



ANNUAL REPORT 2012

For the fiscal year ended March 31, 2012



NIPPON SODA CO.,LTD.

Realizing the dreams of the next generation

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 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.



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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

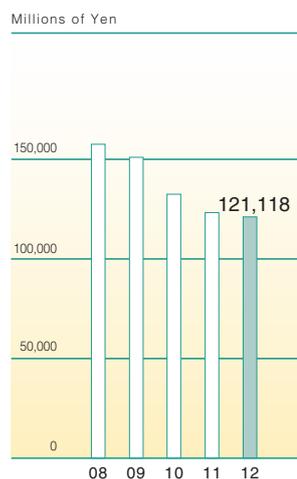
	Millions of Yen		Thousands of U.S. Dollars
	2011	2012	2012
Net sales	¥ 123,238	¥ 121,118	\$ 1,477,054
Operating income	4,736	4,706	57,398
Net income	5,548	7,044	85,911
Net assets	85,723	91,671	1,117,949
Total assets	167,223	179,230	2,185,735

Per Share Data

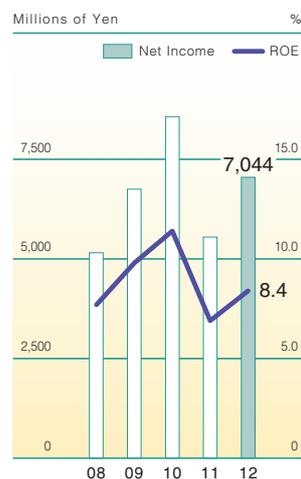
	Yen		U.S. Dollars
	2011	2012	2012
Net income	¥ 36.48	¥ 46.31	\$ 0.56
Shareholders' equity	531.82	566.26	6.90

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥82=U.S. \$1.00.

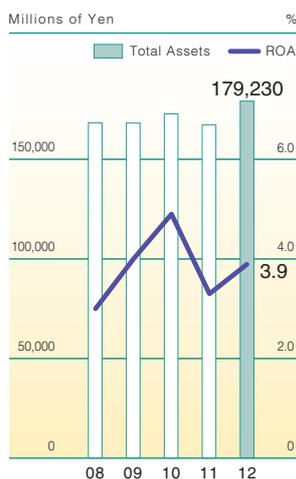
Net Sales



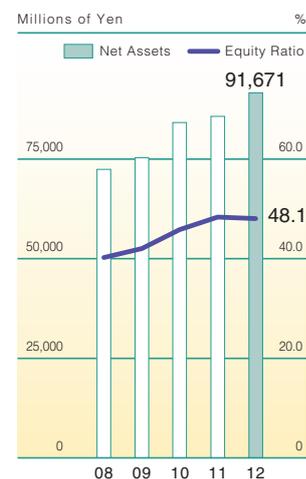
Net Income & ROE



Total Assets & ROA



Net Assets & Equity Ratio



1 Analysis and evaluation of the business environment and results for the fiscal year under review (fiscal 2012, ended March 31, 2012)

In fiscal 2012, the Japanese economy began by facing the serious issues of recovery from the Great East Japan Earthquake. Subsequently, however, conditions grew more severe, with the ongoing appreciation of the yen, concerns about radiation, electric power supply shortages, political disorder, and so on.

On the other hand, just when it was thought that the global economy was beginning to gradually recover from the Lehman shock,

Greece's government debt problems sparked Europe's currency crisis, which spread to other parts of the world. This resulted in an unusual situation that slowed even the economic expansion of China and other Asian countries, which had been serving as engines of growth.

In these conditions, at the Nippon Soda Group, damage due to the earthquake lessened; accordingly, except for production adjustments due to some raw material procurement problems,



President
Yutaka Kinebuchi

production activities proceeded with few obstacles. In addition, our main agricultural chemicals such as “Mospilan” insecticide and “Topsin-M” fungicide and others were strong, supported by brisk overseas demand, especially in Brazil. However, our Chemicals Division and Trading Division did much slower business from the summer, and the appreciating yen and unceasingly high crude fuel prices through the year unavoidably affected our revenue. As a result, we recorded net sales of ¥121,118 million (down 1.7% year on year), operating income of

¥4,706 million (down 0.6% year on year), and ordinary income of ¥9,365 million (down 2.2% year on year). Partly due to a decrease in special loss, we posted net income of ¥7,044 million (up 27.0% 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.

2 Status of progress of the medium-term business plan (April 2010 to March 2013)

This medium-term business plan will play an important role as the first stage to achieve our long-term business vision, *Chemigress To 100*, which aims to greatly boost corporate value. The backbone of the plan calls for developing organically the four priority measures for a great leap into the future: “develop a driving force for growth,” “enhance international competitiveness,” “build a business foundation” and “combine and strengthen the resources of the Group companies.”

Fiscal 2012 is the second year of this plan. In accordance with its aims, we worked on the following initiatives.

Develop a driving force for growth

We are working on this as Nippon Soda’s greatest and most vital issue. We feel we may have succeeded in fostering the seeds of growth, focused on new agricultural chemical development.

