

A young girl with dark hair, wearing a white jacket, is shown from the waist up, reaching her arms up towards the sky. She is in a field of tall grass and colorful flowers (red, blue, yellow). The sky is a clear, bright blue, and several colorful bubbles are floating around her. The overall scene is bright and cheerful.

# 2013

# ANNUAL REPORT

For the year ended  
March 31, 2013

## CONTENTS

|                              |    |
|------------------------------|----|
| CORPORATE POLICIES           | 1  |
| MESSAGE FROM THE PRESIDENT   | 2  |
| FINANCIAL HIGHLIGHTS         | 3  |
| VISTA 2015 STAGE II          | 4  |
| REVIEW OF OPERATIONS         |    |
| CHEMICALS                    | 7  |
| PERFORMANCE MATERIALS        | 8  |
| AGROCHEMICALS                | 9  |
| PHARMACEUTICALS              | 10 |
| TRADING/OTHER BUSINESSES     | 11 |
| OVERVIEW OF SEGMENTS         | 12 |
| BUSINESS TOPICS              | 13 |
| RESPONSIBLE CARE             | 15 |
| GLOBAL STRATEGY              | 16 |
| FINANCIAL SECTION            | 17 |
| INDEPENDENT AUDITORS' REPORT | 32 |
| HISTORY                      | 33 |
| DIRECTORY OF NISSAN CHEMICAL | 34 |
| GROUP NETWORK                | 35 |
| CORPORATE PROFILE            | 36 |
| STOCK INFORMATION            | 37 |

We contribute to society in harmony with the environment, based on our excellent technologies, products and services.



### Guidelines for action

- 1 We observe the laws in Japan and overseas, and conduct good business activities as a member of the international community
- 2 We appropriately disclose corporate information and secure the transparency of business administration
- 3 We voluntarily and proactively engage in activities to protect the environment and secure safety
- 4 We deal with requests from all stakeholders in a sincere manner
- 5 We foster a cheerful and friendly working environment
- 6 We nurture the spirit of challenge with strong ambition
- 7 We cherish an attitude as a good corporate citizen and a working person

### Basic policies

As a group growing with customers, we refine our brand power in a good-faith corporate culture and aim to improve our corporate value through socially meaningful business activities.

## Projections

Statements contained in this report with respect to Company plans, strategies and beliefs that are not historical facts are projections about the future performance of the Company which are based on management's assumptions and beliefs in light of the information currently available. These projections involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to differ materially from the expectations expressed herein.



Message from the President  
Dear shareholders,



Kojiro Kinoshita,  
President

We would like to express our thanks to you for your patronage.

In this term, the domestic economy was on the gradual recovery trend because of reconstruction demand from the earthquake, etc. However, the recovery contained some weaknesses as it was impacted by prolonged European debt crisis and the downturn of global economy such as slowdown in economic growth in China.

Under these circumstances, the sales in Chemicals segment decreased due to sluggish overseas market. However, Performance Materials segment increased sales because display materials and semiconductor materials had healthy sales. Meanwhile, a new herbicide was added to the product line-ups for Agrochemicals segment, and for Pharmaceuticals segment, the sales of LIVALO increased both within Japan and overseas. Consequently, in both businesses, the sales of this fiscal year exceeded previous year's sales. The sales and incomes of the corporate group increased during the 143rd term.

As a result, our term-ended dividend was set at 14 yen per share, and our annual dividend, including the interim dividend, was set at 26 yen per share (increase by 2 yen from that of the previous term).

With regard to the future outlook, although the domestic economy shows the signs of recovery with the background of

improvement in export environment and favorable economic and financial policies, there are still concerns over prices of raw materials and impact of a rise in consumption tax. Therefore, the business environment remains unpredictable.

However, our corporate group began to implement the midterm business plan, "Vista2015 Stage II", for FY2013 (April 1, 2013-March 31, 2014) to FY2015 and aims to grow even further with a slogan of "Only challenge to change makes us keep winning!"

Under the corporate ethos of "We contribute to society in harmony with the environment based on our excellent technologies, products and services", we will carry out good-faith business activities as a powerful corporate group trusted by all stakeholders by improving the transparency of business administration, being compliant with laws and social norms, caring for the environment, and making social contributions.

We would appreciate your continued understanding and support.

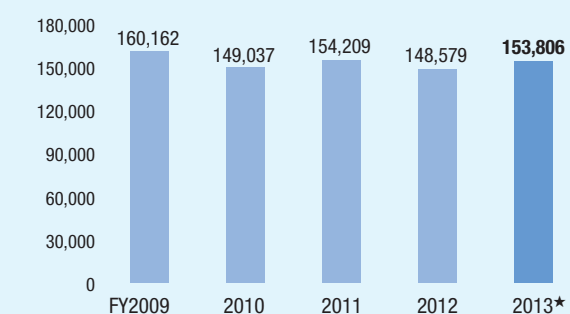
## FINANCIAL HIGHLIGHTS

Nissan Chemical Industries, Ltd. and its Consolidated Subsidiaries  
Years ended March 31, 2013 and 2012

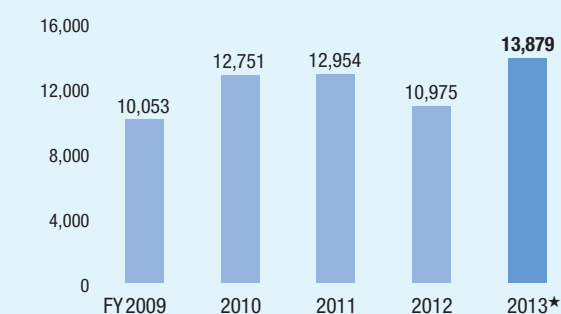
| Consolidated                                 | Millions of Yen |          | Thousands of U.S. Dollars |
|----------------------------------------------|-----------------|----------|---------------------------|
|                                              | FY 2013         | FY 2012  | FY 2013                   |
| Net sales                                    | ¥153,806        | ¥148,579 | \$1,636,411               |
| Net income                                   | 13,879          | 10,975   | 147,669                   |
| Equity                                       | 125,568         | 118,631  | 1,335,977                 |
| Amounts per share (in yen and U.S. dollars): |                 |          |                           |
| Net income                                   | ¥ 83.74         | ¥ 64.52  | \$ 0.89                   |
| Equity                                       | 766.87          | 697.36   | 8.16                      |
| Non-Consolidated                             |                 |          |                           |
| Net sales                                    | ¥114,442        | ¥110,623 | \$1,217,593               |
| Net income                                   | 11,756          | 9,981    | 125,073                   |
| Equity                                       | 109,156         | 105,002  | 1,161,356                 |
| Amounts per share (in yen and U.S. dollars): |                 |          |                           |
| Net income                                   | ¥ 70.92         | ¥ 58.67  | \$ 0.75                   |
| Equity                                       | 666.63          | 617.24   | 7.09                      |

Note: The U.S. dollar amounts in this report are given for convenience only and represent translations of Japanese yen at the rate of ¥93.99 to U.S. \$1, the rate prevailing at the end of the term.

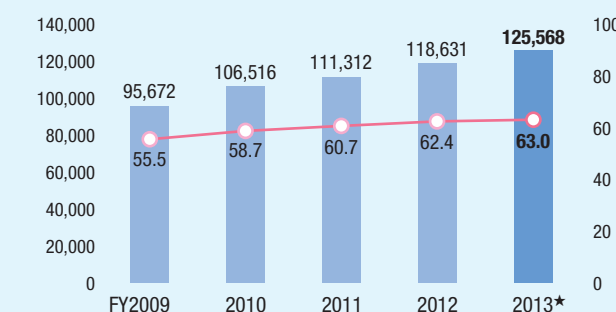
Net Sales (Millions of Yen)



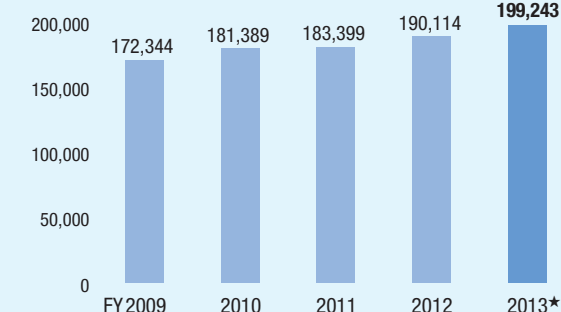
Net Income (Millions of Yen)



Equity (Millions of Yen) / Equity Ratio (%)



Total Assets (Millions of Yen)



\* FY2013: fiscal year ended March 31, 2013

# Vista2015 Stage II

## Start of Vista2015 Stage II

“Only challenge to change makes us keep winning!”

In April 2010, we launched Vista 2015, a six-year medium-term business plan. Under this plan, we have continuously pursued initiatives to enhance our true strength as a Value-Creating Enterprise dedicated to growth in partnership with customers.

During Stage I of the plan, which covered the three-year period from FY2010 (April 1, 2010 – March 31, 2011) to FY2012, we achieved some positive results, including the rollout of new products in the Performance Materials and Agrochemicals areas, and advances in the development of new materials which will support future growth. We also developed our business base for the future, enhancing our research infrastructure and expanding our overseas network.

In April 2013, we launched Stage II of the plan, which covers the three-year period from FY2013 (April 1, 2013– March 31, 2014) to FY2015, to build on the progress made to date.

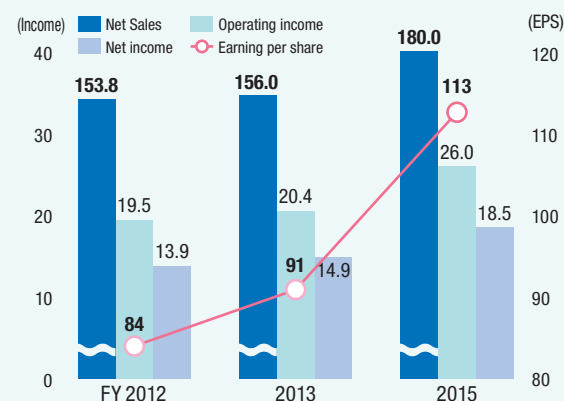
In Stage II, we aim to be “socially useful” through our products and services, in line with our corporate vision of becoming “a company that contributes to human survival and development.”

By 2015, we want to “establish Nissan Chemical as a chemical manufacturer that provides a strong sense of stability coupled with further growth potential, by positioning Performance Materials (electronic, inorganic, organic) and Life Sciences (Agrochemicals and Pharmaceuticals) as the growth engine that drives growth and strengthening income streams from Chemicals and group companies.”

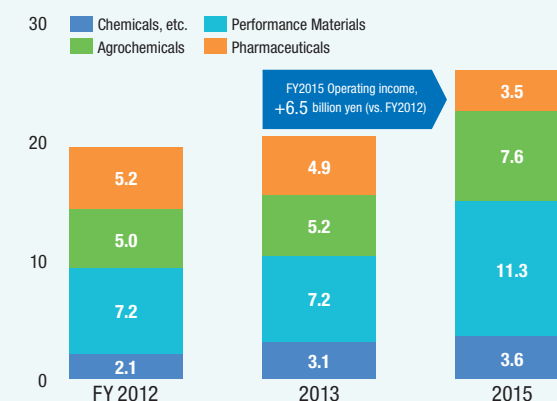
To achieve this vision, we plan to establish de facto standard technologies in the Performance Materials Area, supplying not only cutting-edge materials but also low price, fully functional products widely used in the global market. In the Life Sciences Area, we plan to continuously develop new products, focusing on Agrochemicals that will help solve the problem of food shortages resulting from global population growth, and Pharmaceuticals that are inextricably linked with human survival. In the Chemicals Area, we will resolutely carry out measures to strengthen competitiveness and focus on increasing profitability.

### Financial targets

Net Sales/Operating income/Net income (Billions of Yen)  
Earning per share (Yen)...EPS



Operating income by segment (Billions of Yen)  
Chemicals including Trading & Others segment and adjustment



## 1. Basic Strategies

### (1) Creating New Products and New Businesses

- 1) Businesses
  - a) We will start up new businesses by developing extremely unique materials and carving out new markets.
  - b) We will ensure the competitiveness of new products and new materials currently being developed by business divisions based on market needs.
  - c) We will pursue M&A and product acquisitions to expand business.
- 2) Research
  - a) We will create a research structure that will allow us to fully demonstrate our strengths in our four core areas of expertise: “fine organic synthesis”, “ultrafine particle control”, “functional polymer design”, and “biological evaluation technology”.
  - b) We will introduce advanced technologies through open innovation, etc.
  - c) We will ensure a ratio of R&D expenditure to sales of 9%, and commit a total of 47.5 billion yen in R&D over the three years (7.6 billion yen more than in the first three years of plan).

### (2) Pursuit of business structure reforms

- 1) We will increase competitiveness by adopting more efficient and more sophisticated manufacturing processes at all plants, switching to lower cost materials and procuring raw materials from more than one supplier.
- 2) We will strengthen and expand our business base in anticipation of overseas market growth.
- 3) We will form alliances with companies in the same industry based on assessment of increasingly difficult industry trends.

