special income	3	613	7,392
Gain on sales of noncurrent assets	—	595	7,178
Gain on sales of golf memberships	3	—	—
Other	—	17	214
Special loss	2,676	3,136	37,784
Loss on valuation of investment securities	29	1,160	13,987
Loss on disaster	—	621	7,489
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	567	6,835
Impairment loss	1,812	451	5,437
Loss on disposal of fixed assets	466	—	—
Structure improvement expenses	34	—	—
Other	333	334	4,033
Income before income taxes and minority interests	10,233	7,049	84,936
Corporation, inhabitants and enterprise taxes	1,753	1,150	13,860
Deferred income taxes and other	(260)	191	2,311
Net income before minority interests	—	5,707	68,764
Minority interests in net income	168	158	1,912
Net income	¥ 8,571	¥ 5,548	\$ 66,851

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
	2010	2011	2011
Shareholders' equity			
Capital stock			
Balance at the end of previous year	¥ 29,166	¥ 29,166	\$ 351,405
Changes of the current year	—	—	—
Total changes of items during the current year	—	—	—
Balance at the end of current year	29,166	29,166	351,405
Capital surplus			
Balance at the end of previous year	26,094	26,094	314,387
Changes of items during the current year	—	0	6
Disposal of treasury stock	—	0	6
Total changes of items during the current year	—	0	6
Balance at the end of current year	26,094	26,094	314,393
Retained earnings			
Balance at the end of previous year	17,042	24,701	297,606
Effect of changes in accounting policies applied to equity-method affiliates	—	(381)	(4,594)
Changes of items during the current year	—	—	—
Dividends from surplus	(912)	(1,216)	(14,662)
Net income	8,571	5,548	66,851
Net changes of items other than shareholders' equity	—	78	948
Total changes of items during the current year	7,658	4,410	53,137
Balance at the end of current year	24,701	28,730	346,149
Treasury stock			
Balance at the end of previous year	(586)	(589)	(7,097)
Changes of items during the current year	—	—	—
Acquisition of treasury stock	(4)	(3)	(41)
Disposal of treasury stock	1	0	2
Total changes of items during the current year	(2)	(3)	(38)
Balance at the end of current year	(589)	(592)	(7,136)
Total shareholders' equity			
Balance at the end of previous year	71,716	79,373	956,301
Effect of changes in accounting policies applied to equity-method affiliates	—	(381)	(4,594)
Changes of items during the current year	—	—	—
Dividends from surplus	(912)	(1,216)	(14,662)
Net income	8,571	5,548	66,851
Acquisition of treasury stock	(4)	(3)	(41)
Disposal of treasury stock	1	0	9
Net changes of items other than shareholders' equity	—	78	948
Total changes of items during the current year	7,656	4,407	53,105
Balance at the end of current year	79,373	83,399	1,004,813
Accumulated other comprehensive income			
Valuation differences on available-for-sale securities			
Balance at the end of previous year	615	1,213	14,618
Changes of items during the current year	—	—	—
Net changes of items other than shareholders' equity	597	(412)	(4,970)
Total changes of items during the current year	597	(412)	(4,970)
Balance at the end of current year	1,213	800	9,648
Deferred gains or losses on hedges			
Balance at the end of previous year	(121)	(73)	(887)
Changes of items during the current year	—	—	—
Net changes of items other than shareholders' equity	47	(28)	(345)
Total changes of items during the current year	47	(28)	(345)
Balance at the end of current year	(73)	(102)	(1,232)
Translation adjustments			
Balance at the end of previous year	(1,489)	(1,122)	(13,523)
Changes of items during the current year	—	—	—
Net changes of items other than shareholders' equity	367	(1,958)	(23,591)
Total changes of items during the current year	367	(1,958)	(23,591)
Balance at the end of current year	(1,122)	(3,080)	(37,114)
Pension liability adjustment			
Balance at the end of previous year	—	—	—
Changes of items during the current year	—	—	—
Net changes of items other than shareholders' equity	—	(120)	(1,456)
Total changes of items during the current year	—	(120)	(1,456)
Balance at the end of current year	—	(120)	(1,456)
Total accumulated other comprehensive income			
Balance at the end of previous year	(995)	17	208
Changes of items during the current year	—	—	—
Net changes of items other than shareholders' equity	1,012	(2,520)	(30,364)
Total changes of items during the current year	1,012	(2,520)	(30,364)
Balance at the end of current year	17	(2,502)	(30,155)
Minority interests			
Balance at the end of previous year	4,619	4,782	57,625
Changes of items during the current year	—	—	—
Net changes of items other than shareholders' equity	162	44	532
Total changes of items during the current year	162	44	532
Balance at the end of current year	4,782	4,827	58,157
Total net assets			
Balance at the end of previous year	75,341	84,173	1,014,136
Effect of changes in accounting policies applied to equity-method affiliates	—	(381)	(4,594)
Changes of items during the current year	—	—	—
Dividends from surplus	(912)	(1,216)	(14,662)
Net income	8,571	5,548	66,851
Acquisition of treasury stock	(4)	(3)	(41)
Disposal of treasury stock	1	0	9
Net changes of items other than shareholders' equity	1,175	(2,397)	(28,883)
Total changes of items during the current year	8,831	1,931	23,273
Balance at the end of current year	¥ 84,173	¥ 85,723	\$ 1,032,815