A new fungicide that is a joint development product is nearing registration and sale. We are also making steady progress in our own

development of biological agricultural chemicals and fungicides. The next candidate compounds are also steadily entering the next phase.

In functional chemicals, development of block polymers for electronic materials is steadily progressing, and we are looking forward to their commercialization.

Moreover, the NISSO HPC pharmaceutical additives are one of our distinctive businesses; these are steadily growing, especially for overseas pharmaceuticals, so we are planning to increase production. We will actively deploy these, along with development of new brands and related businesses (cellulose derivatives, etc.), and intend to develop them as one of our growth drivers.

However, there are delays in several themes for which we have hopes, and we still lack growth drivers to achieve our long-term goals. We will work on the issue of continuing to seek seeds for

new businesses and fostering them, including business expansion by M&A.

Enhance international competitiveness

In our Agro Products Division, amid globally strong demand for agricultural chemicals, we worked to build a competitive, stable supply system. To this end, we invested in Liling Fine Chemicals Co., Ltd. (China), which is a contract manufacturer of agrochemical intermediates and others, and we established Nisso Namhae Agro Co., Ltd. (South Korea).

In fiscal 2013, Liling Fine Chemicals plans to start manufacturing various agricultural chemical progenitors and intermediates, and Nisso Namhae Agro plans to start manufacturing our “Topsin-M” fungicide.

Looking at our production system in Japan, in addition to manufacture of several progenitors, we are expanding and enhancing our chemicals manufacturing business, and building a flexible supply system in response to increasing global



We are fostering the seeds of growth, focused on new agricultural chemical development.

demand for agricultural chemicals.

On the other hand, in our Chemicals Division, for international expansion of metallic sodium and related businesses, we purchased Alkaline SAS (France), a chemical company that manufactures and sells metallic sodium and others. This business has potential for deployment in various fields such as green energy, and we will focus on fostering it as one of our growth drivers.

Build a business foundation

We achieved a smooth launch of our new personnel system, which aims at boosting our employees' abilities, stable business results, and so on. We also introduced new IT system tools, continuing from fiscal 2011, as we worked actively to improve operations. We also prepared to introduce our corporate social responsibility system, so that we will be ready to launch it full scale starting from fiscal 2013.

Combine and strengthen the resources of the Group companies

Continuing from fiscal 2011, we worked on the most important issue to improve revenue in our non-ferrous metals business and environmental development business, and obtained some positive results. We will continue to earnestly strive to establish a profitable structure.

Also, to maintain competitive advantages in our domestic manufacturing, Nisso Fine Chemicals Co., Ltd. whose sales base is in Fukushima and Ibaraki Prefectures, merged with Nisso Jushi Co., Ltd., and began anew under the name Nisso Fine Co., Ltd.

In our overseas equity method affiliates, Novus International, Inc. and IHARABRAS S/A. INDÚSTRIAS QUÍMICAS steadily expanded their scale, boosting their importance in the Group. We will further support expansion and improvement of their businesses, and pour even more effort into management of their operations.

3 Outlook for the next fiscal year

For fiscal 2013 consolidated financial results, we forecast net sales of ¥135 billion (up 11.5% year on year), operating income of ¥5.2 billion (up

10.5% year on year), ordinary income of ¥7.8 billion (down 16.7% year on year), and net income of ¥5.7 billion (down 19.1% year on year).

In this regard, we assume an exchange rate of ¥80 per U.S. dollar.

Given the strong yen and high crude fuel prices, as well as concerns about electric power supply restrictions, the business environment is

changing dramatically, and the conditions we face are highly uncertain. However, as in fiscal 2012, we intend to strive to exceed our plan, even if only by a small margin.

4 Message to shareholders and investors

Due to the Great East Japan Earthquake and consequent issues related to nuclear power plants, conditions have completely changed in Japan. However, to contribute to society's recovery and development, we are redoubling our efforts in terms of initiatives leading up to Nippon Soda's 100th anniversary in 2020.

Corporate social responsibility activities are part of this, and we worked to prepare them and introduce them full scale starting in fiscal 2013.

We also aim to establish high-quality compliance systems across the Group. In

accordance with the Nippon Soda Group Code of Conduct, we will promote compliance activities even more actively.

We will also continue pouring effort into internal controls, aiming at preparation of more reliable financial statements.

As in fiscal 2012, with a determined spirit of challenge, we intend to overcome all difficulties in fiscal 2013. In this regard, as always, we appreciate the continuing support of our shareholders.

With a determined spirit of challenge, we intend to overcome these difficulties.



■ **Nisso Namhae Agro Co., Ltd. Established**

Nippon Soda signed a contract with Namhae Chemical Co., Ltd. (South Korea) and Mitsubishi Corporation to establish an agricultural chemical progenitors manufacturing joint venture in South Korea. We then established Nisso Namhae Agro Co., Ltd. (South Korea) on June 14, 2011.