## 2. Sources of growth for Stage II

### (1) Chemicals

- 1) We will expand sales of products in growth areas such as high-purity liquid ammonia, high-grade urea solution, and TEPIC which is used on the production of electronic materials.
- 2) We will reduce manufacturing costs through radical structural reforms starting by changing manufacturing methods.

### (2) Performance Materials

- 1) We will develop advanced materials in response to new alignment technology required for the development of high resolution LCD.
- 2) We will develop multi-layer process materials to meet growing demand as a result of the miniaturization of semiconductors.
- 3) We will expand applications for SNOWTEX.
- 4) We will develop materials for hole injection layer in OLED devices.

### (3) Agrochemicals

- 1) We will focus on ALTAIR, the new paddy rice herbicide.
- 2) We will expand sales channels for ROUNDUP MaxLoad AL (non-selective foliage applied herbicide for general household use).
- 3) We will enter the animal health product business.

### (4) Pharmaceuticals

- 1) We will expand overseas sales of LIVALO.
- 2) We will defend domestic sales of LIVALO against generics through patenting of the crystalline form (approved January to February 2013).
- 3) We will derive our next drug candidates (treatments for pain, rheumatism).

### To create a research structure to maximize our core technological capabilities.



### 3. Initiatives for 2016 onwards

#### (1) Materials

- 1) We will develop a broad range of applications for Hyper-Branch polymers (hyperbranched organic nanoparticles).
- 2) We will develop and commercialize new materials for 3D packaging and EUV in response to the further high-integration of semiconductor devices.
- 3) We will develop materials for use in flexible displays.

#### (2) Life sciences

- 1) We will launch NANOFIBER GEL® (supramolecular gel) in the cosmetics field, and market the gel as a quasi-pharmaceutical and medical additive.
- 2) We will sell mediums for 3D culture of cancer cells and liver cells, and develop materials in the medical materials field.
- 3) We will conduct evaluations for the launch of new insecticides using our own technical grade chemicals, and we will develop new paddy rice herbicides and fungicides.
- 4) We will develop NIP-022 (treatment for thrombocytopenia), NT-702 (treatment for intermittent claudication and asthma), and next drug candidates (treatments for pain, rheumatism and diabetes).
- 5) We will leverage our libraries and synthesis capacity to promote joint drug development with pharmaceutical manufacturers.

#### (3) R&D

- 1) We will build a new R&D building (tentatively named as "Advanced Materials Research Laboratories") to accelerate the creation of new materials.
- 2) We will develop new products by combining performance materials and life sciences.

### 4. Financial Indicators

(1) We will improve the **operating income margin** by expanding sales of high value added products and reducing the breakeven point of products.

Result for 2012 12.7% **Target for 2015 14.4%**

(2) We will attach importance to **ROE** as an indicator of corporate profitability, and make optimal use of our capital.

Result for 2012 11.4% **Target for 2015 13.4%**

(3) As the driver of growth, R&D will be prioritized in the allocation of management resources.

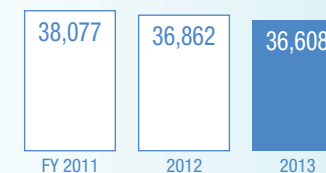
**Ratio of R&D expenditure to sales** Result for 2012 8.9% **Target for 2015 9.6%**

(4) We will implement a flexible capital policy, including the acquisition of our own shares, and a policy of actively returning income to our shareholders, and will maintain a **dividend payout ratio of 30% or higher**.

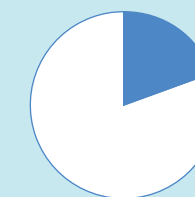
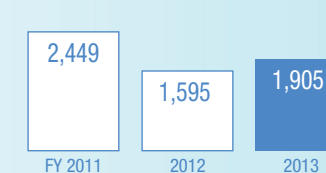
Having steadily implemented strategies in accordance with the basic strategies of this plan and achieved record high operating income of 24.8 billion yen in the early stages, Nissan Chemical is now ready to move onto the next stage of the plan.

## REVIEW OF OPERATIONS Chemicals

Net Sales (Millions of Yen)



Operating Income (Millions of Yen)



SALES RATIO BY SEGMENT

19.5%

### Business Overview

Basic Chemicals operations are continuing to expand around the development of industrial chemicals such as melamine, sulfuric acid, nitric acid and ammonia.

Fine Chemicals operations are mainly dealing with TEPIC and HI-LITE, which is anti-bacterial and disinfectant environmental chemicals for swimming pools and wastewater treatment systems.

### Business Performance

With regard to Basic Chemicals, the sales of AdBlue® were healthy. The sales of melamine were the same as previous year, as the domestic demand recovered and the export market situation improved in the second half of the financial year. With regard to Fine Chemicals, the shipment of TEPIC to be used for powder coating agent for paint and HI-LITE decreased, while Custom Chemicals (Custom manufacturing and process researching services for pharmaceutical companies) improved.

Consequently, sales in this business were 36,608 million yen (a decrease of 254 million yen from the same term of the previous year) and operating income was 1,905 million yen (an increase of 310 million yen).



Plants of "AdBlue"

### Main Products

#### [TEPIC®]

TEPIC is a special epoxy compound with a triazine molecular frame. It has high reactivity and excellent heat resistance characteristics, weather resistance, electrical properties and transparency. Demand for powder paint curative agents, reforming agents for paint, ink and adhesive agents, high-purity products, and electronic materials such as solder resist ink and optical semiconductor resin sealant, has been expanding in recent years.

#### [MELAMINE]

MELAMINE is widely used as an adhesive agent for plywood, laminated sheets, molded products, resin finishes for fabric and paper, and paint. It has high-level aesthetic properties and substantial quality. We are proud of our first-class production ability and our unique high-pressure method process, and are also proud to be supplying products throughout the overseas markets.

#### [AdBlue®]

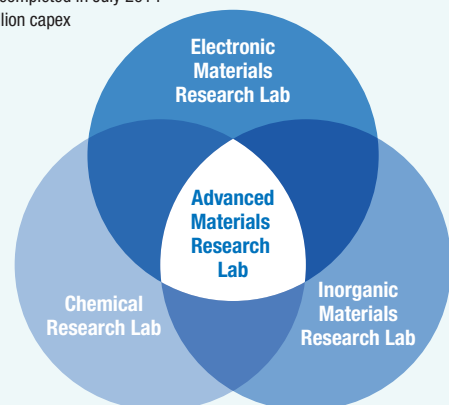
AdBlue® is a solution of urea in demineralised water used as an operating fluid in diesel-powered freight trucks to improve emissions. To promote this unique product, we are now expanding our original supply system for domestic market.

\*AdBlue® is a registered trademark of the Verband der Automobilindustrie.

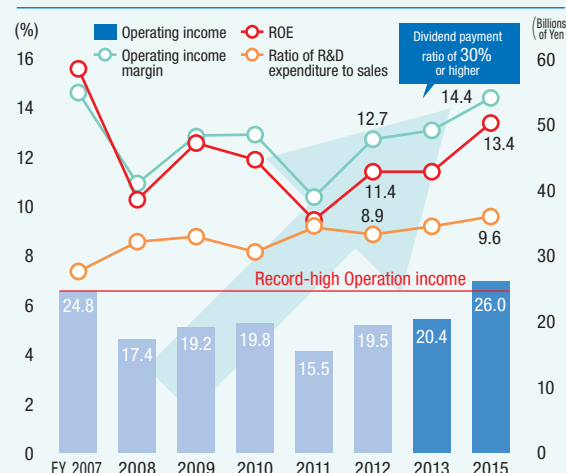
### Advanced Materials Research Lab. (tentative name)

#### Creation of new materials

To be completed in July 2014  
3.4 billion capex



### Financial Indicators





# REVIEW OF OPERATIONS Performance Materials



## Business Overview

SUNEVER, BARC and SNOWTEX, key products of our performance materials business, dominate the market in each area with a history of high quality market evaluations. We will continue to develop and provide high-value-added niche products in the fields of display, semiconductor and related boundary areas.

## Business Performance

With regard to SUNEVER, the sales of products for smart-phones and tablet PCs as well as LCD panels for TV increased. The demand for multi layer process materials also increased due to high integration of semiconductors. The sales of SNOWTEX among our major customers did not recover to the level of the previous year.

Consequently, sales in this business were 37,368 million yen (an increase of 3,401 million yen from the same term of the previous year) and operating income was 7,170 million yen (an increase of 2,348 million yen).



LCD TV

## Main Products

### [SUNEVER®]

SUNEVER is a polyimide resin for coating liquid-crystal glass to align the liquid crystal molecules in a certain direction. This material comes in various grades to correspond to the flat panel display for TVs, monitors, PCs, and other products.

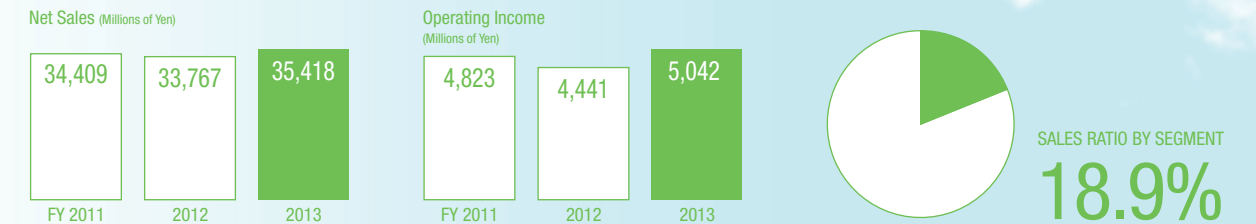
### [BARC]

BARC is a bottom anti-reflective coating developed for semiconductor lithography. It solves various problems with exposure by coating under photo resist products. We provide a wide range of products corresponding to a wide range of line widths, from i-line to the most-advanced ArF, and contribute to technological innovation in semiconductor devices.

### [SNOWTEX®]

SNOWTEX is a colloidal silica for use in a wide range of applications such as paper, fabric, iron and steel, metal casting and refractory products. Recently, this product has been undergoing development for use in batteries, coatings for inkjet printer paper and polishing silicon wafers.

# REVIEW OF OPERATIONS Agrochemicals



## Business Overview

The agrochemicals business is based on the manufacturing of proprietary products generated from Nissan's discovery research and expanding distribution network for Japan and over 60 countries throughout the world.

## Business Performance

With regard to paddy rice herbicide, the healthy sales of the new product, ALTAIR, compensated for decreased sales of SIRIUS. The sales of ROUNDUP including general house-hold use had healthy increase. The sales of STARMITE and PULSOR also went well. Furthermore, we received the milestones for animal health products.

Consequently, sales in this business were 35,418 million yen (an increase of 1,650 million yen from the same term of the previous year) and operating income was 5,042 million yen (an increase of 601 million yen).



paddy rice herbicide ALTAIR

## Main Products

### [Pyrazosulfuron-ethyl (SIRIUS)]

Uses: An herbicide for rice and turf

Commercialization: Rice growing area such as Japan, China, South Korea, South-east Asia and South America.

### [Quizalofop-ethyl (TARGA)]

Uses: A grass killer for broadleaf crops such as soybeans, sugar beets, sunflowers, oilseed rape and vegetables

Commercialization: All over the world, especially in North America, Europe and India.

### [Halosulfuron-methyl (PERMIT)]

Uses: A herbicide effective against sedges and broadleaf weeds for corn, sugarcane, rice and turf

Commercialization: Japan, the Americas, Australia, South Africa, Italy, etc.

### [Pyridaben (SANMITE)]

Uses: An insecticide and acaricide effective against whiteflies, spider mites, broad mites and rust mites for citrus, pome and stone fruits, vegetables, tea and ornamentals

Commercialization: Japan, North America and EU Countries.

### [Amisulbrom (LEIMAY)]

Uses: A fungicide effective against downy mildew, late blight and other diseases caused by Oomycetes fungus on grapes, potato, tomato and vegetables, in addition, also effective against several soil borne diseases such as brassica club root and Pythium diseases

Commercialization: Japan, South Korea and EU Countries.

### [Cyanopyrafen (STARMITE)]

Uses: An acaricide effective against spider mites on fruits tree crops, tea, vegetables and ornamentals

Commercialization: Japan, South Korea and Colombia.

### [Glyphosate (ROUNDUP)]

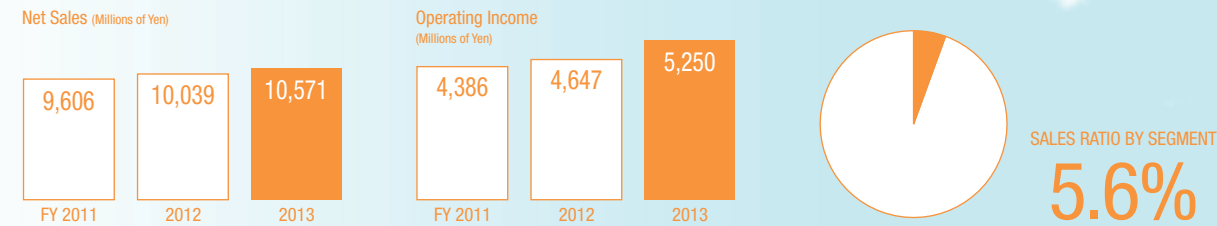
We are distributing this non-selective weed killer herbicide under ROUNDUP brand which has been acquired from Monsanto since 2002 for Japanese domestic market.