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

	2010	2011	2011
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 10,233	¥ 7,049	\$ 84,936
Depreciation	6,278	6,098	73,475
Impairment loss	1,812	451	5,437
Amortization of trade right	(3)	234	2,826
Loss on disaster	—	621	7,489
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	567	6,835
Loss (gain) on investments accounted for by equity method	(7,906)	(5,569)	(67,108)
Increase (decrease) in reserve for retirement benefits	(152)	(284)	(3,430)
Increase (decrease) in accrued bonuses	(32)	(523)	(6,308)
Increase (decrease) in allowance for doubtful accounts	(240)	(29)	(360)
Interest and dividends income	(340)	(298)	(3,592)
Interest expenses	821	674	8,131
Loss on disposal of fixed assets	494	297	3,586
Loss on valuation of investment securities	29	1,160	13,987
Decrease (increase) in notes and accounts receivable—trade	(2,203)	3,683	44,384
Decrease (increase) in inventories	3,154	813	9,795
Increase (decrease) in account payables—purchases	(25)	(1,953)	(23,530)
Other	542	(1,018)	(12,275)
Subtotal	12,463	11,975	144,280
Interests and dividend received	2,761	3,727	44,903
Interest paid	(838)	(676)	(8,154)
Payments of income taxes, etc.	(1,341)	(1,599)	(19,271)
Net cash provided by operating activities	13,044	13,425	161,758
Cash flows from investing activities			
Purchases of tangible fixed assets	(7,745)	(7,037)	(84,783)
Proceeds from sales of tangible fixed assets	3	602	7,256
Purchases of intangible fixed assets	(2,582)	(116)	(1,403)
Purchases of investment securities	(2,471)	(701)	(8,448)
Proceeds from sales of investment securities	2,032	71	856
Payments for loans receivable	(36)	(199)	(2,405)
Proceeds from loans receivable	55	80	969
Other	(6)	(112)	(1,350)
Net cash used in investing activities	(10,750)	(7,412)	(89,307)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(2,730)	(730)	(8,795)
Proceeds from long-term borrowings	7,000	3,500	42,168
Repayment of long-term borrowings	(8,731)	(7,304)	(88,000)
Dividends paid	(908)	(1,229)	(14,809)
Dividends paid to minority interests	(66)	(68)	(823)
Repayment of lease obligations	(655)	(537)	(6,476)
Other	(2)	(2)	(32)
Net cash used in financing activities	(6,094)	(6,371)	(76,767)
Translation differences on cash and cash equivalents	(24)	(182)	(2,198)
Increase (decrease) in cash and cash equivalents	(3,824)	(540)	(6,514)
Cash and cash equivalents at beginning of period	17,521	13,696	165,017
Cash and cash equivalents at end of period	¥ 13,696	¥ 13,155	\$ 158,502

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

Common Stock

Authorized: 480,000,000 shares

Issued: 154,317,630 shares

Number of Shareholders: 19,700

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)	14,072	9.25
The Master Trust Bank of Japan, Ltd. (Trust account)	10,825	7.12
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
JPMorgan Securities Japan Co., Ltd.	3,764	2.47
Shareholding Members of Nippon Soda Clients	3,476	2.29
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	2,631	1.73
Resona Bank, Ltd.	2,400	1.58

* The Company's 2,203,422 shares of treasury stock were excluded from the calculation of percentage of total shares issued.

Ownership among Shareholders

	(%)
Individuals and others	16.17
Financial institutions	45.10
Other domestic corporations	10.86
Foreign shareholders	22.59
Securities firms	5.28

Corporate Data

(as of March 31, 2011)

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:	1,237 (Consolidated: 2,297)

Board of Directors and Corporate Auditors

(as of June 29, 2011)