The fungicide “Topsin-M” is a mainstay product in our Agro Products Division. We developed “Topsin-M” by ourselves and began selling it in 1971. It is registered as an agricultural chemical in more than 80 countries, and is used on a wide range of crops in Japan and abroad. We now manufacture its progenitors (active ingredients) in our factory and in a Brazilian affiliate. Due to strong foreign demand, we foresee a shortage in supply.

We established the joint venture described above, and will construct a plant to manufacture “Topsin-M” in South Korea. We will thereby boost our supply capacity and enhance the stability of the supply system by diversifying our supply sources.



■ **Alkaline SAS Purchased**

Alkaline SAS is the holding company of MSSA SAS, which manufactures chemical products such as metallic sodium in France, and sells them internationally. On December 29, 2011, Nippon Soda acquired all the outstanding shares of Alkaline SAS, and made it a wholly owned subsidiary.

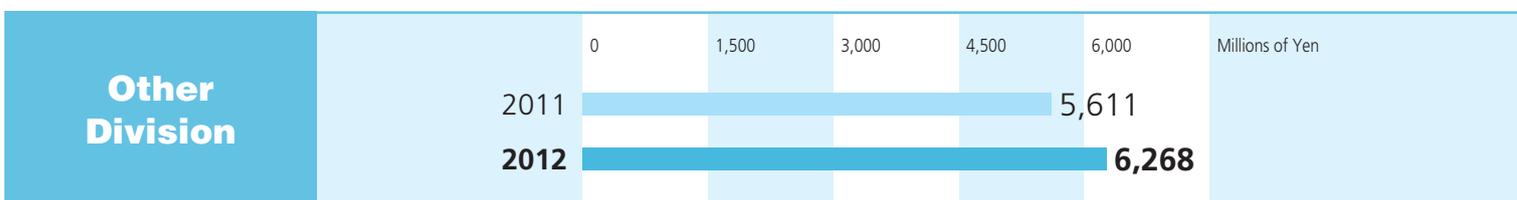
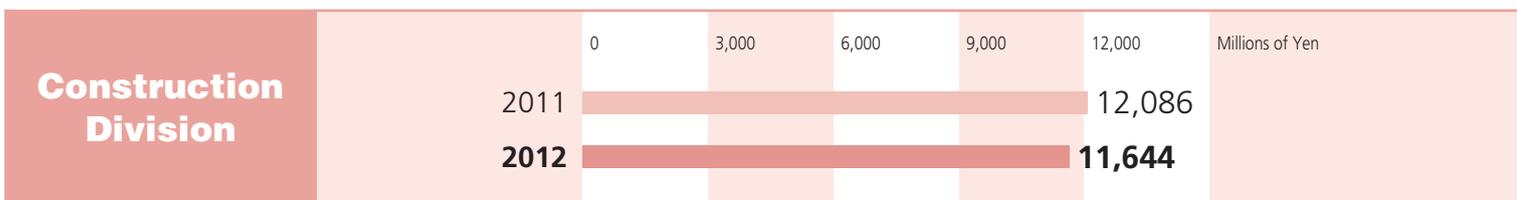
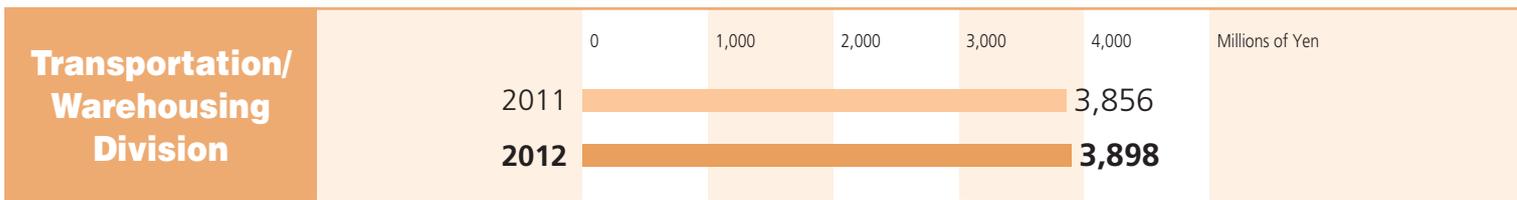
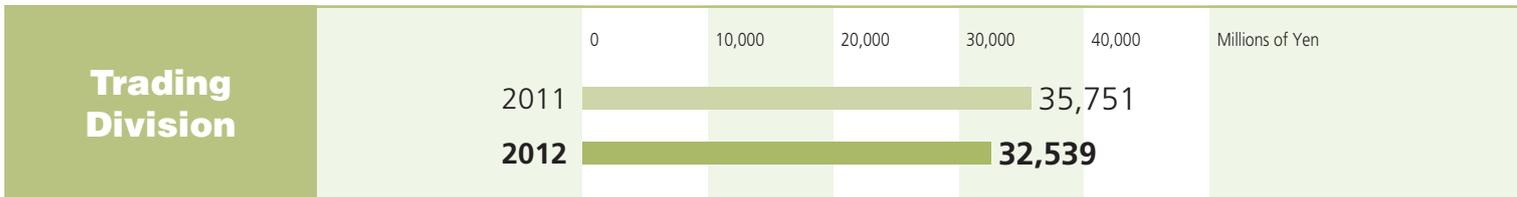
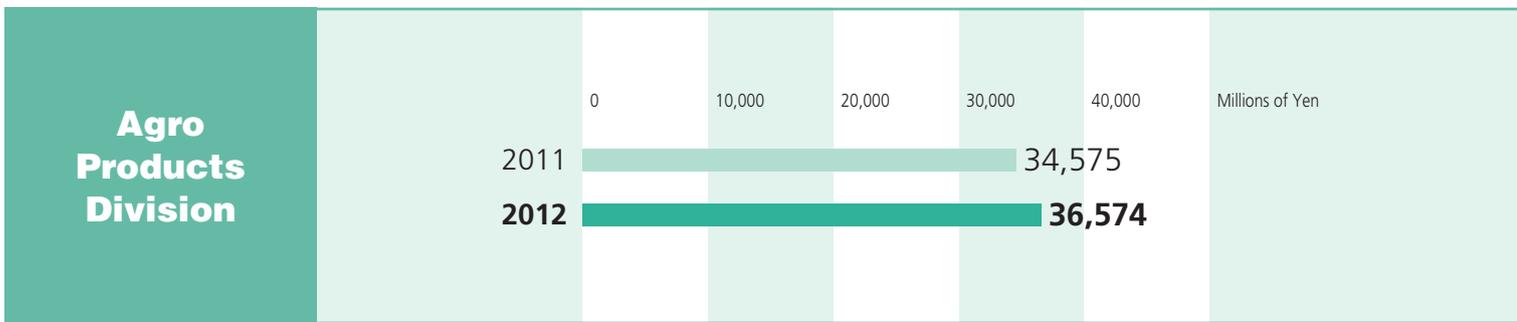
Due to high crude fuel prices, the Company withdrew from production of metallic sodium in fiscal 2007, and switched to purchasing it from overseas. However, we continue to actively develop metallic sodium derivatives. Also, there is growing demand for high-quality grade metallic sodium in fields such as green energy.