### [Thifluzamide (PULSOR)]

Uses: A systemic fungicide highly effective against diseases caused by Rhizoctonia fungus on turf, rice and potato

Commercialization: Japan, Brazil, Colombia, South Korea and China.

# REVIEW OF OPERATIONS Pharmaceuticals



## Business Overview

Nissan Chemical entered into the pharmaceutical business in 1982. Nissan Chemical keeps trying research and development for innovative medicines by using the strategic chemical library, the state-of-the-art evaluation technology and precise organic synthesis technology.

## Business Performance

With regard to LIVALO, its share increased steadily inside Japan and the sales overseas also went healthy. As a result, the sales increased. Meanwhile, there were no milestones from the licenses for new medicines under development.

Consequently, sales in this business were 10,571 million yen (an increase of 532 million yen from the same term of the previous year), and operating income was 5,250 million yen (an increase of 603 million yen).



LIVALO

## Main Products

### [LIVALO]

LIVALO is a statin agent with a strong LDL cholesterol reduction, which causes less drug-interactions. It is manufactured and distributed by Kowa Company, Ltd., and distributed by Kowa Pharmaceutical Co. Ltd. and Daiichi Sankyo Co., Ltd. in Japan. In South Korea, it is marketed by JW Pharmaceutical Corporation. This agent is recognized as one of the "Strong statins" in clinical practice. It is also introduced to Thailand, China, the United States and some European countries. It is also planning to be launched in other countries and territories.

### New Medicines under Development

#### [NT-702]

This agent has both a phosphodiesterase inhibitory effect and a thromboxane A2 synthetase inhibitory effect, and is under development with Taisho Pharmaceutical Co., Ltd. Clinical trials not only for asthma but also for intermittent claudication associated with peripheral arterial disease are under way.

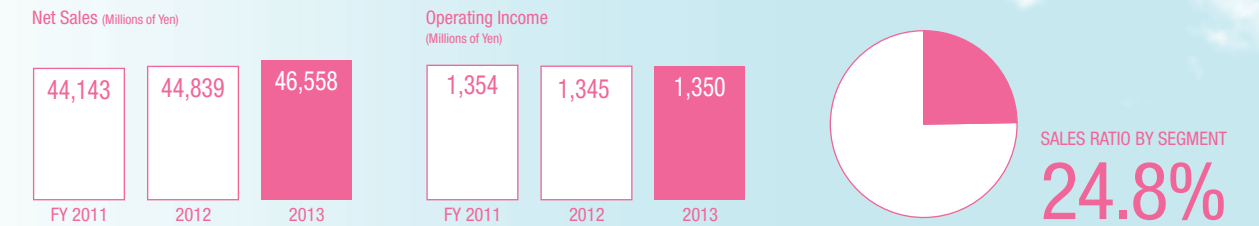
#### [NTC-801]

NTC-801 is a new antiarrhythmic agent that inhibits the acetylcholine-activated potassium channel current (IKACH). Because IKACH channel is apparent in the atrium but not in the ventricle, NTC-801 has the potential to be an atrial selective agent for the treatment of atrial fibrillation. In Japan, NTC-801 is currently under Phase II clinical trial with Teijin Pharma Limited. Outside of Japan, we have executed a licensing agreement with Bristol-Myers Squibb Company (BMS), and have granted BMS exclusive development and marketing rights worldwide, except in Japan. Clinical trial is conducted in the United States by BMS.

#### [NIP-022]

NIP-022 is an orally active agent which may increase platelet count by activating a receptor of thrombopoietin. We and Ono Pharmaceuticals Co. Ltd. (Ono) entered into a license agreement in December 2007, and are jointly developing the agent worldwide. Phase I clinical trial is conducted in the United States by Ono (Ono's development code: ONO-7746).

# REVIEW OF OPERATIONS Trading



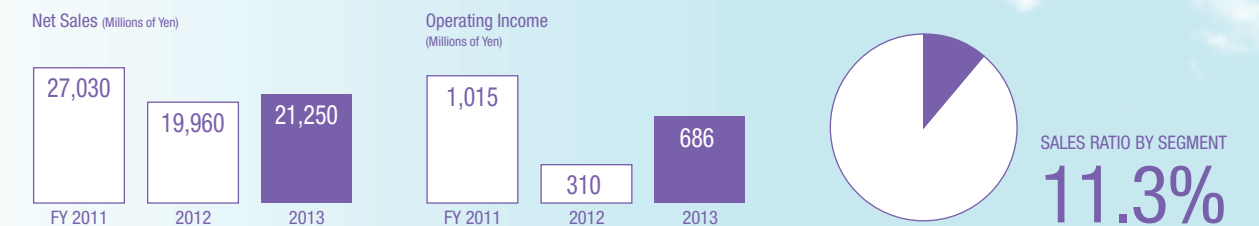
## Business Performance

The sales of electronic material-related products steadily increased. Consequently, sales in this business were 46,558 million yen (an increase of 1,719 million yen from the same term of the previous year), and operating income was 1,350 million yen (an increase of 5 million yen).



Nissei International (Thailand) Corporation

# REVIEW OF OPERATIONS Other Businesses



## Business Performance

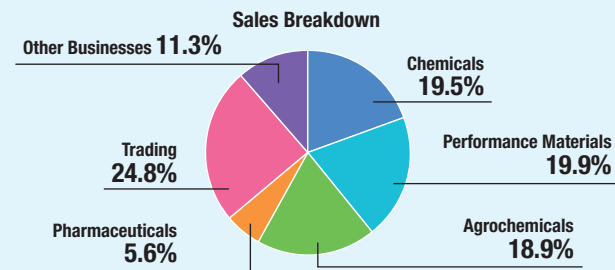
As the sales in the engineering business and others increased, sales in this business were 21,250 million yen (an increase of 1,290 million yen from the same term of the previous year), and operating income was 686 million yen (an increase of 376 million yen).



Tama river bank protection work against flood



## REVIEW OF OPERATIONS OVERVIEW OF SEGMENTS



|                       | Main Products                                                                                                                                                        | Net Sales (Millions of Yen)                      | Operating Income (Millions of Yen)            |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------|
| Chemicals             | <b>Basic chemicals</b><br>— Melamine, High purity chemicals, Ammonia derivatives, AdBlue®<br><b>Fine chemicals</b><br>— TEPIC®, Melamine cyanurate, Custom Chemicals | 38,077 (FY 2011)   36,862 (2012)   36,608 (2013) | 2,449 (FY 2011)   1,595 (2012)   1,905 (2013) |
| Performance Materials | <b>Display materials</b><br>— SUNEVER®<br><b>Semiconductor materials</b><br>— BARC<br><b>Inorganic materials</b><br>— SNOWTEX®                                       | 37,908 (FY 2011)   33,967 (2012)   37,368 (2013) | 7,899 (FY 2011)   4,822 (2012)   7,170 (2013) |
| Agrochemicals         | <b>Herbicides</b><br>— SIRIUS, TARGA, PERMIT, ROUNDUP, ALTAIR<br><b>Insecticides</b><br>— SANMITE, MITO-KOHNE, STARMITE<br><b>Fungicide</b><br>— LEIMAY, PULSOR      | 34,409 (FY 2011)   33,767 (2012)   35,418 (2013) | 4,823 (FY 2011)   4,441 (2012)   5,042 (2013) |
| Pharmaceuticals       | <b>Anti-cholesterol agent</b><br>— LIVALO<br><b>New Medicines under Development</b><br>— NT-702, NTC-801, NIP-022                                                    | 9,606 (FY 2011)   10,039 (2012)   10,571 (2013)  | 4,386 (FY 2011)   4,647 (2012)   5,250 (2013) |
| Trading               | <b>Fine Chemicals</b><br><b>Commodity Products</b><br><b>Imported Chemicals</b>                                                                                      | 44,143 (FY 2011)   44,839 (2012)   46,558 (2013) | 1,354 (FY 2011)   1,345 (2012)   1,350 (2013) |
| Other Businesses      | <b>Landscaping,</b><br><b>Environmental analysis,</b><br><b>Transportation,</b><br><b>Engineering,</b><br><b>Fertilizer</b>                                          | 27,030 (FY 2011)   19,960 (2012)   21,250 (2013) | 1,015 (FY 2011)   310 (2012)   686 (2013)     |

### \* REVIEW OF OPERATIONS

In 2011, we reorganized the Chemicals business and the Electronic Materials business, and established the Performance Materials business. Accordingly, we have new businesses from this term. The business performance for the previous term has been revised as well.

## BUSINESS TOPICS

We implement various measures for creating a new engine of growth.

### Extending the market for ROUNDUP MaxRoad AL

“ROUNDUP” is a herbicide that is used in more than 130 countries around the world for its excellent herbicidal effect and safety.

We sell various types of “ROUNDUP” in Japan. In 2011, “ROUNDUP MaxRoad AL” was added to our product line-up. Its container has a shower head, and it can be used without diluting it. Until now, it had been sold mainly in DIY stores. However, we just began its sales in some drug stores in order to make it accessible not only to the gardening lovers but also to the general household. We expect people who go to drug stores to purchase it as one of their daily necessities.

In order to enhance the recognition of ROUNDUP, we also expanded its TV advertisement from two prefectures (Shizuoka and Hiroshima) last year to 21 prefectures this year.

By extending the market and vigorous advertisement for ROUNDUP Max Road AL, we will try to increase the sales of our ROUNDUP products.



“ROUNDUP MaxRoad AL” (Diluted shower type)



### Production facilities for the active ingredient in Paddy Rice Herbicide, ALTAIR

Production facilities for the manufacture of the active ingredient in ALTAIR are now ready to start production at our Onoda Plant (Sanyo-Onoda, Yamaguchi).

ALTAIR is a new paddy rice herbicide developed by Nissan Chemical Industries and was first launched in Korea, ahead of Japan in 2012. Pesticide registration was approved in February 2013 and will start selling in the form of four mixed formulations as of March across Japan. The production facilities for the active ingredient at our Onoda Plant were completed in October 2012, and crushing facilities will follow for operation at our Saitama Plant in May 2013.

Nissan Chemical Industries will continue to channel its energy into the sale of ALTAIR with the aim of further expanding our agrochemicals business.



Production facilities for ALTAIR



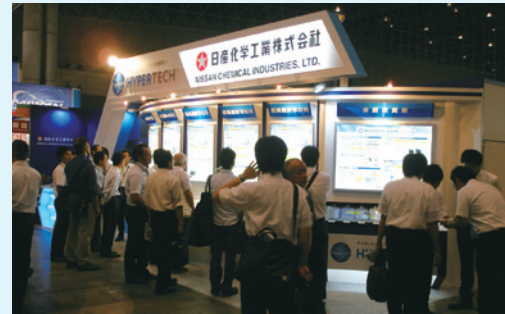
## Topics for each business

### Sales of “HYPERTECH®” for touch panels began.

We have been undertaking basic and applied research of advanced materials as well as research for their practical application in collaboration with Kyushu University since 2006 as part of the joint effort between industry and academia. As a result, last year, our “HYPERTECH”, a nanometer-sized spherical polymer, was adapted by multiple users to be used for surface control for anti-fingerprint of touch panel film on smart phones and tablet computers. The research is also going on to meet the market needs, such as anti-fingerprint coating for glass and anti-fouling coating.

Furthermore, as ultra-high refractive index coating materials, we are trying to develop HYPERTECH for the use of enhancing transparency of the touch panel and for extracting light of OLED and LED lighting. We are also cultivating demand of HYPERTECH as nucleating reagents for electroless plating for micro wiring.

We will continue promoting the development of applications and aim at practical applications of HYPERTECH in various fields.



Cutting edge IT & Electronics Exhibition CEATEC JAPAN 2012



### 3D cell culture medium

Our company established a medical material group in our bioscience laboratory in April 2012 and has been working on the development of new materials in the life science field.

We recently developed a new material for 3D cell culture medium for cancer cells. Unlike existing method, the cells will not form oversized sphere and will be evenly dispersed on the culture medium with this material. We will begin shipping samples from May 2013 and plan to begin the sales from fall 2013.



## RESPONSIBLE CARE

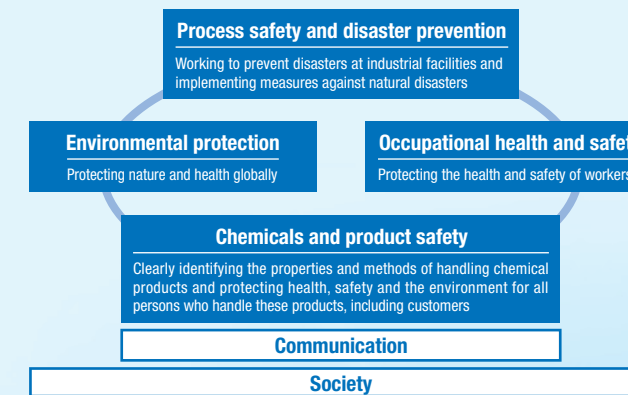
Through Responsible Care (RC) activities, we contribute to society in harmony with the environment.