President

Yutaka Kinebuchi

Executive Senior Managing Director

Tsutomu Kaku

Managing Directors

Hiroharu Hirashita

Eiji Ito

Gaishi Fujita

Yoshinobu Takami

Makoto Masuda

Directors

Shingo Nakamura

Akihiko Kikuchi

Akira Ishii

Hiroyuki Uryu

Haruo Higuchi

Noriyuki Haketa

Tsutomu Sakuma

Corporate Auditors

Mitsuro Suzuki

Ryuichiro Yagi

Isomi Suzuki

Naoyuki Hori

Long-Term Vision: Chemigress To 100



Advancing to our 100th birthday in 2020

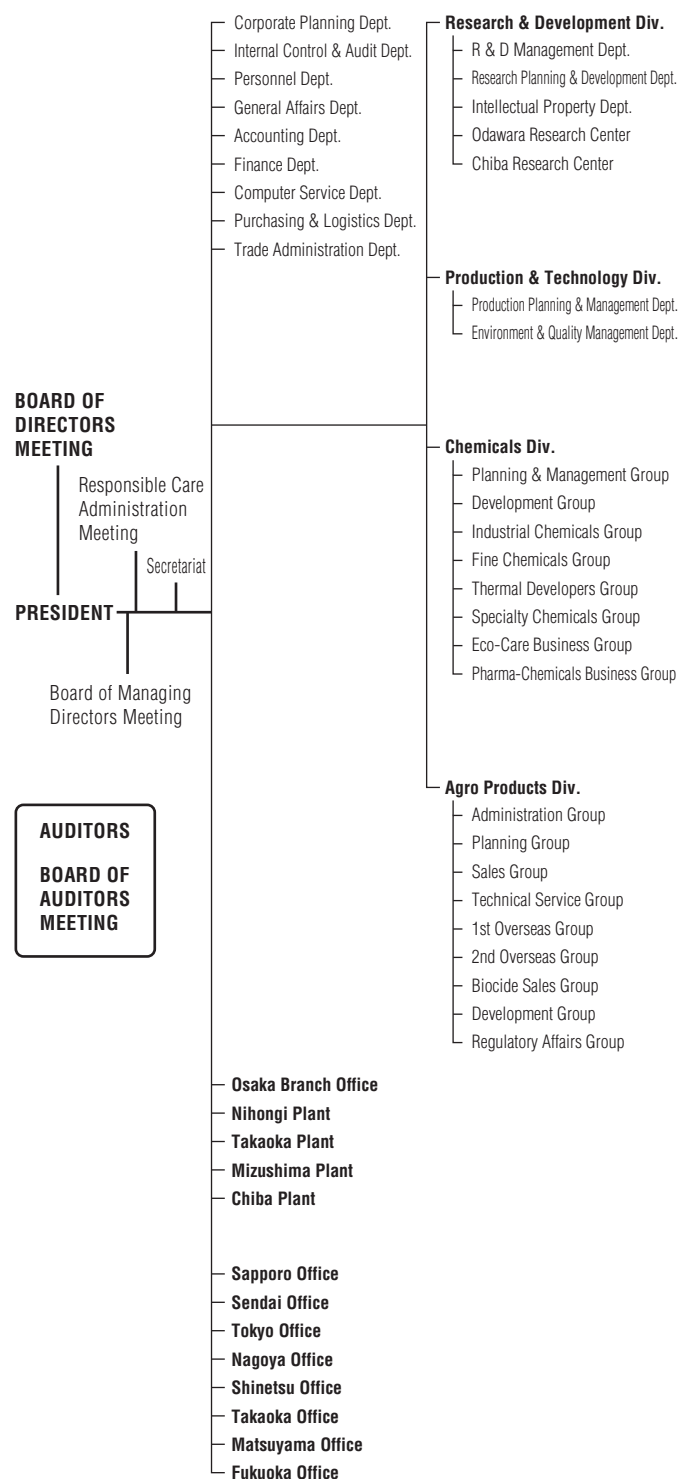
Thanks to the support of everyone, Nippon Soda is approaching its 100th anniversary in 2020.

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 April 1, 2011)



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
<http://www.nisso-finechemicals.co.jp/>

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

TRADING

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

Nisso Green Co., Ltd.
3-1-2, Ueno, Taito-ku,
Tokyo 110-0005
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
Phone: (03) 3578-3001
<http://www.sanwasoko.co.jp/>

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

ENGINEERING

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

CIVIL ENGINEERING AND CONSTRUCTION

Nisso Construction Co., Ltd.
1169, Fujisawa, Nakago-ku,
Joetsu, Niigata 949-2302
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
Phone: (03) 5688-6381

CHEMICALS - PLASTICS AND CONSUMER PRODUCTS

Nisso Jushi Co., Ltd.
1274, Isohara, Isohara-cho,
Kitaibaraki, Ibaraki 319-1541
Phone: (0293) 42-2021

R&D CONSULTANTS

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

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
<http://www.nissoamerica.com/>

NISSO CHEMICAL EUROPE GmbH
Berliner Allee 42, 40212
Duesseldorf, 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,
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/>