With the purchase of Alkaline SAS, we have obtained high-quality metallic sodium, and entered green energy-related businesses. We will also combine our technologies with those of Alkaline SAS, expand the size of our metallic sodium derivatives business, and effectively use both companies’ sales channels. It is our policy to maximize synergies in this way.



Review of Operations

Net Sales



Industrial chemicals sales decreased, with lower sales of caustic soda, sodium cyanide, potassium cyanide, phosphorus oxychloride, and others.

Chemical products sales declined. We posted higher sales of polychlorinated biphenyl (PCB) dechlorination treatment agent and others, but lower sales of o-tolidine diisocyanate and sulfur derivatives and others.

Dye products sales increased, with expanded exports of developing agents for thermosensitive paper.

Functional materials sales decreased. Sales increased for our "NISSO-PB" resin additives and materials for the IT industry, but sales declined for ITO Coated Glass (transparent conductive ITO glass) and others.

Eco-care products sales increased, due to higher sales of "Nisso Hi-Chlon" water treatment agent, desliming agent, and other products.

Pharmaceuticals and pharmaceutical intermediates posted higher sales. There were lower sales of our AOSA antibiotic intermediate and others, but sales rose for Faropenem-Sodium antibiotic progenitor and the NISSO HPC pharmaceutical additives and others.

As a result, net sales in the Chemicals Division amounted to ¥30,193 million (down 3.7% year on year).

Domestic sales increased due to higher sales of "Befran" fungicide, "Romdan" insecticide, "Mospilan" insecticide and others, and with the market launch of new chemicals.

Export sales expanded due to higher sales of "Mospilan" insecticide, "Nissorun" acaricide, "Pancho" fungicide and others.

Industrial herbicide sales increased due to rising sales of preservatives, insect repellents and others.

As a result, net sales in the Agro Products Division totaled ¥36,574 million (up 5.8% year on year).

We recorded growth for machinery and devices, but due to a decrease in urethane materials and construction related products and others, net sales in the Trading Division were ¥32,539 million (down 9.0% year on year).

Partly due to increases in new freight and import freight, our warehouse volume and warehouse balance expanded. Net sales in the Transportation/Warehousing Division were ¥3,898 million (up 1.1% year on year).

Civil works were strong, but plant construction work declined. This resulted in net sales for the Construction Division of ¥11,644 million (down 3.7% year on year).

Environmental development business and others were strong. Net sales in the Other Division were ¥6,268 million (up 11.7% 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 which 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.)
 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
 DCEE (2,2'-Dichlorodiethyl ether)
 TGDC (Triglycol dichloride)

Pharmaceuticals/Intermediates

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

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)

Herbicides-Plant Growth Regulator

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

Biocide

Bestcide (bactericides)
 Biocut (fungicides/algaecides)
 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

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 ¥5,738 million (4.7% of consolidated net sales) and there were 337 R&D personnel (13.4% of all employees) for 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, self-assembled monolayers (SAMs), organic-inorganic hybrid coatings, inclusion compound catalysts for curing epoxy resin, and visible-light type photocatalysts, and others. In addition, we work actively to enter new fields, while striving to enhance the competitiveness of the Company's distinctive products, including cellulose derivatives, developer agents, polybutadiene products, polysilane products, and eco-care products.