### Implementation of RC Activities

In 2011, in order to improve environmental and safety practices and respond to more advanced quality assurance requirements for all segments (Chemical, Performance Materials, Agrochemicals and Pharmaceuticals), the “Environmental Safety and Quality Assurance Department” was established under control of the president. We will continue to consider “environment, safety, and health” as primary issues, and strive for even more responsible care (RC) activities in the future.

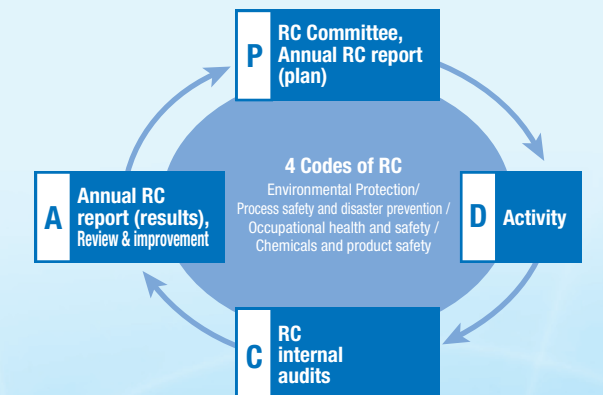
#### ■RC Activities

Responsible care includes all of the following activities of parties who deal in or manage chemicals.



#### ■RC in Operations

Our RC activities are carried out according to an annual schedule based on the PDCA cycle, with the continuous improvement.



#### ■RC Implementation System



#### ■Compliance

We consider compliance with laws and regulations is the key to get the trust from all stakeholders and do our best to become a law-abiding organization

### CSR TOPICS SCIENCE PROJECT (Special class for elementary school students)

We provide on-site classes called the “Science Project” at elementary schools as a part of social contribution activities to the community.

Last year, with the catch phrase, “We are all around you! The wonders of science”, the research staffs from Chemical Research Laboratory (Funabashi city, Chiba) offered classes at two nearby elementary schools. The students learned the relationships between things around them and science such as “making air freshener”, “signal response (experiment to change color by mixing solutions)”, etc. Children worked on the totally new experiments with serious and enthusiastic attitudes. They seemed to have been surprised at the natural phenomena and realized the fun of science.

We will continuously carry out this project, and be more involved with communities through various activities. We hope to make an opportunity to raise interest in science among children.



Class scene

## GLOBAL STRATEGY

### We invest to create the foundation for global growth

Performance Materials segment has placed importance on the Asian markets, which are expected to grow in the electronic material field, and will strengthen the functions of our affiliates in South Korea and Taiwan and expatriate offices in China. The cooperation between the overseas research & development center and the Japanese electronic materials laboratories will be deepened to improve the support system for clients from the technological aspect.

Agrochemicals segment owns affiliated companies and subsidiaries in Asia, North America, and Europe. In 2011, we invested to Iharabras in South America. By enriching new overseas footholds, we aim to expand sales volume outside Japan.

We will establish research sites in South America, in addition to Japan and France, and develop global research and development systems for new agrochemicals.



## FIVE-YEAR SUMMARY

| Consolidated                | Millions of Yen |           |           |           |           |
|-----------------------------|-----------------|-----------|-----------|-----------|-----------|
|                             | FY 2009         | FY 2010   | FY 2011   | FY 2012   | FY 2013   |
| Net sales                   | ¥ 160,162       | ¥ 149,037 | ¥ 154,209 | ¥ 148,579 | ¥ 153,806 |
| Operating income            | 17,437          | 19,151    | 19,818    | 15,478    | 19,548    |
| Net income                  | 10,053          | 12,751    | 12,954    | 10,975    | 13,879    |
| Total assets                | 172,344         | 181,389   | 183,399   | 190,114   | 199,243   |
| Equity                      | 95,672          | 106,516   | 111,312   | 118,631   | 125,568   |
| Capital expenditure         | 13,940          | 10,060    | 9,588     | 8,251     | 8,085     |
| Depreciation expense        | 10,206          | 10,994    | 10,440    | 10,459    | 9,545     |
| Amounts per share (in yen): |                 |           |           |           |           |
| Net income per share        | ¥ 57.26         | ¥ 74.00   | ¥ 75.94   | ¥ 64.52   | ¥ 83.74   |
| Equity per share            | 555.14          | 618.23    | 654.33    | 697.36    | 766.87    |
| Financial ratios (%):       |                 |           |           |           |           |
| Equity ratio                | 55.5            | 58.7      | 60.7      | 62.4      | 63.0      |
| Return on equity            | 10.3            | 12.6      | 11.9      | 9.5       | 11.4      |
| Non-Consolidated            |                 |           |           |           |           |
| Net sales                   | ¥ 117,797       | ¥ 110,993 | ¥ 115,643 | ¥ 110,623 | ¥ 114,442 |
| Operating income            | 13,935          | 15,912    | 16,735    | 13,095    | 16,369    |
| Net income                  | 7,957           | 10,435    | 12,344    | 9,981     | 11,756    |
| Total assets                | 150,488         | 160,288   | 163,956   | 169,081   | 175,032   |
| Equity                      | 85,632          | 93,835    | 98,536    | 105,002   | 109,156   |
| Amounts per share (in yen): |                 |           |           |           |           |
| Net income per share        | ¥ 45.32         | ¥ 60.56   | ¥ 72.37   | ¥ 58.67   | ¥ 70.92   |
| Equity per share            | 496.88          | 544.63    | 579.23    | 617.24    | 666.63    |
| Cash dividends per share    | 22.0            | 24.0      | 24.0      | 24.0      | 26.0      |
| Financial ratios (%):       |                 |           |           |           |           |
| Equity ratio                | 56.9            | 58.5      | 60.1      | 62.1      | 62.4      |
| Year-end statistics:        |                 |           |           |           |           |
| Number of shareholders      | 14,651          | 13,801    | 16,596    | 16,403    | 14,434    |
| Number of employees         | 1,657           | 1,710     | 1,750     | 1,726     | 1,712     |



# FINANCIAL REVIEW

Financial Review for the Year Ended March 31, 2013

## Overview

During FY2013 (April 1, 2012 to March 31, 2013), the domestic economy was on the gradual recovery trend because of reconstruction demand from the earthquake, etc. However, the recovery contained some weaknesses as it was impacted by prolonged European debt crisis and the downturn of global economy such as slowdown in economic growth in China.

Under these circumstances, the sales in Chemicals segment decreased, due to sluggish overseas market trend particularly during the 1st half of FY2013. Performance Materials segment increased sales because display materials and semiconductor materials had healthy sales. A new herbicide was added to the product line-ups for Agrochemicals segment, which resulted in increased sales. For Pharmaceuticals segment, the sales of LIVALO increased both within Japan and overseas.

Consequently, the sales of this term exceeded the sales of the previous year.

## Operating Results

The sales for this term were 153,806 million yen (an increase of 5,227 million yen from the same term of the previous year). Operating income was 19,548 million yen (an increase of 4,070 million yen), and net income was 13,879 million yen (an increase of 2,904 million yen).

## Financial Position

Total assets as of the end of FY2013 were 199,243 million yen, an increase of 9,129 million yen from the end of the previous year due to the increase in cash and deposits, trade receivables, inventory assets, and investment account securities.

Total liabilities were 72,542 million yen, an increase of 2,073 million yen from the end of the consolidated fiscal year, as income tax payable, etc. increased while interest-bearing debts decreased.

Net assets were 126,701 million yen, an increase of 7,055 million yen from the end of the previous year.

As a result, equity ratio was 63.0%, an increase of 0.6% from the end of the previous year.

## Cash Flow Analysis

As a result of deducting the payment amount of income tax, etc. from the increase or decrease in net income before income taxes and minority interests, depreciation, and operating capital, etc., the cash flow from operating activities for FY2013 was an income of 22,839 million yen (Income was 21,903 million yen

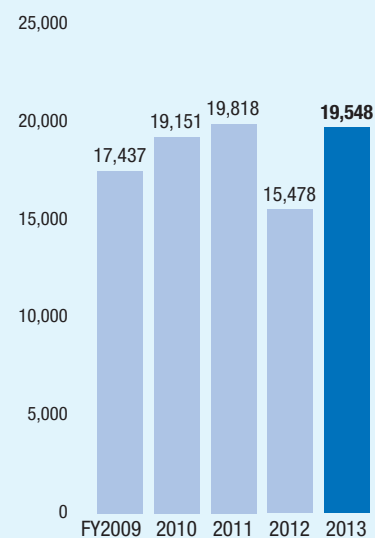
in the previous year).

The cash flow from investment activities was an expenditure of 9,253 million yen, mainly due to the investment in equipment in the Agrochemicals segment, etc. (Expenditure was 9,880 million yen in the previous year).

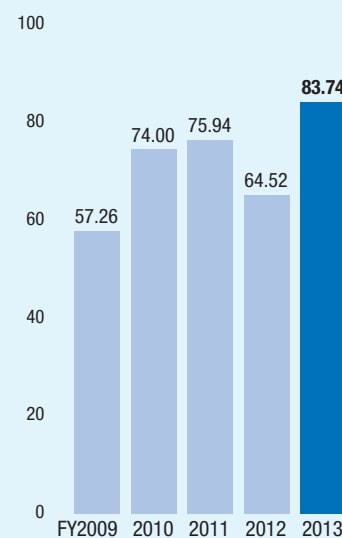
The cash flow from financing activities was an expenditure of 10,145 million yen, due to dividend payments, repayment of debts, and acquisition of treasury shares, etc. (Expenditure was 5,181 million yen in the previous year).

As a result, cash and cash equivalents as of the end of FY2013 were 31,879 million yen (27,906 million yen as of the end of the previous year), an increase of 3,973 million yen from the end of the previous year, after adding an effect of exchange rate changes of 532 million yen.

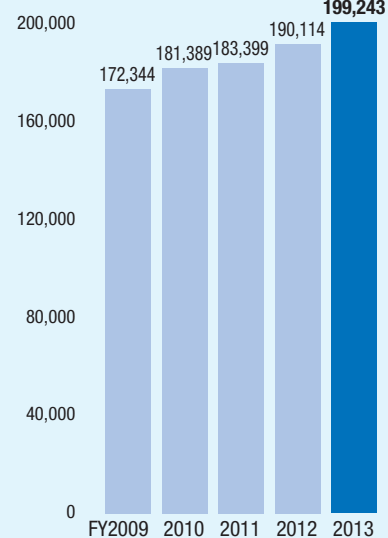
Operating Income (Millions of Yen)



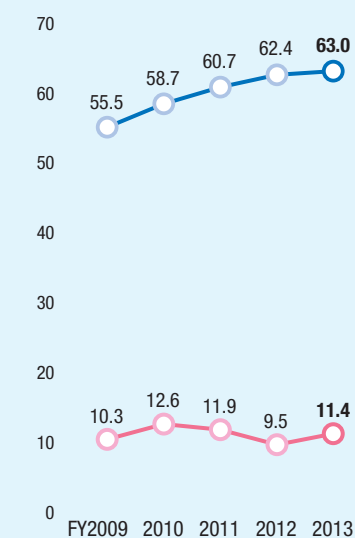
Net Income per Share (Yen)



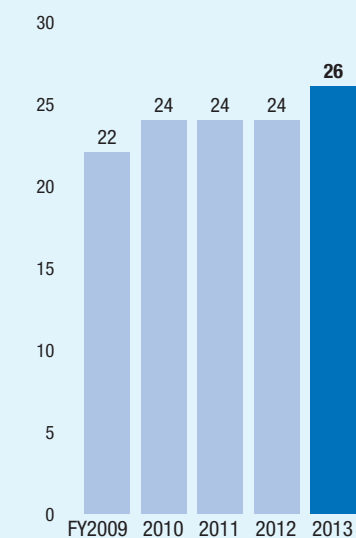
Total Assets (Millions of Yen)



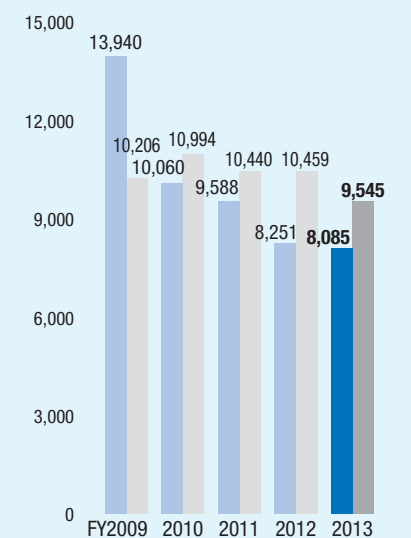
Equity Ratio (%)  
Return on Equity (%)



Dividends per Share (Yen)



Capital Expenditures/  
Depreciation Expense (Millions of Yen)