In the field of precise organic synthetics, we engage in the development of agricultural and pharmaceutical ingredients and 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 ¥1,440 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.

Our fungicide "Cyflufenamid" acquired EU registration in April 2010, and is now being sold in Europe for wheat cultivation. We are extending its application to the field of fruits and vegetables. We also plan to launch the product in the United States in fiscal 2013.

Our new fungicide "Fantasista" is excellent for preventing and eliminating *Botrytis cinerea* and stem rot of various crops. We plan to register the product in Japan soon.

In 2011, we started an experiment on contract of a new fungicide that shows great efficacy against downy mildew, late blight and *Pythium periplocum*. Following this, we have promising compounds in our pipeline, and we are earnestly advancing them toward the next phase.

In addition to chemistry agrochemicals, in February 2010 we launched "AgroCare," the Company's first biological agricultural chemicals. We plan to launch "Masterpiece," which is effective against bacterial diseases, in fiscal 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 ¥4,259 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 Other Divisions totaled ¥38 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	
	2008	2009	2010	2011	2012	2012	
Net sales	¥ 157,561	¥ 151,021	¥ 132,486	¥ 123,238	¥ 121,118	\$ 1,477,054	
Gross profit	36,024	32,225	29,830	28,644	29,184	355,910	
Selling, general and administrative expenses	26,200	26,442	24,508	23,908	24,477	298,512	
Operating income	9,823	5,782	5,322	4,736	4,706	57,398	
Income before income taxes and minority interests	9,342	10,169	10,233	7,049	9,307	113,507	
Net income	5,155	6,751	8,571	5,548	7,044	85,911	
Net assets	72,418	75,341	84,173	85,723	91,671	1,117,949	
Total assets	168,232	168,180	172,795	167,223	179,230	2,185,735	

Per Share Data

	Yen					U.S. Dollars	
	2008	2009	2010	2011	2012	2012	
Net income	¥ 33.88	¥ 44.38	¥ 56.35	¥ 36.48	¥ 46.31	\$ 0.56	
Shareholders' equity	445.20	464.88	521.89	531.82	566.26	6.90	

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥82=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	2011	2012	2012
Current assets			
Cash and deposits with banks	¥ 13,177	¥ 14,844	\$ 181,026
Notes and accounts receivable—trade	39,129	40,333	491,873
Inventories	20,541	22,737	277,283
Deferred tax assets	1,684	1,669	20,357
Other	2,821	2,402	29,303
Allowance for doubtful accounts	(22)	(67)	(828)
Total current assets	77,333	81,919	999,015
Fixed assets			
Tangible fixed assets			
Buildings and structures	15,921	16,048	195,709
Machinery, equipment and vehicles	13,312	13,334	162,612
Tools, furniture and fixtures	1,457	1,723	21,012
Land	14,785	14,834	180,903
Lease assets	572	542	6,617
Construction in progress	328	1,602	19,539
Total tangible fixed assets	46,376	48,084	586,394
Intangible fixed assets			
Trade right	2,111	2,677	32,648
Other	1,699	1,538	18,766
Total intangible fixed assets	3,810	4,216	51,415
Investments and other assets			
Investment securities	32,469	34,706	423,249
Prepaid pension cost	3,684	5,280	64,395
Deferred tax assets	1,648	2,929	35,719
Other	1,926	2,161	26,359
Allowance for doubtful accounts	(26)	(66)	(813)
Total investments and other assets	39,702	45,010	548,910
Total fixed assets	89,890	97,311	1,186,719
Total assets	¥ 167,223	¥ 179,230	\$ 2,185,735

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	2011	2012	2012
Current liabilities			
Notes and accounts payable—trade	¥ 18,849	¥ 19,753	\$ 240,897
Short-term borrowings	34,422	35,024	427,128
Lease obligations	558	605	7,390
Corporation and inhabitants taxes payable	657	354	4,317
Accrued bonuses	1,769	2,777	33,866
Other	4,754	7,189	87,673
Total current liabilities	61,012	65,704	801,274
Long-term liabilities			
Long-term borrowings	12,490	12,827	156,427
Lease obligations	1,202	1,071	13,071
Deferred tax liabilities	846	1,627	19,844
Reserve for retirement benefits	2,263	2,776	33,861
Reserve for retirement benefits for directors and corporate auditors	527	440	5,373
Other	3,157	3,110	37,933
Total long-term liabilities	20,487	21,854	266,512
Total liabilities	81,499	87,558	1,067,786
NET ASSETS			
Shareholders' equity			
Capital stock	29,166	29,166	355,691
Capital surplus	26,094	26,094	318,228
Retained earnings	28,730	34,862	425,152
Treasury stock	(592)	(593)	(7,240)
Total shareholders' equity	83,399	89,530	1,091,831
Accumulated other comprehensive income			
Valuation differences on available-for-sale securities	800	851	10,385
Deferred gains or losses on hedges	(102)	(46)	(563)
Translation adjustments	(3,080)	(4,000)	(48,781)
Pension liability adjustment	(120)	(201)	(2,461)
Total accumulated other comprehensive income	(2,502)	(3,396)	(41,420)
Minority interests	4,827	5,538	67,538
Total net assets	85,723	91,671	1,117,949
Total liabilities and net assets	¥ 167,223	¥ 179,230	\$ 2,185,735

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
	2011	2012	2012
Net sales	¥ 123,238	¥ 121,118	\$ 1,477,054
Cost of sales	94,593	91,933	1,121,143
Gross profit	28,644	29,184	355,910
Selling, general and administrative expenses	23,908	24,477	298,512
Operating income	4,736	4,706	57,398
Nonoperating income	7,191	6,626	80,808
Interest income	13	27	338
Dividends received	284	347	4,237
Rent income	493	519	6,340
Income from investments accounted for by equity method	5,569	5,209	63,530
Other	829	521	6,361
Nonoperating expenses	2,355	1,967	23,993
Interest expenses	674	604	7,366
Cost—lease	309	305	3,731
Salaries for seconded staff	387	293	3,580
Other	984	763	9,315
Ordinary income	9,572	9,365	114,213
Special income	613	99	1,214
Gain on sales of investment securities	15	55	680
Gain on sales of noncurrent assets	595	41	506
Other	2	2	26
Special loss	3,136	157	1,919
Loss on disposal of fixed assets	282	125	1,530
Loss on disaster	621	—	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	567	—	—
Impairment loss	451	—	—
Other	1,213	31	389
Income before income taxes and minority interests	7,049	9,307	113,507
Corporation, inhabitants and enterprise taxes	1,150	990	12,075
Deferred income taxes and other	191	1,053	12,847
Net income before minority interests	5,707	7,263	88,584
Minority interests in net income	158	219	2,673
Net income	¥ 5,548	¥ 7,044	\$ 85,911

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

	2011	2012	2012
Shareholders' equity			
Capital stock			
Beginning balance	¥ 29,166	¥ 29,166	\$ 355,691
Changes of the current year	—	—	—
Total changes of items during the current year	—	—	—
Ending balance	29,166	29,166	355,691
Capital surplus			
Beginning balance	26,094	26,094	318,228
Changes of items during the current year	—	—	—
Disposal of treasury stock	0	0	0
Total changes of items during the current year	0	0	0
Ending balance	26,094	26,094	318,228
Retained earnings			
Beginning balance	24,701	28,730	350,371
Effect of changes in accounting policies applied to equity-method affiliates	(381)	—	—
Changes of items during the current year	—	—	—
Dividends from surplus	(1,216)	(912)	(11,130)
Net income	5,548	7,044	85,911
Net changes of items other than shareholders' equity	78	—	0
Total changes of items during the current year	4,410	6,132	74,781
Ending balance	28,730	34,862	425,152
Treasury stock			
Beginning balance	(589)	(592)	(7,223)
Changes of items during the current year	—	—	—
Acquisition of treasury stock	(3)	(1)	(21)
Disposal of treasury stock	0	0	3
Total changes of items during the current year	(3)	(1)	(17)
Ending balance	(592)	(593)	(7,240)
Total shareholders' equity			
Beginning balance	79,373	83,399	1,017,067
Effect of changes in accounting policies applied to equity-method affiliates	(381)	—	—
Changes of items during the current year	—	—	—
Dividends from surplus	(1,216)	(912)	(11,130)
Net income	5,548	7,044	85,911
Acquisition of treasury stock	(3)	(1)	(21)
Disposal of treasury stock	0	0	3
Net changes of items other than shareholders' equity	78	—	—
Total changes of items during the current year	4,407	6,130	74,764
Ending balance	83,399	89,530	1,091,831
Accumulated other comprehensive income			
Valuation differences on available-for-sale securities			
Beginning balance	1,213	800	9,766
Changes of items during the current year	—	—	—
Net changes of items other than shareholders' equity	(412)	50	619
Total changes of items during the current year	(412)	50	619
Ending balance	800	851	10,385
Deferred gains or losses on hedges			
Beginning balance	(73)	(102)	(1,247)
Changes of items during the current year	—	—	—
Net changes of items other than shareholders' equity	(28)	56	684
Total changes of items during the current year	(28)	56	684
Ending balance	(102)	(46)	(563)
Translation adjustments			
Beginning balance	(1,122)	(3,080)	(37,567)
Changes of items during the current year	—	—	—
Net changes of items other than shareholders' equity	(1,958)	(919)	(11,214)
Total changes of items during the current year	(1,958)	(919)	(11,214)
Ending balance	(3,080)	(4,000)	(48,781)
Pension liability adjustment			
Beginning balance	—	(120)	(1,474)
Changes of items during the current year	—	—	—
Net changes of items other than shareholders' equity	(120)	(80)	(986)
Total changes of items during the current year	(120)	(80)	(986)
Ending balance	(120)	(201)	(2,461)
Total accumulated other comprehensive income			
Beginning balance	17	(2,502)	(30,523)
Changes of items during the current year	—	—	—
Net changes of items other than shareholders' equity	(2,520)	(893)	(10,896)
Total changes of items during the current year	(2,520)	(893)	(10,896)
Ending balance	(2,502)	(3,396)	(41,420)
Minority interests			
Beginning balance	4,782	4,827	58,867
Changes of items during the current year	—	—	—
Net changes of items other than shareholders' equity	44	711	8,670
Total changes of items during the current year	44	711	8,670
Ending balance	4,827	5,538	67,538
Total net assets			
Beginning balance	84,173	85,723	1,045,411
Effect of changes in accounting policies applied to equity-method affiliates	(381)	—	—
Changes of items during the current year	—	—	—
Dividends from surplus	(1,216)	(912)	(11,130)
Net income	5,548	7,044	85,911
Acquisition of treasury stock	(3)	(1)	(21)
Disposal of treasury stock	0	0	3
Net changes of items other than shareholders' equity	(2,397)	(182)	(2,225)
Total changes of items during the current year	1,931	5,948	72,538
Ending balance	¥ 85,723	¥ 91,671	\$ 1,117,949