# CONSOLIDATED BALANCE SHEETS

Nissan Chemical Industries, Ltd. and its Consolidated Subsidiaries  
Years ended March 31, 2013 and 2012

| ASSETS                                                                      | Millions of Yen  |                  | Thousands of<br>U.S. Dollars<br>(Note 3) |
|-----------------------------------------------------------------------------|------------------|------------------|------------------------------------------|
|                                                                             | FY 2013          | FY 2012          | FY 2013                                  |
| <b>Current assets:</b>                                                      |                  |                  |                                          |
| Cash and time deposits                                                      | ¥ 31,879         | ¥ 27,906         | \$ 339,173                               |
| Notes and accounts receivable:                                              |                  |                  |                                          |
| Trade                                                                       | 56,661           | 55,527           | 602,845                                  |
| Less allowance for doubtful receivables                                     | (18)             | (10)             | (194)                                    |
| Inventories (Note 6)                                                        | 30,574           | 29,409           | 325,287                                  |
| Deferred taxes-current (Note 8)                                             | 2,633            | 2,624            | 28,017                                   |
| Other current assets                                                        | 4,233            | 2,928            | 45,040                                   |
| <b>Total current assets</b>                                                 | <b>125,962</b>   | <b>118,384</b>   | <b>1,340,168</b>                         |
| <b>Investments and advances:</b>                                            |                  |                  |                                          |
| Investment in securities (Note 5)                                           | 18,522           | 16,353           | 197,060                                  |
| Investments in and advances to non-consolidated subsidiaries and affiliates | 6,369            | 5,972            | 67,764                                   |
| Long-term loans                                                             | 32               | 32               | 339                                      |
| Other investments                                                           | 1,632            | 1,031            | 17,365                                   |
| Less allowance for doubtful receivables                                     | (109)            | (160)            | (1,163)                                  |
| <b>Total investments and advances</b>                                       | <b>26,446</b>    | <b>23,228</b>    | <b>281,365</b>                           |
| <b>Property, plant and equipment, at cost:</b>                              |                  |                  |                                          |
| Land                                                                        | 9,466            | 9,551            | 100,708                                  |
| Buildings and structures                                                    | 52,515           | 51,533           | 558,728                                  |
| Machinery and equipment                                                     | 137,141          | 131,352          | 1,459,102                                |
| Leased assets                                                               | 261              | 73               | 2,778                                    |
| Construction in progress                                                    | 814              | 890              | 8,663                                    |
| Less accumulated depreciation                                               | (156,191)        | (148,672)        | (1,661,776)                              |
| <b>Total property, plant and equipment</b>                                  | <b>44,006</b>    | <b>44,727</b>    | <b>468,203</b>                           |
| <b>Other assets</b>                                                         |                  |                  |                                          |
| Deferred taxes-non-current (Note 8)                                         | 71               | 72               | 751                                      |
| Intangible assets                                                           | 1,971            | 2,751            | 20,973                                   |
| Other                                                                       | 787              | 952              | 8,375                                    |
| <b>Total assets</b>                                                         | <b>¥ 199,243</b> | <b>¥ 190,114</b> | <b>\$ 2,119,835</b>                      |

| LIABILITIES AND NET ASSETS                               | Millions of Yen  |                  | Thousands of<br>U.S. Dollars<br>(Note 3) |
|----------------------------------------------------------|------------------|------------------|------------------------------------------|
|                                                          | FY 2013          | FY 2012          | FY 2013                                  |
| <b>Current liabilities:</b>                              |                  |                  |                                          |
| Short-term bank loans (Note 9)                           | ¥ 24,012         | ¥ 21,396         | \$ 255,476                               |
| Current portion of long-term debt (Note 9)               | 5,534            | 6,451            | 58,874                                   |
| Notes and accounts payable:                              |                  |                  |                                          |
| Trade                                                    | 17,367           | 17,281           | 184,776                                  |
| Construction                                             | 1,434            | 1,684            | 15,263                                   |
| Accrued income taxes                                     | 4,117            | 1,905            | 43,799                                   |
| Accrued expenses and other current liabilities           | 7,849            | 7,999            | 83,507                                   |
| <b>Total current liabilities</b>                         | <b>60,313</b>    | <b>56,716</b>    | <b>641,695</b>                           |
| <b>Long-term liabilities:</b>                            |                  |                  |                                          |
| Long-term debt (Note 9)                                  | 8,516            | 11,050           | 90,605                                   |
| Deferred taxes - non-current (Note 8)                    | 1,028            | 83               | 10,933                                   |
| Accrued retirement benefits (Note 7)                     | 345              | 505              | 3,674                                    |
| Other long-term liabilities                              | 2,340            | 2,114            | 24,900                                   |
| <b>Total long-term liabilities</b>                       | <b>12,229</b>    | <b>13,752</b>    | <b>130,112</b>                           |
| <b>Contingent liabilities (Note 11)</b>                  |                  |                  |                                          |
| <b>Net assets</b>                                        |                  |                  |                                          |
| <b>Shareholders' equity</b>                              |                  |                  |                                          |
| Common stock, ¥50 par value:                             | 18,942           | 18,942           | 201,533                                  |
| Authorized-360,000,000 shares;                           |                  |                  |                                          |
| Issued and outstanding-171,000,000 shares                |                  |                  |                                          |
| Additional paid-in capital                               | 13,612           | 13,612           | 144,820                                  |
| Retained earnings                                        | 91,360           | 86,508           | 972,022                                  |
| Treasury stock, at cost                                  | (1,053)          | (1,073)          | (11,203)                                 |
| <b>Valuation and translation adjustments</b>             |                  |                  |                                          |
| Valuation gain of investment securities after tax-effect | 3,542            | 2,021            | 37,683                                   |
| Adjustments on foreign currency statement translation    | (835)            | (1,379)          | (8,878)                                  |
| <b>Minority interests</b>                                | 1,133            | 1,014            | 12,051                                   |
| <b>Total net assets</b>                                  | <b>126,701</b>   | <b>119,645</b>   | <b>1,348,028</b>                         |
| <b>Total liabilities and net assets</b>                  | <b>¥ 199,243</b> | <b>¥ 190,114</b> | <b>\$ 2,119,835</b>                      |



## CONSOLIDATED STATEMENTS OF INCOME CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Nissan Chemical Industries, Ltd. and its Consolidated Subsidiaries Years ended March 31, 2013 and 2012

|                                                                    | Millions of Yen  |           | Thousands of<br>U.S. Dollars<br>(Note 3) |
|--------------------------------------------------------------------|------------------|-----------|------------------------------------------|
|                                                                    | FY 2013          | FY 2012   | FY 2013                                  |
| <b>Net sales (Note 13)</b>                                         | <b>¥ 153,806</b> | ¥ 148,579 | <b>\$ 1,636,411</b>                      |
| <b>Cost of sales</b>                                               | <b>98,639</b>    | 97,998    | <b>1,049,467</b>                         |
| Gross profit                                                       | 55,167           | 50,581    | 586,944                                  |
| <b>Selling, general and administrative expenses</b>                | <b>35,619</b>    | 35,103    | <b>378,961</b>                           |
| Operating income                                                   | 19,548           | 15,478    | 207,983                                  |
| <b>Other income (expense):</b>                                     |                  |           |                                          |
| Interest and dividend income                                       | 600              | 591       | 6,385                                    |
| Interest expenses                                                  | (342)            | (448)     | (3,636)                                  |
| Gain on sale of marketable and investment securities               | 15               | 33        | 156                                      |
| Write-down of marketable and investment securities                 | (257)            | (10)      | (2,735)                                  |
| Gain on sale of property, plant and equipment                      | 89               | 98        | 945                                      |
| Loss on disposal of property, plant and equipment                  | (361)            | (240)     | (3,842)                                  |
| Equity in earnings of non-consolidated subsidiaries and affiliates | 698              | 560       | 7,421                                    |
| Other, net                                                         | 502              | 462       | 5,348                                    |
| Income before income taxes                                         | 20,492           | 16,524    | 218,025                                  |
| <b>Income taxes (Note 8):</b>                                      |                  |           |                                          |
| Current                                                            | 6,375            | 4,867     | 67,825                                   |
| Deferred                                                           | 100              | 594       | 1,063                                    |
| <b>Minority interests in consolidated subsidiaries</b>             | <b>(138)</b>     | (88)      | <b>(1,466)</b>                           |
| <b>Net income</b>                                                  | <b>¥ 13,879</b>  | ¥ 10,975  | <b>\$ 147,669</b>                        |
|                                                                    | Millions of Yen  |           | Thousands of<br>U.S. Dollars<br>(Note 3) |
|                                                                    | FY 2013          | FY 2012   | FY 2013                                  |
| <b>Net income before minority interests</b>                        | <b>¥ 14,017</b>  | ¥ 11,062  | <b>\$ 149,136</b>                        |
| <b>Other comprehensive income (loss):</b>                          |                  |           |                                          |
| Valuation gain (loss) of investment securities after tax-effect    | 1,518            | 583       | 16,150                                   |
| Adjustment on foreign currency statement translation               | 593              | (166)     | 6,315                                    |
| Share of other comprehensive income in affiliated companies        | 3                | (0)       | 28                                       |
| Total other comprehensive income (loss)                            | 2,114            | 417       | 22,493                                   |
| <b>Comprehensive income</b>                                        | <b>16,131</b>    | 11,479    | <b>171,629</b>                           |
| <b>Total comprehensive income attributable to:</b>                 |                  |           |                                          |
| Owners of the parent                                               | 15,944           | 11,402    | 169,641                                  |
| Minority interests                                                 | 187              | 77        | 1,988                                    |

## CONSOLIDATED STATEMENTS OF NET ASSETS

Nissan Chemical Industries, Ltd. and its Consolidated Subsidiaries  
Years ended March 31, 2013 and 2012

|                                  | Millions of Yen                                       |                 |                                  |                      |                   |                                                                   |                                                                | Minority<br>interests |
|----------------------------------|-------------------------------------------------------|-----------------|----------------------------------|----------------------|-------------------|-------------------------------------------------------------------|----------------------------------------------------------------|-----------------------|
|                                  | Number of<br>shares of<br>common stock<br>(thousands) | Common<br>stock | Additional<br>paid-in<br>capital | Retained<br>earnings | Treasury<br>stock | Valuation gain<br>of investment<br>securities after<br>tax-effect | Adjustments on<br>foreign currency<br>statement<br>translation |                       |
| <b>Balance at March 31, 2011</b> | 171,000                                               | ¥ 18,942        | ¥ 13,612                         | ¥ 79,615             | ¥(1,073)          | ¥ 1,438                                                           | ¥(1,223)                                                       | ¥ 1,050               |
| Net income                       |                                                       |                 |                                  | 10,975               |                   |                                                                   |                                                                |                       |
| Cash dividends paid              |                                                       |                 |                                  | (4,082)              |                   |                                                                   |                                                                |                       |
| Treasury stocks acquired         |                                                       |                 |                                  |                      | (0)               |                                                                   |                                                                |                       |
| Disposal of treasury stocks      |                                                       |                 |                                  |                      | 0                 |                                                                   |                                                                |                       |
| Other                            |                                                       |                 |                                  |                      |                   | 583                                                               | (156)                                                          | (36)                  |
| <b>Balance at March 31, 2012</b> | 171,000                                               | ¥ 18,942        | ¥ 13,612                         | ¥ 86,508             | ¥(1,073)          | ¥ 2,021                                                           | ¥(1,379)                                                       | ¥ 1,014               |
| Net income                       |                                                       |                 |                                  | 13,879               |                   |                                                                   |                                                                |                       |
| Cash dividends paid              |                                                       |                 |                                  | (4,006)              |                   |                                                                   |                                                                |                       |
| Treasury stocks acquired         |                                                       |                 |                                  |                      | (5,001)           |                                                                   |                                                                |                       |
| Disposal of treasury stocks      | (6,000)                                               |                 | 0                                |                      | 0                 |                                                                   |                                                                |                       |
| Cancellation of treasury stocks  |                                                       |                 | (0)                              | (5,021)              | 5,021             |                                                                   |                                                                |                       |
| Other                            |                                                       |                 |                                  |                      |                   | 1,521                                                             | 544                                                            | 119                   |
| <b>Balance at March 31, 2013</b> | 165,000                                               | ¥ 18,942        | ¥ 13,612                         | ¥ 91,360             | ¥(1,053)          | ¥ 3,542                                                           | ¥ (835)                                                        | ¥ 1,133               |
|                                  | Thousands of U.S. Dollars (Note 3)                    |                 |                                  |                      |                   |                                                                   |                                                                | Minority<br>interests |
|                                  | Number of<br>shares of<br>common stock<br>(thousands) | Common<br>stock | Additional<br>paid-in<br>capital | Retained<br>earnings | Treasury<br>stock | Valuation gain<br>of investment<br>securities after<br>tax-effect | Adjustments on<br>foreign currency<br>statement<br>translation |                       |
| <b>Balance at March 31, 2012</b> | 171,000                                               | \$ 201,533      | \$ 144,820                       | \$ 920,395           | \$(11,413)        | \$ 21,503                                                         | \$(14,671)                                                     | \$ 10,791             |
| Net income                       |                                                       |                 |                                  | 147,669              |                   |                                                                   |                                                                |                       |
| Cash dividends paid              |                                                       |                 |                                  | (42,625)             |                   |                                                                   |                                                                |                       |
| Treasury stocks acquired         |                                                       |                 |                                  |                      | (53,210)          |                                                                   |                                                                |                       |
| Disposal of treasury stocks      |                                                       |                 |                                  |                      |                   |                                                                   |                                                                |                       |
| Cancellation of treasury stocks  |                                                       |                 |                                  | (53,417)             | 53,420            |                                                                   |                                                                |                       |
| Other                            |                                                       |                 |                                  |                      |                   | 16,180                                                            | 5,793                                                          | 1,260                 |
| <b>Balance at March 31, 2013</b> | 165,000                                               | \$ 201,533      | \$ 144,820                       | \$ 972,022           | \$(11,203)        | \$ 37,683                                                         | \$ (8,878)                                                     | \$ 12,051             |

The accompanying notes are an integral part of these statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Nissan Chemical Industries, Ltd. and its Consolidated Subsidiaries  
Years ended March 31, 2013 and 2012

|                                                             | Millions of Yen |          | Thousands of<br>U.S. Dollars<br>(Note 3) |
|-------------------------------------------------------------|-----------------|----------|------------------------------------------|
|                                                             | FY 2013         | FY 2012  | FY 2013                                  |
| <b>Cash flows from operating activities:</b>                |                 |          |                                          |
| Net income                                                  | ¥ 13,879        | ¥ 10,975 | \$ 147,669                               |
| Depreciation                                                | 9,545           | 10,459   | 101,551                                  |
| Increase (decrease) in accrued retirement benefits          | (163)           | (16)     | (1,731)                                  |
| Loss on disposal of property, plant and equipment           | 361             | 240      | 3,842                                    |
| Increase (decrease) in allowance for doubtful accounts      | (45)            | (54)     | (484)                                    |
| Increase (decrease) in reserve for bonuses                  | (52)            | 21       | (555)                                    |
| Deferred income taxes                                       | 100             | 594      | 1,063                                    |
| Increase (decrease) in notes and accounts receivable        | (770)           | (422)    | (8,193)                                  |
| Increase (decrease) in inventories                          | (924)           | (1,028)  | (9,826)                                  |
| Increase (decrease) in other current assets                 | (677)           | 820      | (7,199)                                  |
| Increase (decrease) in notes and accounts payable           | (245)           | 1,959    | (2,606)                                  |
| Increase (decrease) in accrued expenses and other           | 107             | (183)    | 1,140                                    |
| Increase (decrease) in other current liabilities            | 344             | 91       | 3,659                                    |
| Other, net                                                  | 1,379           | (1,553)  | 14,665                                   |
| Net cash provided by operating activities                   | 22,839          | 21,903   | 242,995                                  |
| <b>Cash flows from investing activities:</b>                |                 |          |                                          |
| Payments for purchase of property, plant and equipment      | (8,040)         | (8,646)  | (85,540)                                 |
| Proceeds from sale of property, plant and equipment         | 108             | 13       | 1,146                                    |
| Payments for purchase of intangible assets                  | (106)           | (250)    | (1,128)                                  |
| Proceeds from sale of investments in securities             | 16              | 116      | 169                                      |
| Payments for purchase of investments in securities          | (81)            | (902)    | (866)                                    |
| Other, net                                                  | (1,150)         | (211)    | (12,238)                                 |
| Net cash used in investing activities                       | (9,253)         | (9,880)  | (98,457)                                 |
| <b>Cash flows from financing activities:</b>                |                 |          |                                          |
| Increase (decrease) in short-term bank loans                | 2,453           | 4,077    | 26,103                                   |
| Increase (decrease) in long-term debt                       | (3,451)         | (5,039)  | (36,719)                                 |
| Cash dividends paid                                         | (4,006)         | (4,082)  | (42,625)                                 |
| Repurchase of treasury stocks                               | (5,001)         | (0)      | (53,210)                                 |
| Other, net                                                  | (140)           | (137)    | (1,485)                                  |
| Net cash provided by financing activities                   | (10,145)        | (5,181)  | (107,936)                                |
| <b>Effect of exchange rate changes on cash</b>              | 532             | (63)     | 5,664                                    |
| <b>Net increase (decrease) in cash and cash equivalents</b> | 3,973           | 6,779    | 42,266                                   |
| <b>Cash and cash equivalents at beginning of year</b>       | 27,906          | 21,127   | 296,907                                  |
| <b>Cash and cash equivalents at end of year</b>             | ¥ 31,879        | ¥ 27,906 | \$ 339,173                               |
| <b>Supplemental data:</b>                                   |                 |          |                                          |
| Cash paid during the year for -                             |                 |          |                                          |
| Income taxes                                                | ¥ 4,377         | ¥ 6,031  | \$ 46,571                                |
| Interest                                                    | 369             | 441      | 3,921                                    |

The accompanying notes are an integral part of these statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain aspects as to application and disclosure requirements of accounting principles generally accepted in the United States of America and International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassification and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Consolidation

The consolidated financial statements as of March 31, 2013, include the account of the Company and its significant 10 subsidiaries (10 in 2012). The Company does not consolidate other subsidiaries due to their immateriality in terms of consolidated total assets, net sales, net income and retained earnings.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method. Investments in 2 (2 in 2012) affiliated companies are accounted for by the equity method.

The assets and liabilities of the newly consolidated subsidiaries are stated at fair value as of their respective dates of acquisition.

The differences between the cost and the underlying net equity in the net assets at the dates of acquisition of the consolidated subsidiaries and companies accounted for by the equity method are amortized by the straight-line method within 20 years.

All significant inter-company balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Companies are eliminated.

#### b. Securities

The Company's marketable securities are reported at fair value. Unrealized holding gains and losses, net of the related tax effect, on marketable securities are excluded from earnings and are reported as a separate component of other comprehensive income until realized. Realized gains and losses for securities are included in earnings and are derived using the moving average method for determining the cost of securities sold.

Non-marketable securities in companies over which the Company does not have the ability to exercise significant influence are stated at cost and reviewed periodically for impairment.

#### c. Derivatives and Hedge accounting

The Company enters into interest rate swap contracts to hedge the risk of changes in interest rates over borrowings.

Derivatives are carried at fair value with any change in unrealized gain and loss charged to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss, net of the applicable income taxes, is reported as a component of accumulated other comprehensive income (loss).

If interest rates swap contracts meet certain criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract is executed.



#### d. Allowance for Doubtful Accounts

The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing trade receivables. An additional reserve for individual receivable is recorded when the Company becomes aware of a customer's inability to meet its financial obligations, such as in the case of bankruptcy filing or deterioration in a customer's operating results or financial position. If customer circumstances change, estimates of the recoverability of receivables would be further adjusted.

#### e. Inventories

Inventories are stated at the lower of cost or market, cost being determined primarily by the average method.

#### f. Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is computed principally by the declining-balance method over the estimated useful lives of these assets.

The estimated useful life ranges from 2 years to 50 years for buildings and structures, 2 years to 12 years for machinery and equipment.

#### g. Provision for retirement benefits

The Company has a defined benefit pension plan and a retirement plan covering substantially all of its employees. The Company records annual amounts relating to its pension and retirement plans based on calculations that incorporate various actuarial and other assumptions including, discount rates, mortality, assumed rates of return, compensation increase and turnover rates. The Company reviews its assumption on an annual basis and makes modifications to the assumption based on current rates and trends when it is

appropriate to do so. The Company believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions.

#### h. Translation of foreign currency

Assets and liabilities of the Company's subsidiaries located outside Japan are translated into Japanese yen at the rate of exchange in effect at the balance sheet date. Revenue and expense items are translated at the average exchange rates prevailing during the year. Gains and losses resulting from foreign currency transactions are included in other income (deductions), and those resulting from translation of financial statements are excluded from the statements of income and are accumulated in net assets as a component of accumulated other comprehensive income (loss).

#### i. Income taxes

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date.

#### j. Leased assets

The Company has classified certain long-term leases as capital leases. The obligation under these leases reflects the present value of future net minimum lease payments, discounted at the interest rate implicit in the leases, and corresponding amounts are

capitalized as the cost of assets and amortized over the lesser of their economic useful lives or lease terms.

Leased assets arising from finance lease transactions which do not transfer ownership to the lessee are depreciated to a residual value of zero by the straight-line method using the contract term as the useful life.

#### k. Cash and cash equivalent

The Company and its consolidated subsidiaries considers cash equivalents include all highly liquid investments purchased with original maturities of three months or less.

### 3. U.S. DOLLAR AMOUNTS

The accompanying consolidated financial statements are expressed in Japanese yen as of and for the year ended March 31, 2013, the currency of the country in which the Company operates. The translation of Japanese yen amounts into United States dollar amounts is included solely for the convenience of the reader and has been made at the rate of ¥93.99 to US \$1, the approximate closing rate of exchange reported by the Tokyo Foreign Exchange Market on March 31, 2013. Such translation should not be construed as a representation that the amounts shown could be converted into United States dollars at the above rate.

### 4. CHANGE IN ACCOUNTING POLICY

Effective the year ended March 31, 2012, the Company has implemented "Accounting Standard for Accounting Changes and Error Corrections"(ASBJ Statement No. 24, issued December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, issued December 4, 2009).

### 5. INVESTMENTS IN SECURITIES

Investments in securities at March 31, 2013 and 2012 were as follows:

|                             | Millions of Yen |          | Thousands of U.S. Dollars |
|-----------------------------|-----------------|----------|---------------------------|
|                             | 2013            | 2012     | 2013                      |
| Listed securities           | ¥ 13,860        | ¥ 11,797 | \$ 147,460                |
| Other marketable securities | 4,662           | 4,556    | 49,600                    |
|                             | ¥ 18,522        | ¥ 16,353 | \$ 197,060                |

### 6. INVENTORIES

Inventories at March 31, 2013 and 2012 were as follows:

|                                   | Millions of Yen |          | Thousands of U.S. Dollars |
|-----------------------------------|-----------------|----------|---------------------------|
|                                   | 2013            | 2012     | 2013                      |
| Finished products and merchandise | ¥ 25,076        | ¥ 24,374 | \$ 266,792                |
| Work in process                   | 54              | 47       | 575                       |
| Raw materials and supplies        | 5,444           | 4,988    | 57,920                    |
|                                   | ¥ 30,574        | ¥ 29,409 | \$ 325,287                |

### 7. RETIREMENT BENEFITS FOR EMPLOYEES

The liability for retirement benefits at March 31, 2013 and 2012 consisted of the following:

|                                   | Millions of Yen |           | Thousands of U.S. Dollars |
|-----------------------------------|-----------------|-----------|---------------------------|
|                                   | 2013            | 2012      | 2013                      |
| Projected benefit obligation      | ¥(11,804)       | ¥(11,835) | \$(125,588)               |
| Fair value of plan assets         | 11,786          | 10,655    | 125,396                   |
| Unfunded benefit obligation       | (18)            | (1,180)   | (192)                     |
| Unrecognized actuarial loss       | 104             | 1,021     | 1,107                     |
| Net retirement benefit obligation | 86              | (159)     | 915                       |
| Prepaid pension cost              | (431)           | (346)     | (4,589)                   |
| Accrued retirement benefits       | ¥ (345)         | ¥ (505)   | \$ (3,674)                |

## 8. INCOME TAXES

The Company is subject to a number of taxes based on income, which in the aggregate result in a normal income tax rate of approximately 40.69% for the years ended March 31, 2012, while 38.01% for the years ended March 31, 2013.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2013 and 2012 are as follows:

|                                                                          | Millions of Yen |         | Thousands of U.S. Dollars |
|--------------------------------------------------------------------------|-----------------|---------|---------------------------|
|                                                                          | 2013            | 2012    | 2013                      |
| Deferred tax assets:                                                     |                 |         |                           |
| Depreciation and amortization                                            | ¥ 379           | ¥ 489   | \$ 4,032                  |
| Accrued bonuses                                                          | 642             | 662     | 6,831                     |
| Inventory                                                                | 614             | 568     | 6,533                     |
| Impairment of securities                                                 | 501             | 415     | 5,330                     |
| Prepaid expenses                                                         | 326             | 438     | 3,468                     |
| Other                                                                    | 2,014           | 2,027   | 21,428                    |
| Gross deferred tax assets                                                | 4,476           | 4,599   | 47,622                    |
| Less: Valuation allowance                                                | (93)            | (94)    | (989)                     |
| Total deferred tax assets                                                | 4,383           | 4,505   | 46,633                    |
| Deferred tax liabilities:                                                |                 |         |                           |
| Unrealized gain on securities                                            | (1,967)         | (1,190) | (20,928)                  |
| Capital gain deferred in connection with the acquisition of new property | (369)           | (384)   | (3,926)                   |
| Other                                                                    | (371)           | (318)   | (3,947)                   |
| Total deferred tax liabilities                                           | (2,707)         | (1,892) | (28,801)                  |
| Net deferred tax assets                                                  | ¥ 1,676         | ¥ 2,613 | \$ 17,832                 |

The differences between the above statutory tax rate and the effective tax rates were due principally to the effect of timing differences in the recognition of certain income and expenses for tax and financial reporting purposes and expenses not deductible for income tax purposes.

## 9. SHORT-TERM LOANS AND LONG-TERM DEBT

Short-term loans consisting of unsecured bank overdraft at March 31, 2013 were ¥24,012 million (\$255,476 thousand). The weighted average interest rate on short-term loans outstanding at March 31, 2013 was 0.69%.