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
	2011	2012	2012
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 7,049	¥ 9,307	\$ 113,507
Depreciation	6,098	6,092	74,293
Impairment loss	451	—	—
Amortization of trade right	234	308	3,766
Loss on disaster	621	—	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	567	—	—
Loss (gain) on investments accounted for by equity method	(5,569)	(5,209)	(63,530)
Increase (decrease) in reserve for retirement benefits	(284)	(138)	(1,692)
Increase (decrease) in accrued bonuses	(523)	1,008	12,297
Increase (decrease) in allowance for doubtful accounts	(29)	49	609
Interest and dividends income	(298)	(375)	(4,576)
Interest expenses	674	604	7,366
Loss on disposal of fixed assets	297	139	1,696
Loss on valuation of investment securities	1,160	11	136
Decrease (increase) in notes and accounts receivable—trade	3,683	(560)	(6,833)
Decrease (increase) in inventories	813	(1,265)	(15,429)
Increase (decrease) in account payables—purchases	(1,953)	(2)	(31)
Other	(1,018)	(1,147)	(13,989)
Subtotal	11,975	8,822	107,589
Interests and dividend received	3,727	2,972	36,254
Interest paid	(676)	(600)	(7,324)
Payments of income taxes, etc.	(1,599)	(1,327)	(16,188)
Net cash provided by operating activities	13,425	9,867	120,331
Cash flows from investing activities			
Purchases of tangible fixed assets	(7,037)	(4,934)	(60,171)
Proceeds from sales of tangible fixed assets	602	54	669
Purchases of intangible fixed assets	(116)	(143)	(1,748)
Purchases of investment securities	(701)	(221)	(2,702)
Proceeds from sales of investment securities	71	100	1,228
Payments for investments in capital of subsidiaries and affiliates	—	(423)	(5,164)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(1,664)	(20,303)
Payments for loans receivable	(199)	(214)	(2,619)
Proceeds from loans receivable	80	365	4,463
Purchase of treasury stock of subsidiaries in consolidation	—	(317)	(3,876)
Other	(112)	(550)	(6,717)
Net cash used in investing activities	(7,412)	(7,949)	(96,941)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(730)	45	548
Proceeds from long-term borrowings	3,500	6,500	79,268
Repayment of long-term borrowings	(7,304)	(6,397)	(78,012)
Proceeds from stock issuance to minority shareholders	—	851	10,387
Dividends paid	(1,229)	(909)	(11,090)
Dividends paid to minority interests	(68)	(70)	(863)
Repayment of lease obligations	(537)	(572)	(6,985)
Other	(2)	(1)	(17)
Net cash used in financing activities	(6,371)	(554)	(6,763)
Translation differences on cash and cash equivalents	(182)	(84)	(1,030)
Increase (decrease) in cash and cash equivalents	(540)	1,278	15,596
Cash and cash equivalents at beginning of period	13,696	13,155	160,435
Cash and cash equivalents at end of period	¥ 13,155	¥ 14,434	\$ 176,031

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

Shareholder Information

(as of March 31, 2012)

Common Stock

Authorized: 480,000,000 shares

Issued: 154,317,630 shares

Number of Shareholders: 19,098

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)	13,783	9.06
The Master Trust Bank of Japan, Ltd. (Trust account)	12,577	8.27
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
Shareholding Members of Nippon Soda Clients	3,738	2.46
JP Morgan Chase Bank 385166	2,999	1.97
JPMorgan Securities Japan Co., Ltd.	2,842	1.87
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	2,592	1.70

* The Company's 2,207,392 shares of treasury stock were excluded from the calculation of percentage of total shares issued.