At March 31, 2013 and 2012 long-term debt consisted of the following:

|                                                                                                                     | Millions of Yen |          | Thousands of U.S. Dollars |
|---------------------------------------------------------------------------------------------------------------------|-----------------|----------|---------------------------|
|                                                                                                                     | 2013            | 2012     | 2013                      |
| Unsecured loans from banks and others, at interest rates ranged 0.73% to 2.10%, maturing from serially through 2017 | ¥ 14,050        | ¥ 17,501 | \$ 149,479                |
|                                                                                                                     | 14,050          | 17,501   | 149,479                   |
| Less current portion                                                                                                | (5,534)         | (6,451)  | (58,874)                  |
|                                                                                                                     | ¥ 8,516         | ¥ 11,050 | \$ 90,605                 |

Long-term debt payments fall due after March 31, 2013 were as follows:

| Year ending March 31 | Millions of Yen |  | Thousands of U.S. Dollars |
|----------------------|-----------------|--|---------------------------|
|                      |                 |  |                           |
| 2014                 | ¥ 5,533         |  | \$ 58,868                 |
| 2015                 | 6,266           |  | 66,667                    |
| 2016                 | 950             |  | 10,107                    |
| 2017 and thereafter  | 1,301           |  | 13,837                    |
|                      | ¥ 14,050        |  | \$ 149,479                |

## 10. EQUITY

### (1) Dividends

Cash dividends charged to retained earnings during the years ended March 31, 2013 and 2012 represent dividends paid out during those years. The accompanying consolidated financial statements do not include any provision for a dividend approved by the Board of Directors of ¥14 (\$0.15) per share aggregating ¥2,292 million (\$24,386 thousand) in respect of the year ended March 31, 2013.

### (2) Retained earnings

Retained earnings of consolidated basis consists of legal reserve and retained earnings. In accordance with provisions of the Companies Act of Japan, the Company has provided a legal reserve as an appropriation of retained earnings. The Code provides that neither additional paid-in capital nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to stated capital (common stock) by resolution of the Board of Directors. Legal reserve in the accompanying consolidated financial statement includes only that of the Company. Retained earnings of the Company and its consolidated subsidiaries include certain special

reserve for the purpose of obtaining tax benefits in accordance with the Special Taxation Law of Japan.

## 11. CONTINGENT LIABILITIES

At March 31, 2013 and 2012, the Company and its subsidiaries had the following contingent liabilities:

|                                                                                      | Millions of Yen |       | Thousands of U.S. Dollars |
|--------------------------------------------------------------------------------------|-----------------|-------|---------------------------|
|                                                                                      | 2013            | 2012  | 2013                      |
| As guarantor of indebtedness of non-consolidated subsidiaries, affiliates and others | ¥ 311           | ¥ 379 | \$ 3,309                  |

## 12. AMOUNTS PER SHARE

Net income per share is based on the weighted average number of shares of common stock outstanding during the year. Cash dividends per share attributable to the period represent dividends declared as applicable to the year.

Amounts per share of net income and cash dividends for the year ended March 31, 2013 and 2012, were as follows:

|                | Yen     |         | U.S. Dollars |
|----------------|---------|---------|--------------|
|                | 2013    | 2012    | 2013         |
| Net income     | ¥ 83.74 | ¥ 64.52 | \$ 0.891     |
| Cash dividends | ¥ 26.00 | ¥ 24.00 | \$ 0.277     |



### 13. SEGMENT INFORMATION

Reportable segments of the Company consist of the business units for which independent financial information is available that are regularly monitored by the Board of Directors in order to decide the distribution of business resources and evaluate the business results. The Company classifies its products and services into six reportable segments: "Chemicals" "Performance Materials" "Agrochemicals" "Pharmaceuticals" "Trading" and "Other".

The operations of the Company and its consolidated subsidiaries for the years ended March 31, 2013 and 2012 were summarized by reportable segment as follows:

| Millions of Yen                                                 |           |                       |               |                 |          |          |                         |              |
|-----------------------------------------------------------------|-----------|-----------------------|---------------|-----------------|----------|----------|-------------------------|--------------|
| Year ended March31, 2013                                        | Chemicals | Performance Materials | Agrochemicals | Pharmaceuticals | Trading  | Other    | Elimination & Corporate | Consolidated |
| Sales                                                           |           |                       |               |                 |          |          |                         |              |
| Outside customers                                               | ¥ 28,150  | ¥ 32,840              | ¥ 32,946      | ¥ 10,526        | ¥ 38,410 | ¥ 10,934 | ¥ -                     | ¥ 153,806    |
| Intersegment sales and transfers                                | 8,458     | 4,528                 | 2,472         | 45              | 8,148    | 10,316   | (33,967)                | -            |
| Total Sales                                                     | ¥ 36,608  | ¥ 37,368              | ¥ 35,418      | ¥ 10,571        | ¥ 46,558 | ¥ 21,250 | ¥ (33,967)              | ¥ 153,806    |
| Segment operating income                                        | ¥ 1,905   | ¥ 7,170               | ¥ 5,042       | ¥ 5,250         | ¥ 1,350  | ¥ 686    | ¥ (1,855)               | ¥ 19,548     |
| Depreciation and amortization                                   | ¥ 1,977   | ¥ 3,690               | ¥ 1,312       | ¥ 1,143         | ¥ 108    | ¥ 424    | ¥ 258                   | ¥ 8,912      |
| Amortization of goodwill                                        |           | ¥ 6                   | ¥ 624         |                 | ¥ 3      |          |                         | ¥ 633        |
| Segment assets                                                  | ¥ 30,317  | ¥ 34,315              | ¥ 46,678      | ¥ 11,310        | ¥ 17,311 | ¥ 9,186  | ¥ 50,126                | ¥ 199,243    |
| increase of property, plant and equipment and intangible assets | ¥ 972     | ¥ 3,110               | ¥ 2,518       | ¥ 688           | ¥ 38     | ¥ 455    | ¥ 304                   | ¥ 8,085      |

| Millions of Yen                                                 |           |                       |               |                 |          |          |                         |              |
|-----------------------------------------------------------------|-----------|-----------------------|---------------|-----------------|----------|----------|-------------------------|--------------|
| Year ended March31, 2012                                        | Chemicals | Performance Materials | Agrochemicals | Pharmaceuticals | Trading  | Other    | Elimination & Corporate | Consolidated |
| Sales                                                           |           |                       |               |                 |          |          |                         |              |
| Outside customers                                               | ¥ 28,666  | ¥ 29,206              | ¥ 31,569      | ¥ 9,976         | ¥ 37,752 | ¥ 11,410 | ¥ -                     | ¥ 148,579    |
| Intersegment sales and transfers                                | 8,196     | 4,761                 | 2,198         | 63              | 7,087    | 8,550    | (30,855)                | -            |
| Total Sales                                                     | ¥ 36,862  | ¥ 33,967              | ¥ 33,767      | ¥ 10,039        | ¥ 44,839 | ¥ 19,960 | ¥ (30,855)              | ¥ 148,579    |
| Segment operating income                                        | ¥ 1,595   | ¥ 4,822               | ¥ 4,441       | ¥ 4,647         | ¥ 1,345  | ¥ 310    | ¥ (1,682)               | ¥ 15,478     |
| Depreciation and amortization                                   | ¥ 2,478   | ¥ 4,288               | ¥ 1,183       | ¥ 1,042         | ¥ 120    | ¥ 464    | ¥ 253                   | ¥ 9,828      |
| Amortization of goodwill                                        |           | ¥ 6                   | ¥ 625         |                 | ¥ 0      |          |                         | ¥ 631        |
| Segment assets                                                  | ¥ 31,604  | ¥ 31,532              | ¥ 44,605      | ¥ 12,424        | ¥ 16,458 | ¥ 9,461  | ¥ 44,030                | ¥ 190,114    |
| increase of property, plant and equipment and intangible assets | ¥ 1,637   | ¥ 2,198               | ¥ 2,107       | ¥ 1,652         | ¥ 107    | ¥ 286    | ¥ 263                   | ¥ 8,250      |

| Thousands of U.S.Dollars                                        |            |                       |               |                 |            |            |                         |              |
|-----------------------------------------------------------------|------------|-----------------------|---------------|-----------------|------------|------------|-------------------------|--------------|
| Year ended March31, 2013                                        | Chemicals  | Performance Materials | Agrochemicals | Pharmaceuticals | Trading    | Other      | Elimination & Corporate | Consolidated |
| Sales                                                           |            |                       |               |                 |            |            |                         |              |
| Outside customers                                               | \$ 299,502 | \$ 349,405            | \$ 350,537    | \$ 111,994      | \$ 408,651 | \$ 116,322 | \$ -                    | \$ 1,636,411 |
| Intersegment sales and transfers                                | 89,994     | 48,172                | 26,297        | 475             | 86,695     | 109,761    | (361,394)               | -            |
| Total Sales                                                     | \$ 389,496 | \$ 397,577            | \$ 376,834    | \$ 112,469      | \$ 495,346 | \$ 226,083 | \$ (361,394)            | \$ 1,636,411 |
| Segment operating income                                        | \$ 20,277  | \$ 76,286             | \$ 53,652     | \$ 55,850       | \$ 14,369  | \$ 7,294   | \$ (19,745)             | \$ 207,983   |
| Depreciation and amortization                                   | \$ 21,034  | \$ 39,260             | \$ 13,962     | \$ 12,161       | \$ 1,146   | \$ 4,509   | \$ 2,742                | \$ 94,814    |
| Amortization of goodwill                                        |            | \$ 64                 | \$ 6,644      |                 | \$ 29      |            | \$ -                    | \$ 6,737     |
| Segment assets                                                  | \$ 322,554 | \$ 365,093            | \$ 496,623    | \$ 120,334      | \$ 184,185 | \$ 97,731  | \$ 533,315              | \$ 2,119,835 |
| increase of property, plant and equipment and intangible assets | \$ 10,340  | \$ 33,085             | \$ 26,797     | \$ 7,327        | \$ 402     | \$ 4,836   | \$ 3,235                | \$ 86,022    |

Overseas operations, which represent sales to customers outside of Japan of the Company and its consolidated subsidiaries for the years ended March 31, 2013 and 2012 were as follows:

| Millions of Yen          |           |          |         |              |
|--------------------------|-----------|----------|---------|--------------|
| Year ended March31, 2013 | Japan     | Asia     | Europe  | Consolidated |
| Sales                    | ¥ 109,184 | ¥ 35,434 | ¥ 9,188 | ¥ 153,806    |

| Millions of Yen          |           |          |         |              |
|--------------------------|-----------|----------|---------|--------------|
| Year ended March31, 2012 | Japan     | Asia     | Europe  | Consolidated |
| Sales                    | ¥ 108,759 | ¥ 30,421 | ¥ 9,399 | ¥ 148,579    |

| Thousands of U.S.Dollars |              |            |           |              |
|--------------------------|--------------|------------|-----------|--------------|
| Year ended March31, 2013 | Japan        | Asia       | Europe    | Consolidated |
| Sales                    | \$ 1,161,655 | \$ 377,006 | \$ 97,750 | \$ 1,636,411 |

## INDEPENDENT AUDITORS' REPORT

### Yaesu Audit Company

5-17, Yaesu 1-chome, Chuo-ku, Tokyo 103-0028, Japan Phone: +(81)-3-3242-1351 Fax: +(81)-3-3242-1353

#### Independent Auditor's Report

To the Board of Directors of  
Nissan Chemical Industries, Ltd.

We have audited the accompanying consolidated financial statements of Nissan Chemical Industries, Ltd. and consolidated subsidiaries, which comprise the consolidated balance sheets as of March 31, 2013, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese Yen.

#### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

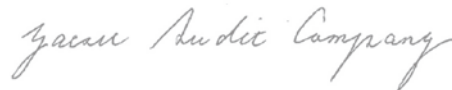
#### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nissan Chemical Industries, Ltd. and consolidated subsidiaries as of March 31, 2013, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

#### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2013 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Tokyo, Japan  
June 14, 2013



## HISTORY

|      |                                                                                                                                                              |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1887 | Founded as Tokyo Jinzo Hiryo, later changed to Dainippon Jinzo Hiryo                                                                                         |
| 1937 | Changes corporate name to Nissan Chemical Industries, Ltd.                                                                                                   |
| 1951 | Introduces SNOWTEX colloidal silica                                                                                                                          |
| 1964 | Begins manufacturing of melamine at Toyama Plant using an original high-pressure production method                                                           |
| 1965 | Introduces disinfectant germicide, HILITE                                                                                                                    |
| 1969 | Opens Sodegaura Plant                                                                                                                                        |
| 1971 | Opens Central Research Institute                                                                                                                             |
| 1978 | Introduces special epoxy compound, TEPIC                                                                                                                     |
| 1984 | Introduces TARGA, a grass herbicide for export use<br>Introduces SUNEVER, polyimide for LCD alignment coatings                                               |
| 1985 | Enters pharmaceutical field with introduction on EPATEC<br>Introduces high-purity chemical line for the electronics industry                                 |
| 1989 | Establishes Nissan Chemical America Corporation                                                                                                              |
| 1990 | Introduces SIRIUS, a rice paddy herbicide                                                                                                                    |
| 1991 | Establishes Nissan Chemical Europe GmbH<br>Introduces SANMITE, an acaricide                                                                                  |
| 1994 | Introduces LANDEL, an anti-hypertension agent<br>Introduces PERMIT, a herbicide for corn crops<br>Granted ISO 9002 certification for all plants and products |
| 1996 | Establishes Nissan Chemical Houston Corporation                                                                                                              |
| 1997 | Commences producing organosilicasol at Nissan Chemical Houston Corporation                                                                                   |
| 1998 | Introduces "BARC", anti-reflective coating for semiconductors by license from Brewer Science, Inc.                                                           |
| 1999 | Introduces DAR, an intermediate for a superfiber                                                                                                             |
| 2000 | Introduces MITO-KOHNE, a new selective acaricide                                                                                                             |
| 2001 | Establishes Nissan Chemical Korea Co., Ltd.<br>Opens representative office in Taipei                                                                         |
| 2002 | Acquires Monsanto Japan's herbicide business                                                                                                                 |
| 2003 | Introduces LIVALO, an anti-hyperlipidemic agent<br>Opens representative office in Shanghai                                                                   |
| 2005 | Establishes Nissan Chemical Agro Korea                                                                                                                       |
| 2007 | Opens new Electronic Materials Research Laboratories                                                                                                         |
| 2008 | Introduces LEIMAY, a fungicide                                                                                                                               |
| 2009 | Introduces STARMITE, an acaricide                                                                                                                            |
| 2010 | Acquires Dow AgroSciences' Thifluzamide fungicide business<br>Established Nissan Chemical Taiwan Co., Ltd.                                                   |

## DIRECTORY OF NISSAN CHEMICAL

### Offices

#### Head Office

7-1, Kanda Nishiki-cho 3-chome,  
Chiyoda-ku, Tokyo 101-0054  
Tel: 03-3296-8111

#### Sapporo Sales Office

Maruito Sapporo Building  
1-1, Kita-Nijyo-Nishi, Chuo-ku, Sapporo 060-0002  
Tel: 011-251-0261

#### Sendai Sales Office

Greenwood Sendai Ichibancho Building  
2-7-12, Ichibancho, Aoba-ku, Sendai 980-0811  
Tel: 022-266-4311

#### Nagoya Sales Office

Nagoya KS Building  
3-1-18, Taiko, Nakamura-ku, Nagoya 453-0801  
Tel: 052-452-8623

#### Osaka Sales Office

Osaka Daiichi Seimei Building  
1-8-17 Umeda, Kita-ku, Osaka 530-0001  
Tel: 06-6346-7200

#### Fukuoka Sales Office

JPR Hakata Building  
1-4-4 Hakata Ekimae, Hakata-ku, Fukuoka 812-0011  
Tel: 092-432-3421

### Plants

#### Sodegaura Plant

11-1, Kitasode, Sodegaura, Chiba 299-0266  
Tel: 0438-63-2341

#### Sodegaura Plant Goi Works

12-17, Goiminamikaigan, Ichihara, Chiba 290-0045  
Tel: 0436-22-2110

#### Saitama Plant

235-1, Aza Nishidai, Oaza Jimbohara,  
Kamisato-cho, Saitama 369-0305  
Tel: 0495-34-2810

#### Toyama Plant

635 Sasakura, Fuchu-machi, Toyama 939-2792  
Tel: 076-433-9602

#### Nagoya Plant

7, Tsukiji-cho, Minato-ku, Nagoya 455-0045  
Tel: 052-661-1676

#### Onoda Plant

6903-1, Oaza Onoda, Sanyo-Onoda,  
Yamaguchi 756-0093  
Tel: 0836-83-2800

### Laboratories

#### Chemical Research Laboratories

10-1, Tsuboi-Nishi 2-chome, Funabashi, Chiba 274-8507  
Tel: 047-465-1112

#### Electronic Materials Research Laboratories

488-6, Suzumi-cho, Funabashi, Chiba 274-0052  
Tel: 047-774-0200

#### Inorganic Materials Research Laboratories

11-1, Kitasode, Sodegaura, Chiba 299-0266  
Tel: 0438-64-2881

#### Biological Research Laboratories

1470, Shiraoka, Shiraoka,  
Saitama 349-0294  
Tel: 0480-92-2513

## GROUP NETWORK

### Domestic Group (Consolidated)

#### Nissei Corporation

1-10-5, Nihonbashihon-cho, Chuo-ku, Tokyo 103-0023  
Tel: 03-3241-2548  
◆Sales of chemical products and insurance

#### Nissan Butsuryu Co., Ltd.

1-10-5, Nihonbashihon-cho, Chuo-ku, Tokyo 103-0023  
Tel: 03-5255-6901  
◆Transportation

#### Nissan Green & Landscape Co., Ltd.

3-16-9, Utikanda, Chiyoda-ku, Tokyo 101-0047  
Tel: 03-3256-4031  
◆Landscaping and civil engineering

#### Nissan Engineering, Ltd.

1-28-6, Kameido, Koto-ku, Tokyo 136-0071  
Tel: 03-3636-7578  
◆Plant engineering services

#### Environmental Technical Laboratory, Ltd.

2-11-7, Kohoku, Adachi-ku, Tokyo 123-0872  
Tel: 03-3898-6643  
◆Environmental analysis

#### Nihon Hiryo Co., Ltd.

1-10-5, Nihonbashihon-cho, Chuo-ku, Tokyo 103-0023  
Tel: 03-3241-4231  
◆Fertilizers and agrochemicals

### Overseas Group (Consolidated)

#### Nissan Chemical America Corporation

10375 Richmond Avenue, Suite 1000, Houston, TX77042, U.S.A.  
Tel: 713-532-4745  
◆Chemicals and inorganic materials

#### Nissan Chemical Houston Corporation

12330 Bay Area Boulevard, Pasadena, TX77507, U.S.A.  
Tel: 281-291-0200  
◆Inorganic materials

#### Nissan Chemical Europe S.A.R.L

Parc d'affaires de Crecy, 2 rue Claude Chappe,  
69370 Saint Didier au Mont d' Or, FRANCE  
Tel: 33-4-37-64-40-20  
◆Agrochemicals

#### NCK Co., Ltd.

401, Chupal-ri, Paengsung up, Pyongtaek City,  
Kyonggi Province, 451-805, KOREA  
Tel: 031-691-7044  
◆Electronic materials

### Domestic Group (Under the Equity Method)

#### Sun Agro Co., Ltd.

1-10-5, Nihonbashihon-cho, Chuo-ku, Tokyo 103-0023  
Tel: 03-3510-3601  
◆Fertilizers and agrochemicals

#### Clariant Catalysts(Japan)K.K.

Bunkyo Green Court, Center Office 9F, 2-28-8,  
Honkomagome, Bunkyo-ku, Tokyo 113-0021  
Tel: 03-5977-7300  
◆Catalysts for petrochemical and petroleum products



# CORPORATE PROFILE

(As of March 31, 2013)

|                               |                                                                                                   |
|-------------------------------|---------------------------------------------------------------------------------------------------|
| <b>Corporate Name</b>         | Nissan Chemical Industries, Ltd.                                                                  |
| <b>Head Office</b>            | 7-1, Kanda Nishiki-cho 3-chome, Chiyoda-ku, Tokyo 101-0054, Japan<br>TEL: 03-3296-8111            |
| <b>Founded</b>                | 1887                                                                                              |
| <b>Common Stock</b>           | 165,000,000 shares<br>¥18,942 million                                                             |
| <b>Number of Shareholders</b> | 14,434                                                                                            |
| <b>Number of Employees</b>    | 1,712                                                                                             |
| <b>Stock Listing</b>          | Tokyo Stock Exchange                                                                              |
| <b>Transfer Agent</b>         | Sumitomo Mitsui Trust Bank, Limited<br>4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan |

## Board of Directors and Corporate Auditors (As of June 26, 2013)

|                                  |                                                                                                                                                                                                      |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>President</b>                 | Kojiro Kinoshita                                                                                                                                                                                     |
| <b>Executive Vice President</b>  | Jun-ichi Miyazaki                                                                                                                                                                                    |
| <b>Senior Managing Directors</b> | Kiminori Hirata<br>Hiroyoshi Fukuro                                                                                                                                                                  |
| <b>Managing Directors</b>        | Tsuneo Higuchi<br>Takami Ohno<br>Kazuhiro Yagisawa<br>Ken-ichiro Sakurada                                                                                                                            |
| <b>Directors</b>                 | Mitsuaki Sakashita<br>Katsuaki Miyaji<br>Satoru Hamamoto<br>Nobutomo Tsuruzoe<br>Jun-ichi Watanabe<br>Hidenori Takishita<br>Takeshi Iwata<br>Shuichiro Dobashi<br>Hiroshi Onitsuka<br>Hitoshi Suzuki |
| <b>Corporate Auditors</b>        | Katsumi Akita<br>Sumio Kondo<br>Kikuo Takatsuki<br>Chisato Kajiyama                                                                                                                                  |

# STOCK INFORMATION

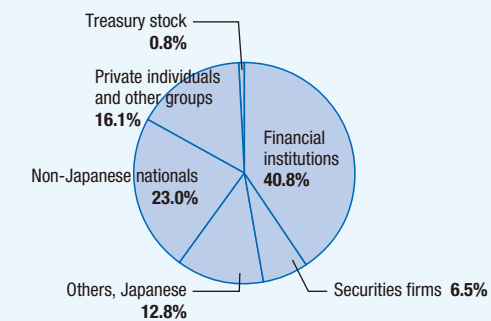
(As of March 31, 2013)

|                                   |             |
|-----------------------------------|-------------|
| Total Number of Authorized Shares | 360,000,000 |
| Shares of Common Stock Issued     | 165,000,000 |
| Shareholders                      | 14,434      |

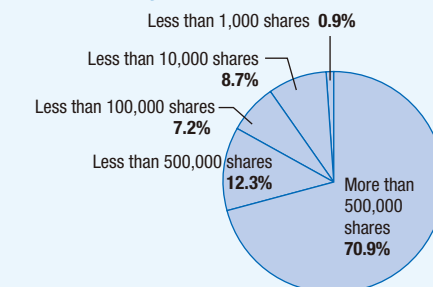
## Major Shareholders (Top Five Companies)

|                                                                                                  | Number of shares held (thousands) | Percentage of total shares in issue (%) |
|--------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------|
| Japan Master Trust Bank, Ltd. (Trust Account)                                                    | 12,189                            | 7.4                                     |
| Japan Trustee Services Bank, Ltd. (Trust Account)                                                | 9,752                             | 5.9                                     |
| Mizuho Trust & Banking Co., Ltd.<br>(Employee Retirement Benefit Trust of Mizuho Corporate Bank) | 7,378                             | 4.5                                     |
| New trust custodian: Trust & Custody Services Bank, Ltd.                                         | 4,800                             | 2.9                                     |
| The Norinchukin Bank                                                                             | 4,800                             | 2.9                                     |
| SOMPO JAPAN INSURANCE INC.                                                                       | 4,365                             | 2.6                                     |

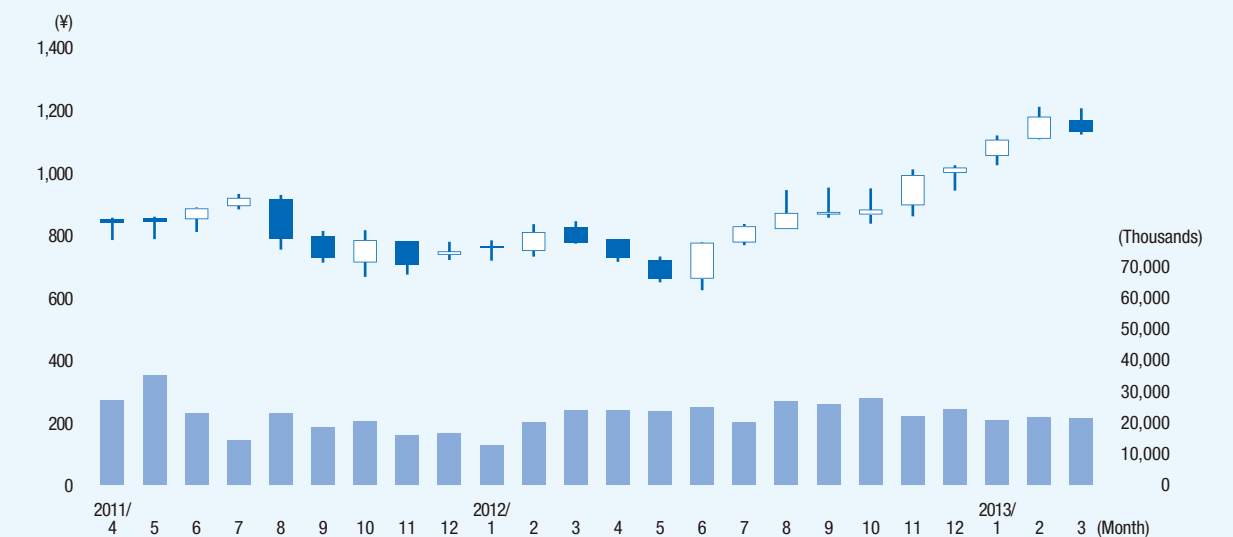
## Breakdown of Shareholders by Type



## Breakdown by Number of Shares Held



## Stock Quote and Chart (April 2011-March 2013)



 **NISSAN CHEMICAL INDUSTRIES, LTD.**  
[www.nissanchem.co.jp](http://www.nissanchem.co.jp)