Ownership among Shareholders

	(%)
Individuals and others	15.28
Financial institutions	45.16
Other domestic corporations	11.17
Foreign shareholders	21.14
Securities firms	7.25

(as of March 31, 2012)

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:	1,229 (Consolidated: 2,507)

Board of Directors and Corporate Auditors

(as of June 28, 2012)

President

Yutaka Kinebuchi

Executive Senior Managing Director

Tsutomu Kaku

Managing Directors

Hiroharu Hirashita

Eiji Ito

Gaishi Fujita

Makoto Masuda

Directors

Shingo Nakamura

Akihiko Kikuchi

Akira Ishii

Hiroyuki Uryu

Haruo Higuchi

Noriyuki Haketa

Tsutomu Sakuma

Hiroyuki Adachi

Corporate Auditors

Ryuichiro Yagi

Mitsuru Kobayashi

Isomi Suzuki

Naoyuki Hori

Long-Term Vision: Chemigress To 100



Advancing to our 100th birthday in 2020

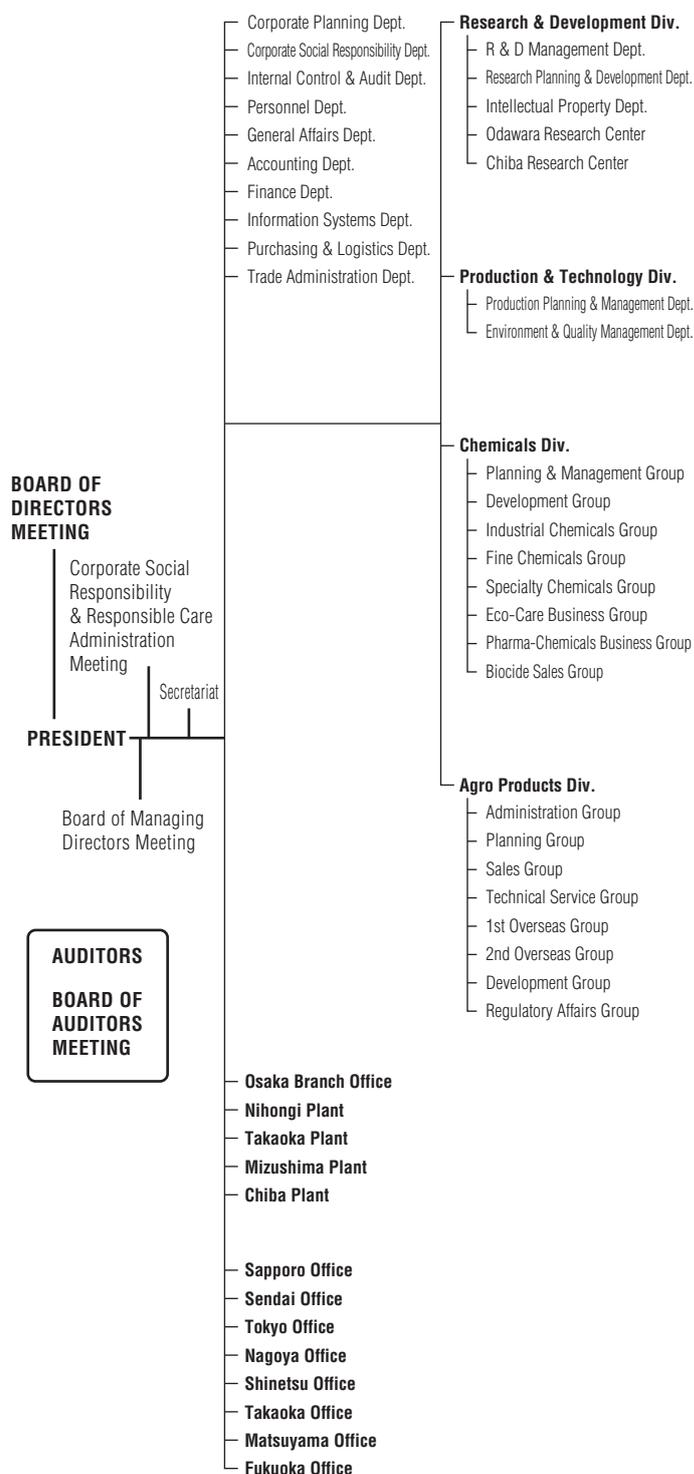
Thanks to the support of everyone, Nippon Soda is approaching its 100th anniversary in 2020.

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, 2012)



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 Fine 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

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

R&D CONSULTANTS

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

(Reference) On April 1, 2012, Nisso Fine Chemicals Co., Ltd. merged with Nisso Jushi Co., Ltd. The surviving company's name was Nisso Fine Chemicals Co., Ltd. Subsequently, the surviving company's name was changed to Nisso Fine Co., Ltd.

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
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 Topsis-M

NISSO BRASILEIRA REPRESENTAÇÃO LTDA.
Av. Paulista, 854-13º 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

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/>